

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 20-F**

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2023
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____
For the transition period from _____ to _____

Commission file number 1-14926

KT Corporation

(Exact name of Registrant as specified in its charter)

KT Corporation
(Translation of Registrant's name into English)

The Republic of Korea
(Jurisdiction of incorporation or organization)

**KT Gwanghwamun Building East
33, Jong-ro 3-Gil, Jongno-gu
03155 Seoul, Korea**
(Address of principal executive offices)

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(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
American Depositary Shares, each representing one-half of one share of ordinary share	KT	New York Stock Exchange, Inc.
Ordinary share, par value ₩5,000 per share*	KT	New York Stock Exchange, Inc.*

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

**As of December 31, 2023, there were 246,413,422 ordinary shares, par value ₩5,000 per share, outstanding
(not including 11,447,338 ordinary shares held by the registrant as treasury shares)**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes** **No**

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. **Yes** **No**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** **No**

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). **Yes** **No**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer **Accelerated filer** **Non-accelerated filer** **Emerging growth company**

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. **Yes** **No**

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. **Yes** **No**

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). **Yes** **No**

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing. **U.S. GAAP** **IFRS** **Other**

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. **Item 17** **Item 18**

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes** **No**

* Not for trading, but only in connection with the registration of the American Depositary Shares.

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PRESENTATION

All references to “Korea” or the “Republic” contained in this annual report mean the Republic of Korea. All references to the “Government” are to the government of the Republic of Korea. All references to “we,” “us” or the “Company” are to KT Corporation and, as the context may require, its subsidiaries.

Our consolidated financial statements as of December 31, 2022 and 2023 and for each of the years in the three-year period ended December 31, 2023 and related notes thereto (“Consolidated Financial Statements”) are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

All references to “Won” or “₩” in this annual report are to the currency of the Republic. All references to “Dollars,” “\$,” “US\$” or “U.S. dollars” are to the currency of the United States of America. All references to “Euro” or “EUR” are to the currency of the European Union. All references to “SGD” or “Singapore dollars” are to the currency of the Republic of Singapore. Our monetary assets and liabilities denominated in foreign currency are translated into Won at the market average exchange rate announced by Seoul Money Brokerage Services, Ltd. (the “Market Average Exchange Rate”) on the balance sheet dates, which were, for U.S. dollars, ₩1,185.5 to US\$1.00, ₩1,267.3 to US \$1.00, and ₩1,289.3 to US \$1.00 on December 31, 2021, 2022 and 2023, respectively.

Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

All market share data contained in this annual report, unless otherwise specified, are based on the number of subscribers announced by the Ministry of Science and ICT (the “MSIT”), the Korea Communications Commission (the “KCC”) or the Korea Telecommunications Operators Association.

PART I

Item 1. Identity of Directors, Senior Managers and Advisers

Item 1.A. Directors and Senior Management

Not applicable.

Item 1.B. Advisers

Not applicable.

Item 1.C. Auditors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Item 2.A. Offer Statistics

Not applicable.

Item 2.B. Method and Expected Timetable

Not applicable.

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Item 3. Key Information

Item 3.A. [RESERVED]

Item 3.B. Capitalization and Indebtedness

Not applicable.

Item 3.C. Reasons for the Offer and Use of Proceeds

Not applicable.

Item 3.D. Risk Factors

You should carefully consider the following risk factors, which have been identified by us.

Risks Relating to Our Business

Competition in each of our principal business areas is intense.

We face significant competition in each of our principal business areas. In the markets for mobile services, fixed-line services and media and content services, we compete primarily with SK Telecom Co., Ltd. (“SK Telecom”) and LG Uplus Corp. (“LG U+”) (including their affiliates). In the past two decades, considerable consolidation in the telecommunications industry has occurred, resulting in the current competitive landscape comprising three network service providers that offer a wide range of telecommunications and data communications services. In recent years, each of our primary competitors has acquired a leading cable TV operator in Korea to significantly increase their market shares in the pay TV market, which has further intensified competition.

To a lesser extent, we also compete with various value-added service providers and network service providers as classified under the Framework Act on Telecommunications and the Telecommunications Business Act, including mobile virtual network operators (“MVNOs”) that lease mobile networks and offer mobile services, VoIP service providers that offer Internet telephone services, cable TV operators, text messaging service providers (particularly Kakao Corp. (“Kakao”)) and voice resellers, many of which offer competing services at lower prices. We also face changes in the evolving landscape of the market for media and content services arising from the increasing popularity of global over-the-top (“OTT”) media services such as Netflix. In January 2023, the MSIT announced plans to encourage a fourth service provider to enter the Korean mobile service market by awarding a bandwidth license for the use of the 28 GHz spectrum and provide various measures to support the competitiveness of the new market entrant. In January 2024, Stage X, a consortium led by Stage Five, won the auction for 800 MHz of bandwidth license on the 28 GHz spectrum. Stage X is expected to commence service in the first half of 2025 to become the fourth nationwide mobile service provider, subject to satisfaction of applicable regulatory requirements. The entrance of new service providers in the markets for mobile services, fixed-line services and media and content services may further increase competition, as well as cause downward price pressure on the fees we charge for our services. For a discussion of our market shares in key markets, please see “Item 4. Information on the Company—Item 4.B. Business Overview—Competition.”

We compete primarily based on our service performance, quality and reliability, ability to accurately identify and respond to evolving consumer demand, and pricing. With the launch of 5G mobile services in April 2019, competition has further intensified among the three network service providers, which has resulted in an increase in marketing expenses as well as additional capital

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expenditures related to implementing 5G mobile services. Mobile service providers also grant subsidies or subscription discount rates to subscribers who purchase new handsets and agree to a minimum subscription period, and we compete also based on such amounts. We and SK Telecom have been designated as market-dominating business entities in the local telephone and mobile markets, respectively, under the Telecommunications Business Act. Under this Act, a market-dominating business entity may not engage in any act of abuse, such as unreasonably interfering with business activities of other business entities, hindering unfairly the entry of newcomers or substantially restricting competition to the detriment of the interests of consumers. In addition, changes in our local telephone rates and mobile rates of SK Telecom are required to be reported to the MSIT, which has 15 days to object to such changes. The KCC has also issued guidelines on fair competition of the telecommunications companies.

In the financial services market, our credit and check cards issued under the “BC Card” brand pursuant to co-brand agreements with member companies compete principally with cards issued by other leading credit card companies in Korea with their own merchant payment networks, such as Shinhan Card, Hyundai Card and Samsung Card. Our member companies that issue co-branded credit or check cards include Woori Card, NH Card, Industrial Bank of Korea and KB Kookmin Card. We also compete with service providers that provide outsourcing services related to business operations of credit card companies. Competition in the credit card and check card businesses has increased substantially as existing credit card companies, consumer finance companies and other financial institutions in Korea have made significant investments and engaged in aggressive marketing campaigns and promotions for their credit and check cards, as well as investing in operational infrastructure that may reduce the need for our outsourcing services.

Our inability to adapt to changes in the competitive landscape and compete against our competitors in our principal business areas could have a material adverse effect on our business, financial condition and results of operations.

Failure to renew existing bandwidth licenses, acquire adequate additional bandwidth licenses or use our bandwidth efficiently may adversely affect our mobile telecommunications business and results of operations.

One of the principal limitations on a wireless network’s subscriber capacity is the amount of bandwidth allocated to a service provider. We have acquired a number of licenses to secure bandwidth capacity to provide our broad range of services, for which we typically make an initial payment as well as pay usage fees during the license period. The MSIT reserves the right to reallocate bandwidths in order to address the changing needs for bandwidth capacity of mobile service providers, the consideration for which may depend on the extent of the buildout of the service provider’s telecommunications network to utilize the relevant bandwidth. For example, in recent years, the MSIT cancelled the bandwidth licenses for the use of the 28 GHz spectrum that had been issued to us, SK Telecom and LG U+, noting the failure to meet certain agreements made with the MSIT at the time of the license allocations. For all of our bandwidth licenses, we made aggregate payments of ₩603 billion in 2021, ₩319 billion in 2022 and ₩327 billion in 2023. For our outstanding payment obligations relating to our bandwidth licenses, see “Item 5. Operating and Financial Review and Prospects—Item 5.A. Operating Results—Overview—Acquisition of New Bandwidth Licenses and Usage Fees.” For more information on our bandwidth licenses, see “Item 4. Information on the Company—Item 4.D. Property, Plant and Equipment—Mobile Networks.”

The growth of our mobile telecommunications business and the increase in usage of wireless data transmission services have significantly increased the utilization of our bandwidth, because wireless data applications are generally more bandwidth-intensive than voice services. The current trend of increasing data transmission use and the increasing sophistication of multimedia contents are

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likely to put additional strain on the bandwidth capacity of mobile service providers. In the event we are unable to maintain sufficient bandwidth capacity by renewing existing bandwidth licenses, receiving additional bandwidth allocation or cost-effectively implementing technologies that enhance the efficiency of our bandwidth usage, our subscribers may perceive a general decrease in the quality of mobile telecommunications services. No assurance can be given that bandwidth constraints will not adversely affect the growth of our mobile telecommunications business. Furthermore, we may be required to make substantial payments to acquire additional bandwidth capacity in order to meet increasing bandwidth demand, which may adversely affect our business, financial condition and results of operations.

Introduction of new services poses challenges and risks to us.

The telecommunications industry is characterized by continual advances and improvements in telecommunications technology, and we have been continually researching and implementing technology upgrades and additional telecommunications services to maintain our competitiveness. For example, we have been building more advanced mobile telecommunications networks based on 5G technology and commenced providing commercial 5G mobile services in April 2019. Since then, we have expanded our coverage to all major cities in Korea, and we plan to further expand the coverage nationwide by mid-2024 and increase the transmission speed of our 5G services. As we continue to compete with SK Telecom and LG U+ to improve network quality, introduce new services and accommodate increased data usage of subscribers, we may incur significant expenses to acquire additional bandwidth licenses and incur significant capital expenditures to build out and improve our network. We have made extensive efforts to develop advanced technologies as well as provide a variety of services with enhanced speed, latency and connectivity. Furthermore, we are also continually upgrading our broadband network to enable better fiber-to-the-home (“FTTH”) connection, which enhances data transmission speed and connection quality.

No assurance can be given that our new services will gain broad market acceptance such that we will be able to derive revenue from such services to justify the license fees, capital expenditures and other investments required to provide such services. If our new services do not gain broad market acceptance, our business, financial condition and results of operations may be adversely affected.

We may not be able to successfully pursue our strategy to acquire businesses and enter into joint ventures that complement or diversify our current business, and we may need to incur additional debt to finance such expansion activities.

One key aspect of our overall business strategy calls for acquisitions of businesses and entering into joint ventures that complement or diversify our current businesses. For example, in September 2021, KT Skylife Co., Ltd. (“KT Skylife”), in which we held a 50.3% interest as of December 31, 2023, completed its acquisition of a 100.00% interest in Hyundai HCN Co., Ltd. (“HCN”), which is Korea’s fifth largest cable operator.

While we plan to continue our search for suitable acquisition and joint venture opportunities, we cannot provide assurance that we will be able to identify attractive opportunities or that we will successfully complete the transactions without encountering administrative, technical, political, financial or other difficulties, or at all. Even if we were to successfully complete the transactions, the success of an acquisition or a joint venture depends largely on our ability to achieve the anticipated synergies, cost savings and growth opportunities from integrating the business of the acquired company or the joint venture with our current businesses. There can be no assurance that we will achieve the anticipated benefits of the transaction, which may adversely affect our business, financial condition and results of operations. Pursuing acquisitions or joint venture transactions also requires significant capital, and as we pursue further growth opportunities for the future, we may need to raise

additional capital through incurring loans or through issuances of bonds or other securities in the international capital markets.

The Korean telecommunications and Internet-related industries are subject to extensive Government regulations, and changes in Government policy relating to these industries could have a material adverse effect on our operations and financial condition.

The Government, primarily through the MSIT and the KCC, has the authority to regulate the telecommunications industry in Korea. The MSIT and the KCC also have the authority to regulate the pay TV industry under the Korea Broadcasting Act and the Internet Multimedia Broadcasting Services Act, which cover our IPTV services, our satellite TV services provided through KT Skylife (in which we held a 50.3% interest as of December 31, 2023), and cable TV services that we provide through HCN, in which KT Skylife holds a 100.0% interest. See “Item 4. Information on the Company—Item 4.B. Business Overview—Regulation.” The MSIT’s policy is to promote competition through measures designed to prevent the dominant service provider in any such market from exercising its market power in a way that would prevent the emergence and development of viable competitors. Under such regulations, if a network service provider has the largest market share for a specified type of telecommunications service and its revenue from that service for the previous year exceeds a specific revenue amount set by the MSIT, such entity may be designated as a market-dominating business entity that may not engage in any act of abuse, such as unreasonably interfering with business activities of other business entities, hindering unfairly the entry of newcomers or substantially restricting competition to the detriment of the interests of consumers. The KCC has also issued guidelines on fair competition of telecommunications and Internet-related companies. In addition, the Government sets the policies regarding the use of radio frequency bandwidths and allocates the bandwidths used for wireless telecommunications by an auction process or by a planned allocation.

We and SK Telecom have been designated as market-dominating business entities in the local telephone and mobile markets, respectively. Accordingly, changes in our local telephone rates and mobile rates of SK Telecom are required to be reported to the MSIT, which has 15 days to object to such changes. The form of our standard agreement for providing local network services and each agreement for interconnection with other service providers must also be reported to the MSIT. Although we compete freely with other network service providers in terms of rate plans for our principal telecommunications and Internet-related services except for rates we charge for local calls, our inability to freely set our local telephone service rates may hurt profits from such businesses and impede our ability to compete effectively against our competitors. In addition, the MSIT may periodically announce policy guidelines that telecommunications companies are recommended to take into consideration in their telecommunications and Internet-related businesses. In recent years, the Government has been promoting further diversification of mobile rate plans, in part to mitigate the burden of rising household expenditures. In response, the three network service providers in Korea, including us, have launched additional lower-priced mobile rate plans.

In January 2024, the Government announced its plan to repeal the Mobile Device Distribution Improvement Act, which remains subject to passage by the National Assembly of the Republic of Korea, in order to encourage mobile service providers to offer differentiated benefits to customers. Under the Mobile Device Distribution Improvement Act, a subscriber is entitled to receive either a designated handset subsidy related to the purchase of a recently released mobile phone, or a designated discount on the mobile service subscription rate. In connection with such policy, the Government amended the Enforcement Decree of the Mobile Device Distribution Improvement Act in March 2024, pursuant to which mobile service providers may provide more liberal subsidies to subscribers that are switching their mobile service providers based on certain criteria specified by the KCC, including the estimated profit margins of the mobile service providers and subscribers’ costs of switching their service providers. Any such amendments to, or the repeal of, the Mobile Device

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Distribution Improvement Act may have a material impact on the competitive landscape of the mobile telecommunications industry as mobile service providers are given more flexibility to provide handset subsidies or discounts, which may in turn increase expenses.

The Government may pursue additional measures to regulate the markets in which we compete. There can be no assurance that we will not adopt additional measures that reduce rates charged to our subscribers as well as adjustments to our handset subsidies and other measures in the future to comply with regulatory requirements or the Government's policy guidelines.

The MSIT may revoke our licenses or suspend any of our businesses if we fail to comply with its rules, regulations and corrective orders, including the rules restricting beneficial ownership and control or any violation of the conditions of our licenses. Alternatively, in lieu of suspension of our business, the MSIT may levy a monetary penalty of up to 3.0% of the average of our annual revenue from telecommunications services relating to the violation for the preceding three fiscal years. From time to time, we have been imposed fines for violation of regulations imposed by MSIT and KCC. There is no guarantee that the laws and regulations to which we are or become subject will not have a material adverse effect on our business, financial condition or results of operations.

COVID-19 and any possible occurrences of other types of widespread infectious diseases could materially and adversely affect our business, financial condition or results of operations.

COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus 2, was declared a "pandemic" by the World Health Organization in March 2020. The global outbreak of COVID-19 had led to global economic and financial disruptions. While we do not believe that COVID-19 had a material adverse impact on our business, risks associated with COVID-19 or other types of widespread infectious diseases may include:

- increase in unemployment among our customers who may not be able to meet payment obligations, which in turn may decrease demand for our products and services;
- service disruptions, outages and performance problems due to capacity constraints caused by an overwhelming number of people accessing our services simultaneously;
- disruptions in the supply of mobile handsets or telecommunications equipment from our vendors;
- fluctuations of the Won against major foreign currencies, which in turn may impact the cost of imported equipment necessary for expansion and enhancement of our telecommunications infrastructure; and
- impairments in the fair value of our investments in companies that may be adversely affected by the pandemic.

In the event that a future occurrence of COVID-19 or occurrences of other types of widespread infectious diseases cannot be effectively and timely contained, our business, financial condition and results of operations may be materially and adversely affected.

Legal cases involving our political donations and other incidents and allegations could have a material adverse effect on our business, reputation and stock price.

In January 2018, the Korean police commenced an investigation in connection with the allegations that our former executives and employees violated the Political Funds Act of Korea, by

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making certain donations to various lawmakers using corporate funds. In November 2021, the Seoul Central District Prosecutor's Office decided not to indict Chang-gyu Hwang, our previous chief executive officer, on charges that include violating the Political Funds Act, but indicted four other former executives in our Corporate Relations Division for violation of such laws as well as us for violation of the Political Funds Act. In June 2022, the Seoul Central District Court (i) sentenced the four former executives to suspended prison terms ranging between six to ten months on probation for two years and (ii) imposed a penalty of ₩10 million on us. The four former executives did not appeal such rulings, which became final and conclusive. We appealed the decision of the Seoul Central District Court, which appeal was dismissed by the Seoul High Court in February 2023. In February 2023, we appealed such decision to the Supreme Court, which appeal was dismissed by the Supreme Court in September 2023. Accordingly, the decision of the Seoul Central District Court became final and conclusive.

In November 2021, the Seoul Central District Prosecutor's Office also issued a summary indictment against our former representative director and chief executive officer, Hyeon-mo Ku, and nine other former executive officers, who permitted using their names, for violating charges that include violation of the Political Funds Act and embezzlement. In February 2022, after a summary judgment was issued, our 10 former executive officers filed for a formal trial. In July 2023, with respect to alleged violation of the Political Funds Act, the Seoul Central District Court found all 10 former executives guilty and imposed monetary penalties on each person ranging from ₩3 million to ₩7 million. The Seoul Central District Prosecutor's Office appealed such decisions, which remain pending at the Appellate Division of the Seoul Central District Court. In October 2023, with respect to alleged violation of embezzlement, the Seoul Central District Court found all 10 former executives guilty and imposed monetary penalties on each person ranging from ₩2 million to ₩3 million. The Seoul Central District Prosecutor's Office and some of the former executive officers appealed such decisions, which remain pending at the Appellate Division of the Seoul Central District Court.

In November 2022, the KT New Labor Union and the People's Solidarity for Participatory Democracy filed a criminal complaint with the Seoul Central District Prosecutor's Office against our former chief executive officer, Hyeon-mo Ku, and our board of directors, alleging a criminal breach of fiduciary duty related to (i) a settlement with the U.S. Securities and Exchange Commission (the "SEC") to resolve its investigation (described below) and (ii) inaction to take responsibility for alleged violation of the Political Funds Act by our current and former executives described above. This matter is currently being investigated by the Seoul Central District Prosecutor's Office.

In March 2023, a civic group filed a complaint with the Seoul Central District Prosecutor's Office against Hyeon-mo Ku, our former chief executive officer, and Kyoung-Lim Yun, our former president, alleging breach of fiduciary duty in connection with various matters, particularly (i) their alleged involvement in Hyundai Motor Company's acquisition of AirPlug Co., Ltd., a company operated by the brother of Hyeon-mo Ku and (ii) Hyeon-mo Ku's alleged inappropriate funneling of subcontracting work of KT Telecop Co., Ltd. to KDFS Co., Ltd., a facility management company. This matter is currently being investigated by the Seoul Central District Prosecutor's Office.

In February 2022, we entered into a settlement (the "Settlement") with the SEC to resolve its investigation, among others, regarding charitable and political donations and other incidents and allegations, including matters connected to a scandal involving Ms. Soon-sil Choi, a confidante of former President Geun-hye Park, and certain payments made by certain of our employees between 2014 and 2018 with respect to procurement of two government contracts in Vietnam. Pursuant to the Settlement, which resolves these matters, and without admitting or denying any of the SEC's findings (except for the SEC's jurisdiction over us and the subject matter of the proceedings), we consented to the entry of an order in which the SEC made findings and ordered, pursuant to Section 21C of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that we cease and desist from

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committing or causing any violations and any future violations of the books and records and internal accounting control provisions of the U.S. Foreign Corrupt Practices Act (the “FCPA”) – Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act. As part of the Settlement, we paid disgorgement of approximately \$2.8 million (including prejudgment interest) and a civil penalty of \$3.5 million to the SEC, and agreed to periodically report to the SEC staff for a two year term the status of our remediation and implementation of compliance measures for ensuring compliance with the FCPA and other applicable anti-corruption laws, which period was completed in April 2024. There can be no assurance that such development or any further developments relating to the above-mentioned matters, including adverse publicity, will not adversely affect our business, financial results, reputation or stock price.

Cybersecurity breaches may expose us to significant legal and financial exposure, damage to our reputation and a loss of confidence of our customers.

Our business involves the storage and transmission of large amounts of confidential information of our subscribers and cardholders, and cybersecurity breaches expose us to a risk of loss of this information, which may lead to improper use or disclosure of such information, ensuing potential liability and litigation, any of which could harm our reputation and adversely affect our business. Even though we strive to take all steps we believe are necessary to protect personal information, hardware, software or applications we develop or procure from third parties may contain defects or other problems that could unexpectedly compromise information security. For a discussion of our cybersecurity risk management and strategy, see “Item 16K. Cybersecurity.” Unauthorized parties may also attempt to circumvent our security measures to gain access to our systems or facilities through fraud, trickery or other forms of deceiving our employees, contractors and temporary staff. In addition, because the techniques used to obtain unauthorized access or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventive measures.

In the past, we have experienced cyber-attacks of varying degrees from time to time, including theft of personal information of our subscribers by third parties that have led to lawsuits and administrative actions against us alleging that the leak was related to our mismanagement of subscribers’ personal information. If we experience additional significant cybersecurity breaches or fail to detect and appropriately respond to significant cybersecurity breaches, we could be subject to additional government enforcement actions, regulatory sanctions and litigation in the future. In addition, our subscribers and cardholders could lose confidence in our ability to protect their personal information, which could cause them to discontinue using our services altogether. Furthermore, adverse final determinations, decisions or resolutions regarding such matters could encourage other parties to bring related claims and actions against us. Accordingly, our failure to prevent cybersecurity breaches may materially and adversely impact our business, financial condition and results of operations.

Our business and performance may be harmed by a disruption in our services due to failures in or changes to our systems, or by our failure to timely and effectively expand and upgrade our technology and infrastructure.

Our reputation and ability to attract, retain, and serve our subscribers, cardholders and other business partners are dependent in large part upon the reliable performance of our services and the underlying technical infrastructure. Our telecommunications network systems and information technology systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could be harmful to our business. We have experienced, and may in the future experience, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, hardware failures, capacity constraints due to an overwhelming number of people accessing our services simultaneously,

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computer viruses, power losses, fraud and security attacks. Our technical infrastructure is also vulnerable to the risk of damage from natural and other disasters, such as fires, earthquakes, floods, and typhoons, as well as from acts of terrorism and other criminal acts. For example, in October 2021, a network maintenance error temporarily disrupted our broadband Internet services nationwide and some of our telecommunications services for approximately 1.5 hours.

As the numbers of our subscribers and cardholders increase and as our customers access, download and transmit increasing volumes of media contents as well as engage in increasing volumes of financial transactions, we may be required to expand and upgrade our technology and infrastructure to continue to reliably deliver our services. We cannot provide assurance that we will be able to expand and upgrade our technology and infrastructure to meet user demand in a timely manner, or on favorable economic terms. We purchase telecommunications network and other equipment from a limited number of key suppliers, and any discontinuation or interruption in the availability of equipment from our key suppliers for any reason could have an adverse effect on our operations. If our users are unable to readily access our services or access is disrupted, users may seek other service providers instead, and may not return to our services or use our services as often in the future. This would negatively impact our ability to attract subscribers, cardholders and other business partners as well as increase engagement of our customers. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed or continually develop our technology and infrastructure to accommodate actual and anticipated changes in our customers' needs, our business, financial condition and results of operations may be harmed.

Our intellectual property rights are valuable, and our inability to protect them could reduce the value of our products, services and brands.

Our trade secrets, trademarks, copyrights, patents and other intellectual property rights are important assets for us. We rely on, and expect to continue to rely on, a combination of confidentiality and license agreements with our employees, consultants and third parties with whom we have relationships, as well as trademark, trade dress, domain name, copyright, trade secret and patent laws, to protect our brands and other intellectual property rights. However, various events outside of our control may pose a threat to our intellectual property rights, as well as to our products, services and technologies. For example, we may fail to obtain effective intellectual property protection, or effective intellectual property protection may not be available, in every country in which our services are available. Also, the efforts we have taken to protect our intellectual property rights may not be sufficient or effective, and any of our intellectual property rights may be challenged, which could result in them being narrowed in scope or declared invalid or unenforceable. There can be no assurance that our intellectual property rights will be sufficient to protect against others offering services that are substantially similar to ours and compete with our business.

We also rely on non-patented proprietary information and technology, such as trade secrets, confidential information, know-how and technical information. While in certain cases we have agreements in place with employees and third parties that place restrictions on the use and disclosure of such intellectual property, these agreements may be breached, or such intellectual property may otherwise be disclosed or become known to our competitors, which could cause us to lose competitive advantages resulting from such intellectual property.

We are also pursuing registration of trademarks and domain names in Korea and in select jurisdictions outside of Korea. Effective protection of trademarks, domain names and other intellectual property is expensive and difficult to maintain, both in terms of application and registration costs as well as the costs of defending and enforcing those rights.

We also seek to obtain patent protection for some of our technology, and we have filed various applications in Korea and elsewhere for protection of certain aspects of our intellectual property and

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currently hold a number of issued patents in multiple jurisdictions. We may be unable to obtain patent or trademark protection for our technologies and brands, and our existing patents and trademarks, and any patents or trademarks that may be issued in the future, may not provide us with competitive advantages or distinguish our products and services from those of our competitors. In addition, any patents and trademarks may be contested, circumvented, or found unenforceable or invalid, and we may not be able to prevent third parties from infringing, diluting or otherwise violating them. Significant infringements of our intellectual property rights, and limitations on our ability to assert our intellectual property rights against others, could harm our ability to compete and our business, financial condition and results of operations could be adversely affected.

We may become party to intellectual property rights claims in the future that may be expensive and time consuming to defend, and such claims, if resolved adversely, could have a significant impact on our business.

Telecommunications and information technology companies own large numbers of patents, copyrights, trademarks, licenses and trade secrets, and frequently enter into litigation based on allegations of infringement, misappropriation or other violations of intellectual property or other rights. In addition, various “non-practicing entities” that own intellectual property rights often attempt to aggressively assert claims in order to extract payments from companies like us. From time to time, we have received, and may receive in the future, claims from third parties which allege that we have infringed upon their intellectual property rights. Furthermore, from time to time, we may introduce or acquire new services or content, including in areas where we currently do not compete, which could increase our exposure to intellectual property claims from competitors and non-practicing entities.

As we face increasing competition, the number and scope of intellectual property claims against us may grow. Any claim or litigation alleging that we have infringed or otherwise violated intellectual property or other rights of third parties, with or without merit, and whether or not settled out of court or determined in our favor, could be time consuming and costly to address and resolve, and could divert the time and attention of our management and technical personnel. The outcome of any litigation is inherently uncertain, and there can be no assurance that favorable final outcomes will be obtained. In addition, plaintiffs may seek, and we may become subject to, preliminary or provisional rulings in the course of any such litigation, including potential preliminary injunctions requiring us to cease some or all of our operations.

If any litigation to which we are a party is resolved adversely, we may be subject to an unfavorable judgment that may not be reversed upon appeal. The terms of any such judgment or any settlement may require us to cease some or all of our operations, pay substantial amounts to the other party or seek licensing arrangements. If we are required or choose to enter into royalty or licensing arrangements, such arrangements may not be available on commercially reasonable terms, or at all. In addition, the development or procurement of alternative technology could require significant effort and expense or may not be feasible. Accordingly, an unfavorable resolution of any intellectual property rights claims could adversely affect our business, financial condition and results of operations.

We rely on key researchers and engineers, and the loss of the services of any such key personnel or the inability to attract and retain replacements may negatively affect our business.

Our success depends to a significant extent upon the continued service of our research and development and engineering personnel, and on our ability to continue to attract, retain and motivate qualified researchers and engineers. In particular, our focus on leading the market in introducing new telecommunications and Internet-related services has meant that we must aggressively recruit engineers with expertise in cutting-edge technologies. Any loss or interruption of the services of these

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individuals, whether from retirement, loss to competitors or other causes, or failure to attract and retain other qualified new personnel, could prevent us from effectively executing our business strategy, cause us to lose key business relationships, or otherwise materially affect our operations.

Government regulation of the credit card industry may adversely affect the operations of BC Card in which we held a 69.5% interest as of December 31, 2023.

Due to the rapid growth of the credit card market and rising consumer debt levels in Korea, the Government has heightened its regulatory oversight of the credit card industry in recent decades. In particular, the FSC and the Financial Supervisory Service ("FSS") have adopted a variety of regulations governing the credit card industry. Among other things, these regulations impose minimum capital adequacy ratios, minimum required provisioning levels applicable to credit card receivables and stringent lending ratios. The FSC and FSS also impose rules governing the evaluation and reporting of credit card balances, procedures governing which persons may receive credit cards as well as processing fees paid by merchants.

Pursuant to the FSS's capital adequacy guidelines, which are derived from standards established by the Bank for International Settlements, credit card companies in Korea are required to maintain a total capital adequacy ratio of at least 8.0% on a consolidated basis. To the extent a credit card company fails to maintain such ratio, Korean regulatory authorities may impose penalties on such company ranging from a warning to a suspension or revocation of its license. BC Card's capital adequacy ratios were 35.8% as of December 31, 2021, 27.3% as of December 31, 2022 and 25.4% as of December 31, 2023. Such capital adequacy ratio will decrease if the growth in BC Card's asset base is not matched by corresponding growth in its regulatory capital. In addition, BC Card's capital base and its capital adequacy ratio may decrease if its results of operations or financial condition deteriorates. Accordingly, there can be no assurance that BC Card will not be required to obtain additional capital in the future in order to maintain its capital adequacy ratio above the minimum required levels. There can be no assurance that, if BC Card requires additional capital in the future, it will be able to obtain such capital on favorable terms or at all, which could have a material adverse effect on the business, financial condition and results of operations of BC Card.

The Government may adopt further regulatory changes in the future that affect the credit card industry. Depending on their nature, such changes may adversely affect the operations of BC Card, by restricting its growth or scope, subjecting it to stricter requirements and potential sanctions or greater competition, constraining its profitability or otherwise.

Disputes with our labor union may disrupt our business operations.

In the past, we have experienced opposition from our labor union for our strategy of restructuring to improve our efficiency and profitability by disposing of non-core businesses and reducing our employee base. Although we have not experienced any significant labor disputes or unrests in recent years, there can be no assurance that we will not experience labor disputes or unrests in the future, including extended protests and strikes, which could disrupt our business operations and have an adverse effect on our financial condition and results of operations.

We also negotiate collective bargaining agreements every two years with our labor union and annually negotiate a wage agreement. Our current collective bargaining agreement expires on October 9, 2025. Although we have been able to reach collective bargaining agreements and wage agreements with our labor union in recent years, there can be no assurance that we will not experience labor disputes and unrest resulting from disagreements with the labor union in the future.

We are subject to various laws and regulations in Korea and other jurisdictions, including the Monopoly Regulation and Fair Trade Act of Korea.

Our business operations and acts of our management, employees and other relevant parties are subject to various laws and regulations in and outside Korea. These laws are complicated and sometimes conflicting and our efforts to comply with these laws could increase our cost of doing business, restrict our business activities and expose us or our employees to legal sanctions and liabilities.

The Monopoly Regulation and Fair Trade Act provides for various regulations and restrictions on large business groups enforced by the Korea Fair Trade Commission to prohibit or restrict actions that impede competition and fair trade. The Korea Fair Trade Commission designated us as a large business group under the Monopoly Regulation and Fair Trade Act on April 1, 2002. Our business relationships and transactions with our subsidiaries, affiliates and other companies within the KT group are subject to ongoing scrutiny by the Korea Fair Trade Commission as to, among other things, whether such relationships and transactions constitute undue financial support among companies of the same business group. We are also subject to the fair trade regulations limiting debt guarantees for other domestic member companies of the same group and cross-shareholdings among domestic member companies of the same group, as well as requiring disclosure of the status of such cross-shareholdings. Additionally, we are subject to a prohibition, in effect since July 2014, against circular shareholding among any three or more entities within our business group. Any future determination by the Korea Fair Trade Commission that we have engaged in transactions that violate the fair trade laws and regulations may result in fines or other punitive measures and may have a material adverse effect on our reputation and our business.

Concerns that radio frequency emissions may be linked to various health concerns could adversely affect our business and we could be subject to litigation relating to these health concerns.

In the past, allegations that serious health risks may result from the use of wireless telecommunications devices or other transmission equipment have adversely affected the share prices of some wireless telecommunications companies in the United States. In May 2011, the International Agency for Research on Cancer (“IARC”) announced that it has classified radiofrequency electromagnetic fields associated with wireless phone use as possibly carcinogenic to humans, based on an increased risk for glioma, a malignant type of brain cancer. The IARC is part of the World Health Organization that conducts research on the causes of human cancer and the mechanisms of carcinogenesis, and aims to develop scientific strategies for cancer control. We cannot assure you that such health concerns will not adversely affect our business. Several class action and personal injury lawsuits have been filed in the United States against several wireless phone manufacturers and carriers, asserting product liability, breach of warranty and other claims relating to radio transmissions to and from wireless phones. We could be subject to liability or incur significant costs defending lawsuits brought by our subscribers or other parties who claim to have been harmed by or as a result of our services. In addition, the actual or perceived risk of wireless telecommunications devices could have an adverse effect on us by reducing our number of subscribers or our usage per subscriber.

Depreciation of the value of the Won against the Dollar and other major foreign currencies may have a material adverse effect on the results of our operations and on the prices of our securities.

Substantially all of our revenues are denominated in Won. Depreciation of the Won may materially affect the results of our operations because, among other things, it causes an increase in the amount of Won required by us to make interest and principal payments on our foreign-currency-

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denominated debt, the costs of telecommunications equipment that we purchase from overseas sources, net settlement payments to foreign carriers and certain payments related to our derivative instruments entered into for foreign exchange risk hedging purposes. Of the ₩10,218 billion total borrowings (including short-term borrowings) outstanding as of December 31, 2023, ₩2,801 billion was denominated in foreign currencies. Upon identification and evaluation of our currency risk exposures, we, having considered various circumstances, enter into derivative financial instruments to try to mitigate such risks. Although the impact of exchange rate fluctuations has in the past been partially mitigated by such strategies, our results of operations have historically been affected by exchange rate fluctuations, and there can be no assurance that such strategies will be sufficient to reduce or eliminate the adverse impact of such fluctuations in the future. See “—Item 3.A. Selected Financial Data—Exchange Rate Information”, “Item 5. Operating and Financial Review and Prospects—Item 5.B. Liquidity and Capital Resources” and “Item 11. Quantitative and Qualitative Disclosures About Market Risk—Exchange Rate Risk.”

Fluctuations in the exchange rate between the Won and the Dollar will also affect the Dollar equivalent of the Won price of our ordinary shares on the KRX Korea Composite Stock Price Index (“KOSPI”) Market and, as a result, will likely affect the market price of the ADSs. These fluctuations will also affect the Dollar conversion by the depository for the American Depositary Receipts (“ADRs”) of cash dividends, if any, paid in Won on our ordinary shares represented by the ADSs.

We may be exposed to potential claims for unpaid wages and become subject to additional labor costs arising from the Supreme Court of Korea’s interpretation of ordinary wages.

Under the Labor Standards Act, an employee’s “ordinary wage” is a key legal construct used to calculate many statutory benefits and entitlements in Korea. Increasing or decreasing the amount of compensation included in employees’ ordinary wages has the effect of increasing or decreasing the amounts of various statutory entitlements that are calculated based on “ordinary wage,” such as overtime premium pay. Under guidelines previously issued by the Ministry of Employment and Labor, prior to the Supreme Court decision described below, an employee’s ordinary wage included base salary and certain fixed monthly allowances for work performed overtime during night shifts and holidays. Prior to the Supreme Court of Korea’s decision described below, companies in Korea had typically interpreted these guidelines as excluding from the scope of ordinary wages fixed bonuses that are paid other than on a monthly basis, namely on a bi-monthly, quarterly or biannual basis.

In December 2013, the Supreme Court of Korea ruled that regular bonuses (including those that are paid other than on a monthly basis) shall be deemed ordinary wages if these bonuses are paid “regularly” and “uniformly” on a “fixed basis” notwithstanding differential amounts based on seniority. Under this decision, any collective bargaining agreement or labor-management agreement which attempts to exclude such regular bonuses from employees’ ordinary wages will be deemed void for violation of the mandatory provisions of Korean law. However, the Supreme Court of Korea further ruled that, in certain limited situations, an employee’s claim of underpayment under the expanded scope of ordinary wages for the past three years may be denied based on the principles of good faith, even if the claim is raised within the statute of limitations period. Following this Supreme Court decision, the Ministry of Employment and Labor issued a Guideline for Labor and Management on Ordinary Wages in January 2014.

While we currently are not subject to any claims of underpayment from our current or former employees, the Supreme Court decision may result in additional labor costs for us in the form of additional payments required under the expanded scope of ordinary wages. Any such additional payments may have an adverse effect on our financial condition and results of operations.

Risks Relating to Korea

If economic conditions in Korea deteriorate, our current business and future growth could be materially and adversely affected.

We are incorporated in Korea, and we generate most of our operating revenue in Korea. As a result, we are subject to economic, political, legal and regulatory risks specific to Korea, and our performance and successful execution of our operational strategies are dependent on the overall Korean economy. The economic indicators in Korea in recent years have shown mixed signs of deterioration and recovery, and future growth of the Korean economy is subject to many factors beyond our control, including developments in the global economy.

Following a period of deterioration due to the debilitating effects of the COVID-19 pandemic on the Korean economy as well as on the economies of Korea's major trading partners in 2020, the overall Korean economy showed some signs of recovery in 2021. See "— COVID-19 and any possible occurrences of other types of widespread infectious diseases could materially and adversely affect our business, financial condition or results of operations." However, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices, supply chain disruptions and the increasing weakness of the global economy, in particular due to the COVID-19 pandemic, and beginning in the second half of 2021, rapid increases in interest rates globally to combat inflation, have contributed to the uncertainty of global economic prospects in general and have adversely affected, and may continue to adversely affect, the Korean economy. The value of the Won relative to major foreign currencies has fluctuated significantly and, as a result of uncertain global and Korean economic conditions, there has been significant volatility in the stock prices of Korean companies recently. Future declines in the KOSPI, and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies to raise capital. Any future deterioration of the Korean economy could adversely affect our business, financial condition and results of operations and the market price of our ADSs.

Other developments that could have an adverse impact on Korea's economy include:

- declines in consumer confidence and a slowdown in consumer spending, including as a result of severe health epidemics;
- hostilities or, political or social tensions involving Russia (including the invasion of Ukraine by Russia and ensuing actions that the United States and other countries have taken and may take in the future) and any resulting adverse effects on the global supply of oil and other natural resources or the global financial markets;
- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of the deteriorating economic and trade relations between the United States and China and increased uncertainties in the global financial markets and industry;
- adverse changes or volatility in foreign currency reserve levels, inflation rates, interest rates, commodity prices (including oil prices), exchange rates (including fluctuation of the U.S. dollar, the Euro or the Japanese Yen exchange rates or revaluation of the Chinese Yuan) or stock markets;
- the occurrence of severe health epidemics in Korea or other parts of the world, in addition to the COVID-19 pandemic;

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- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy;
- increased sovereign default risk in select countries and the resulting adverse effects on the global financial markets;
- deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Government's policies to increase minimum wages and limit working hours of employees;
- investigations of large Korean business groups and their senior management for possible misconduct;
- continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;
- shortages of imported raw materials, natural resources, rare earth minerals or component parts due to disruptions to the global supply chain;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- social and labor unrest;
- substantial changes in the market prices of Korean real estate;
- a substantial decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs, in particular in light of the Government's ongoing efforts to provide emergency relief payments to households and emergency loans to corporations in need of funding in light of COVID-19 as well as interest rate increases, which, together, would likely lead to a national budget deficit as well as an increase in the Government's debt;
- financial problems or lack of progress in the restructuring of Korean business groups, other large, troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues concerning certain Korean companies;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- geopolitical uncertainty and the risk of further attacks by terrorist groups around the world;
- political uncertainty or increasing strife among or within political parties in Korea;
- hostilities or political or social tensions involving oil-producing countries in the Middle East (including the escalation of hostilities in the Middle East following the Israel-Hamas war) and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;

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- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners; and
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States.

Escalations in tensions with North Korea could have an adverse effect on us and the market value of our ADSs.

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon, ballistic missile and satellite programs as well as its hostile military actions against Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and has conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs, and warheads that can be mounted on ballistic missiles. Over the years, North Korea has also conducted a series of ballistic missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. North Korea has increased the frequency of such activities since the beginning of 2022, firing numerous ballistic missiles, including intercontinental ballistic missiles, and in November 2023, successfully launched its first spy satellite. In response, the Korean government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Korean government also closed the inter-Korea Gaeseong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.
- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Korean government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than 100 artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Korean government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea. Although bilateral summit meetings between Korea and North Korea were held in April, May and September 2018 and between North Korea and the United States in June 2018, February 2019 and June 2019, there can be no assurance that the level of tensions affecting the Korean peninsula will not escalate in the future. Any further increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between Korea and North Korea or between the United States and North Korea break down or military hostilities occur, could have a material adverse effect on the Korean economy and on our business, financial condition and results of operations and the market value of our ADSs.

Korea's legislation allowing class action suits related to securities transactions may expose us to additional litigation risk.

The Securities-related Class Action Act of Korea enacted in January 2004 allows class action suits to be brought by shareholders of companies (including us) listed on the KRX KOSPI Market for losses incurred in connection with purchases and sales of securities and other securities transactions arising from (1) false or inaccurate statements provided in the registration statements, prospectuses, business reports, audit reports, semi-annual or quarterly reports and material fact reports and omission of material information in such documents, (2) insider trading, (3) market manipulation and (4) unfair trading. This law permits 50 or more shareholders who collectively hold 0.01% of the shares of a company to bring a class action suit against, among others, the issuer and its directors and officers. Because of the enactment of the act, there is not enough judicial precedent to predict how the courts will apply the law. Litigation can be time-consuming and expensive to resolve, and can divert management time and attention from business operation. We are not aware of any basis upon which such suit may be brought against us, nor are any such suits pending or threatened. Any such litigation brought against us could have a material adverse effect on our business, financial condition and results of operations.

We are generally subject to Korean corporate governance and disclosure standards, which differ in significant respects from those in other countries.

Companies in Korea, including us, are subject to corporate governance standards applicable to Korean public companies which differ in some respects from standards applicable in other countries, including the United States. As a reporting company registered with the Securities and Exchange Commission and listed on the New York Stock Exchange, we are, and will continue to be, subject to certain corporate governance standards. However, foreign private issuers, including us, are exempt from certain corporate governance standards required under the New York Stock Exchange. For a description of significant differences in corporate governance practice compared to corporate governance standards of the New York Stock Exchange applicable to U.S. issuers, see "Item 16G. Corporate Governance." There may also be less publicly available information about Korean companies, such as us, than is regularly made available by public or non-public companies in other countries.

Risks Relating to the Securities

If an investor surrenders his American Depositary Shares ("ADSs") to withdraw the underlying shares, he may not be allowed to deposit the shares again to obtain ADSs.

Korean law currently limits foreign ownership of the ADSs and our shares. In addition, under our deposit agreement, the depositary bank cannot accept deposits of shares and deliver ADSs representing those shares unless (1) we have consented to such deposit or (2) Korean counsel has advised the depositary bank that the consent required under (1) is no longer required under Korean laws and regulations. Under current Korean laws and regulations, the depositary bank is required to obtain our prior consent for the number of shares to be deposited in any given proposed deposit which exceeds the difference between (1) the aggregate number of shares deposited by us or with our consent for the issuance of ADSs (including deposits in connection with the initial and all subsequent offerings of ADSs and stock dividends or other distributions related to these ADSs) and (2) the number of shares on deposit with the depositary bank at the time of such proposed deposit. The depositary bank has informed us that, at a time it considers to be appropriate, the depositary bank plans to start accepting deposits of shares without our consent and to deliver ADSs representing those shares up to the amount allowed under current Korean laws and regulations. Until such time, however, the depositary bank will continue to obtain our consent for such deposits of shares and delivery of ADSs,

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which we may not provide. Consequently, if an investor surrenders his ADSs to withdraw the underlying shares, he may not be allowed to deposit the shares again to obtain ADSs. See “Item 10. Additional Information—Item 10.D. Exchange Controls.”

A foreign investor may not be able to exercise voting rights with respect to common shares exceeding certain restrictions.

Under the Telecommunications Business Act, a foreign shareholder who holds 5.0% or more of our total shares is prohibited from becoming our largest shareholder. However, any foreign shareholder who held 5.0% or more of our total shares and was our largest shareholder on or prior to May 9, 2004 is exempt from the regulations, provided that such foreign shareholder may not acquire any more of our shares. In addition, under the Telecommunications Business Act, the MSIT may, if it deems it necessary to preserve substantial public interests, prohibit a foreign shareholder from being our largest shareholder. In the event that any foreigner or foreign government acquires our shares in violation of the above provisions, such foreign shareholder may not be able to exercise voting rights with respect to common shares exceeding such threshold. The MSIT may also order us or the foreign shareholder to take corrective measures in respect of the excess shares within a specified period of six months or less.

In addition, the Telecommunications Business Act restricts the ownership and control of network service providers by foreign shareholders. Foreigners (based on citizenship), foreign governments and “companies deemed as foreigners” may not own more than 49.0% of the issued shares with voting rights of a network service provider, including us. For purposes of the Telecommunications Business Act, the term “company deemed as a foreigner” means a company in which a foreigner or a foreign government is the largest shareholder and holds 15.0% or more of the company’s shares with voting rights, provided, however, that such company will not be counted as a foreign shareholder for the purposes of the 49.0% limit if (1) it holds less than 1.0% of our total issued and outstanding shares with voting rights or (2) if the MSIT determines that the fact that such foreign government or entity holds a 15.0% or greater shareholding in such company does not present a risk of harm to the public interest.

Notwithstanding the above, pursuant to an amendment to the Telecommunications Business Act that became effective in April 2022, a company, so long as (i) its largest shareholder (determined by aggregating the shareholdings of such shareholder and its related parties) is a foreign government or a foreigner of a country that has entered into a bilateral or multilateral free trade agreement with Korea (an “FTA Country”) that is designated by the MSIT, and (ii) such shareholder (together with the shareholdings of its related parties) owns 15.0% or more of the issued voting stock of such entity, may own more than 49.0% of our issued shares with voting rights but may not exercise its voting rights with respect to the shares held in excess of the 49.0% ceiling until the conclusion of the MSIT’s public interest review. Furthermore, pursuant to an amendment to the Telecommunications Business Act that became effective in December 2022, this exemption from the restriction of foreign ownership of a network service provider beyond the 49.0% threshold applies not only to a foreign government or a foreigner from an FTA Country but also to a foreign government or a foreigner from an OECD country.

As of December 31, 2023, 43.2% of our common shares were owned by foreign investors. In the event that any foreigner or foreign government acquires our shares in violation of the above provisions, such foreign shareholder may not be able to exercise voting rights with respect to common shares exceeding such threshold. The MSIT may also order us or the foreign shareholder to take corrective measures in respect of the excess shares within a specified period of six months or less. See “Item 4. Information of the Company—Item 4.B. Business Overview—Regulation—Foreign Investment” and “Item 10. Additional Information—Item 10.B. Memorandum and Articles of Association—Limitations on Shareholding.”

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Holders of ADSs will not be able to exercise appraisal rights unless they have withdrawn the underlying ordinary shares and become our direct shareholders.

In some limited circumstances, including the transfer of the whole or any significant part of our business and our merger or consolidation with another company, dissenting shareholders have the right to require us to purchase their shares under Korean law. A holder of ADSs will not be able to exercise appraisal rights unless he has withdrawn the underlying ordinary shares and become our direct shareholder. See “Item 10. Additional Information—Item 10.B. Memorandum and Articles of Association.”

An investor may not be able to exercise preemptive rights for additional shares and may suffer dilution of his equity interest in us.

The Commercial Code of Korea and our articles of incorporation require us, with some exceptions, to offer shareholders the right to subscribe for new shares in proportion to their existing ownership percentage whenever new shares are issued. If we offer any rights to subscribe for additional ordinary shares or any rights of any other nature, the depositary bank, after consultation with us, may make the rights available to an ADS holder or use reasonable efforts to dispose of the rights on behalf of the ADS holder and make the net proceeds available to the ADS holder. The depositary bank, however, is not required to make available to an ADS holder any rights to purchase any additional shares unless it deems that doing so is lawful and feasible and:

- a registration statement filed by us under the Securities Act of 1933, as amended, is in effect with respect to those shares; or
- the offering and sale of those shares is exempt from or is not subject to the registration requirements of the Securities Act.

We are under no obligation to file any registration statement. If a registration statement is required for an ADS holder to exercise preemptive rights but is not filed by us, the ADS holder will not be able to exercise his preemptive rights for additional shares. As a result, the ADS holder may suffer dilution of his equity interest in us.

Forward-looking statements may prove to be inaccurate.

This annual report contains “forward-looking statements” that are based on our current expectations, assumptions, estimates and projections about us and the industries in which we operate. The forward-looking statements are subject to various risks and uncertainties. These forward-looking statements include, but are not limited to, those statements using words such as “anticipate,” “believe,” “continue,” “expect,” “estimate,” “intend,” “project,” “aim,” “plan,” “likely to,” “target,” “contemplate,” “predict,” “potential” and similar expressions and future or conditional verbs such as “will,” “would,” “should,” “could,” “might,” “can,” “may,” or similar expressions generally intended to identify forward-looking statements. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. The uncertainties in this regard include, but are not limited to, those identified in the risk factors discussed above. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

Item 4. Information on the Company

Item 4.A. History and Development of the Company

In 1981, the Government established us under the Korea Telecom Act to operate the telecommunications services business that it previously directly operated. Under the Korea Telecom Act and the Government-Invested Enterprises Management Basic Act, the Government exercised substantial control over our business and affairs. Effective October 1, 1997, the Korea Telecom Act was repealed and the Government-Invested Enterprises Management Basic Act became inapplicable to us. As a result, we became a corporation under the Commercial Code, and our corporate organization and shareholders' rights were governed by the Government's privatization laws and the Commercial Code. Among other things, we began to exercise greater autonomy in setting our annual budget and making investments in the telecommunications industry, and our shareholders began electing our directors, who had previously been appointed by the Government under the Korea Telecom Act.

Prior to 1993, the Government owned all of the issued shares of our common stock. From 1993 through May 2002, the Government disposed of all of its equity interest in us, and the privatization laws ceased to apply to us in August 2002. We amended our legal name from Korea Telecom Corp. to KT Corporation in March 2002.

Before December 1991, we were the sole provider of local, domestic long-distance and international long-distance telephone services in Korea. The Government began to introduce competition in the telecommunications services market in the early 1990's. As a result, including ourselves, there are currently three local telephone service providers, five domestic long-distance carriers and numerous international long-distance carriers (including voice resellers) in Korea. In addition, the Government awarded licenses to several service providers to promote competition in other telecommunications business areas such as mobile telephone services and data network services. In June 2009, KT Freetel Co., Ltd. ("KTF"), a subsidiary providing mobile telephone services, merged into KT Corporation, with KT Corporation surviving the merger, with the objective of maximizing management efficiencies of our fixed-line and mobile telecommunications operations as well as more effectively responding to the convergence trends in the telecommunications industry. There are currently three mobile telephone service providers in Korea. See "—Item 4.B. Business Overview—Competition."

We are a corporation with limited liability organized under the laws of Korea, and our legal and commercial name is KT Corporation. Our principal executive offices are located at KT Gwanghwamun Building East, 33, Jong-ro 3-gil, Jongno-gu, 03155, Seoul, Korea, our telephone number is +82-2-3495-3557 and the address of our English website is <https://corp.kt.com/eng/>.

The SEC maintains a website (<http://www.sec.gov>), which contains reports, information statements and other information regarding issuers that file electronically with the SEC.

Item 4.B. Business Overview

We are the leading integrated telecommunications and platform service provider in Korea and one of the most advanced in Asia. We plan to transform ourselves into an artificial intelligence (“AI”) driven information and communication technology (“ICT”) company that integrates AI and information technology into our existing communication technology business and expands into new businesses that utilize AI. In addition, we will continue to pursue innovation in our other major business areas, including media and content services, Internet data centers and cloud services, real estate operations and financial services.

Our principal services include:

- mobile voice and data telecommunications services based on 5G, 4G LTE and 3G W-CDMA technology;
- fixed-line services, which include:
 - Ø (i) fixed-line telephone services, including local, domestic long-distance and international long-distance services, (ii) Voice over Internet Protocol (“VoIP”) telephone services (i.e., provision of communication services over the Internet, and not over the fixed-line PSTN) and (iii) interconnection services to other telecommunications companies;
 - Ø broadband Internet access services; and
 - Ø data communication services, including fixed-line and satellite leased line services and dedicated broadband Internet connection service to corporate and other institutional customers;
- media and content services, including IPTV, satellite TV, digital music services, e-commerce services, online advertising consulting services and web comics and novels services;
- financial services, including credit card processing and other financial services offered primarily through BC Card;
- other business activities, including information technology and network services and rental of real estate by KT Estate Inc. (“KT Estate”); and
- sale of goods, primarily sale of handsets related to our mobile services and miscellaneous telecommunications equipment, as well as sale of residential units and commercial real estate developed by KT Estate.

Leveraging our dominant position in the fixed-line telephone services market and our established customer base in Korea, we have successfully pursued new growth opportunities and obtained strong market positions in each of our principal lines of business. In particular:

- in mobile services, we achieved a market share of 29.7% with approximately 24.9 million subscribers as of December 31, 2023;
- in fixed-line and VoIP telephone services, we had approximately 12.0 million subscribers, consisting of 8.8 million PSTN subscribers and 3.2 million VoIP subscribers as of December 31, 2023. As of such date, our market share of the fixed-line local telephone and VoIP services was 62.3%; and

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- we are Korea's largest broadband Internet access provider with approximately 9.8 million subscribers as of December 31, 2023, representing a market share of 40.8%.

For the year ended December 31, 2023, our operating revenue was ₩26,595 billion, our profit for the year was ₩972 billion and our basic earnings per share was ₩3,982. As of December 31, 2023, our total assets were ₩42,792 billion, total liabilities were ₩24,249 billion and total equity was ₩18,543 billion.

Our Services

The following table sets out our operating revenue by principal product categories and the respective percentage of total operating revenue in 2021, 2022 and 2023.

Products and services	For the Year Ended December 31,					
	2021		2022		2023	
	Billions of Won	%	Billions of Won	%	Billions of Won	%
Mobile services	₩ 6,936	27.5%	₩ 7,014	26.7%	₩ 7,140	26.8%
Fixed-line services:						
Fixed-line and VoIP telephone services	1,465	5.8	1,378	5.3	1,249	4.7
Broadband Internet access services	2,344	9.3	2,505	9.5	2,579	9.7
Data communication services	1,152	4.6	1,173	4.5	1,315	4.9
Subtotal	4,960	19.7	5,057	19.3	5,142	19.3
Media and content services	2,801	11.1	3,100	11.8	3,207	12.1
Financial services	3,662	14.5	3,837	14.6	3,968	14.9
Others	3,313	13.1	3,834	14.6	3,846	14.5
Sale of goods ⁽¹⁾	3,533	14.0	3,394	12.9	3,293	12.4
Total operating revenue	₩ 25,206	100.0%	₩ 26,234	100.0%	₩ 26,595	100.0%

- (1) Primarily related to sale of handsets for our mobile service and miscellaneous telecommunications equipment, as well as sale of residential units and commercial real estate developed by KT Estate.

Mobile Services

We provide mobile services based on 5G, 4G LTE and 3G W-CDMA technology. We have made extensive efforts to continually develop advanced technologies as well as to provide a variety of new mobile services with enhanced speed, latency and connectivity. We commercially launched our next generation 5G mobile services in April 2019. We believe that the faster data transmission speed and lower latency of the 5G network enables us to offer significantly enhanced wireless data transmission with faster access to multimedia contents. We began offering 4G LTE services in the Seoul metropolitan area in January 2012, and we completed the expansion of our coverage nationwide in October 2012. 4G LTE technology enables data to be transmitted faster than 3G W-CDMA technology.

Revenue related to mobile service accounted for 26.8% of our operating revenue in 2023. The following table shows selected information concerning the usage of our network during the periods indicated and the number of our mobile subscribers as of the end of such periods:

	As of or for the Year Ended December 31,		
	2021	2022	2023
Average monthly revenue per subscriber ⁽¹⁾	₩ 31,555	₩ 32,803	₩ 33,965
Number of mobile subscribers (in thousands)	22,799	24,062	24,897
LTE subscribers	14,637	14,261	13,993
5G subscribers	6,378	8,483	9,918
W-CDMA subscribers	1,784	1,318	986

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- (1) The average monthly revenue per subscriber is computed by dividing total monthly fees, usage charges and value-added service fees for the period by the weighted average number of subscribers (other than MVNO subscribers and subscribers of miscellaneous Internet-of-things ("IoT") services) and dividing the quotient by the number of months in the period.

We compete with SK Telecom, a mobile service provider that has a longer operating history than us, and LG U+ which began its service at around the same time as KTF. As of December 31, 2023, we had approximately 24.9 million subscribers, or a market share of 29.7%.

We market our mobile services primarily through independent exclusive dealers located throughout Korea. In addition to assisting new subscribers to activate mobile service and purchase handsets, authorized dealers are connected to our database and are able to assist customers with their account. Although most of these dealers sell exclusively our products and services, sub-dealers hired by exclusive dealers may sell products and services offered by other mobile telecommunications service providers. Authorized dealers are entitled to a commission for each new subscriber registered, as well as ongoing commissions for the first five years based primarily on the subscriber's monthly fee, usage charges and length of subscription.

In response to the diversification of our customers' demands and their increasing sophistication, we have also selectively engaged in opportunities to expand our internal sales channels. We operate customer plazas in key areas that engage in mobile service sales activities as well as provide a one-stop shop for a wide range of other services and products that we offer. We also operate a website to promote and advertise our products and services to the general public and in particular to younger customers who are more familiar with the Internet.

We conduct the screening process for new subscribers with great caution. A potential subscriber must meet all minimum credit criteria before receiving mobile service. The procedure includes checking the history of non-payment and credit information from banks and credit agencies such as the National Information and Credit Evaluation Corporation. Applicants who do not meet the minimum criteria can only subscribe to the mobile service by using a pre-paid card.

Fixed-line Services

We provide a variety of fixed-line services, including various telephone services, broadband Internet access and data communication services.

Fixed-line and VoIP Telephone Services

We utilize our extensive nationwide telephone network to provide fixed-line telephone services, which consist of local, domestic long-distance, international long-distance services and land-to-mobile interconnection services. Our fixed-line telephone network includes exchanges, long-distance transmission equipment and fiber optic and copper cables. We also provide VoIP telephone services that enable VoIP phone devices with broadband connection to make domestic and international calls. These fixed-line and VoIP telephone services accounted for 4.7% of our operating revenue in 2023. In recent years, the proliferation of mobile phones, as well as the availability of increasingly lower wireless pricing plans, some of which include unlimited voice minutes, has led to significant decreases in our domestic long-distance call minutes and local call pulses.

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The following table shows selected information concerning our fixed-line telephone network and the number of PSTN and VoIP subscribers as of the end of the periods indicated as well as their engagement levels during such periods.

	As of or for the Year Ended December 31,				
	2019	2020	2021	2022	2023
Total Korean population (thousands) ⁽¹⁾	51,850	51,829	51,639	51,439	51,325
PSTN and VoIP lines in service (thousands)	14,185	13,582	13,096	12,581	12,035
PSTN lines in service	11,052	10,449	9,905	9,376	8,820
Local lines in service	10,076	9,475	8,937	8,430	7,892
Group lines in service	976	973	968	946	928
VoIP lines in service	3,133	3,133	3,191	3,206	3,215
Fiber optic cable (kilometers)	847,497	867,051	896,076	917,114	937,146
Domestic long-distance call minutes (millions) ⁽²⁾	744	620	500	395	321
Local call pulses (millions) ⁽²⁾	804	638	554	463	363

- (1) Based on the number of registered residents as published by the Ministry of the Interior and Safety of Korea.
(2) Excluding calls placed from public telephones.

Our domestic long-distance cable network is entirely made up of fiber optic cable and can carry both voice and data transmissions. Compared to conventional materials such as coaxial cable, fiber optic cable provides significantly greater transmission capacity with less signal fading, thus requiring less frequent amplification. All of our lines are connected to exchanges capable of handling digital signal technology. A principal limitation of the older analog technology is that applications other than voice communications, such as the transmission of text and computer data, require either separate networks or conversion equipment. Digital systems permit a range of voice, text and data applications to be transmitted simultaneously on the same network.

In recent years, the volume of our incoming international calls has significantly exceeded the volume of our outgoing international calls. The agreed settlement rate is applied to the call minutes to determine the applicable net settlement payment. The following table shows the number of minutes of international long-distance calls recorded by us and network service providers utilizing our international long-distance network in each specified category for each year in the three-year period ended December 31, 2023:

	Year Ended December 31,		
	2021	2022	2023
	(In millions of billed minutes)		
Incoming international long-distance calls ⁽¹⁾	242.4	422.2	615.8
Outgoing international long-distance calls	44.4	36.1	31.5
Total	<u>286.8</u>	<u>458.3</u>	<u>647.3</u>

- (1) Starting in 2021, includes incoming traffic of application-to-person correspondence.

Under the Telecommunications Business Act, we are required to permit other service providers to interconnect to our fixed-line network. Currently, the principal users of this interconnection capacity include affiliates of SK Telecom and LG U+ (offering local, domestic long-distance and international long-distance services, and transmitting calls to and from their mobile networks). We recognize as land-to-mobile interconnection revenue the entire amount of the usage charge collected from the landline user and recognize as an expense the amount of interconnection charge paid to the mobile service provider.

Broadband Internet Access Services

Leveraging our nationwide network of 937,147 kilometers of fiber optic cables as of December 31, 2023, we have achieved a leading market position in the broadband Internet access

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market in Korea. We believe we have a competitive advantage over other broadband Internet access service providers because, unlike our competitors, we can utilize our existing networks nationwide to provide broadband Internet access service. Our principal Internet access services are offered under the “KT Internet” and “KT GiGA Internet” brand names. We also offer WiFi services under the “KT WiFi” brand name, which is designed to integrate fixed-line and wireless services by offering high speed wireless Internet access to laptops and smartphones in hot-spot zones and KT Internet service in fixed-line environments. Our broadband Internet access services accounted for 9.7% of our operating revenue in 2023.

As of December 31, 2023, we had approximately 9.8 million broadband Internet subscribers, including approximately 6.7 million KT GiGA Internet service subscribers with enhanced data transmission speeds. We also sponsored approximately 98 thousand hot-spot zones nationwide for wireless connection as of December 31, 2023.

Our KT Internet services primarily utilize ADSL technology, which is a technology that converts existing copper twisted-pair telephone lines into access paths for multimedia and high-speed data communications. ADSL transforms the existing public telephone network from one limited to voice, text and low-resolution graphics to a system capable of bringing multimedia to subscriber premises without new cabling. The asymmetric design optimizes the bandwidth by maximizing the downstream speed for downloading information from the Internet. We are continually upgrading our broadband network to enable better FTTH connection, which further enhances data transmission speed and connection quality. FTTH is a telecommunication architecture in which a communication path is provided over optical fiber cables extending from the telecommunications operator’s switching equipment to the boundary of home or office. FTTH uses fiber optic cable, which is able to carry a high-bandwidth signal for longer distances without degradation. FTTH enables us to deliver enhanced services that require high bandwidth, such as IPTV, and other digital media contents with higher stability.

Data Communication Services

Our data communication services involve offering exclusive lines that allow point-to-point connection for voice and data traffic between two or more geographically separate points. As of December 31, 2023, we leased 318,281 lines to domestic and international businesses. We provide dedicated and secure broadband Internet connection service to institutional customers under the “Kornet” brand name. We provide high-speed connection to our Internet backbone network, as well as rent to our customers and install necessary routers to ensure reliable Internet connection and enhanced security. We provide discount rates to qualified customers, including small- and medium-sized enterprises, businesses engaging in Internet access services and government agencies. Data communication services accounted for 4.9% of our operating revenue in 2023.

Through our wholly owned subsidiary KT Sat Co., Ltd., we also provide transponder leasing, broadcasting, video distribution and data communication services through satellites periodically launched by us. We also lease satellite capacity from other satellite operators to offer satellite services to both domestic and international customers.

Media and Content Services

We offer a variety of media and content services, including IPTV, satellite TV, e-commerce services, digital music services, online advertising consulting services, web comics and novels services and media content creation and distribution services. Media and content services accounted for 12.1% of our operating revenue in 2023. In addition, in September 2021, KT Skylife, in which we held a 50.3% interest as of December 31, 2023, acquired a 100.00% interest in HCN, which is Korea’s fifth largest cable TV operator. See “Item 5. Operating and Financial Review and Prospects—Item 5.A. Operating Results—Overview—Acquisitions and Disposals of Interests in Subsidiaries and Joint Ventures.”

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IPTV

We offer high definition video-on-demand and real-time broadcasting and ultra-high-definition (“UHD”) IPTV services under the brand name “Genie tv.” Our IPTV service offers access to an array of digital media contents, including broadcast channels, movies, sports, news, educational programs and TV replay, for a fixed monthly fee or on a pay-per-view basis. Through a digital set-top box that we rent to our customers, our customers are able to browse the catalogue of digital media contents and view selected media streams on their television. A set-top box provides two-way communications on an IP network and decodes video streaming data. We had approximately 9.4 million IPTV subscribers as of December 31, 2023.

We are also leveraging our big data analytics capabilities and artificial intelligence technology to further enhance our IPTV services. We offer artificial intelligence-based “GiGA genie” service to our IPTV subscribers through a voice recognition speaker that also serves as the IPTV’s set-top box, which enables us to take advantage of big data analytics and enhance our product offerings as well as operate a more effective automated customer service center.

Satellite TV

We offer satellite TV services with features similar to our IPTV services through KT Skylife. As of December 31, 2023, we had approximately 3.5 million subscribers for our satellite TV services, including Genie tv Skylife combination services.

Digital Music Services

We operate Genie, our platform for music contents as well as subscription-based access to digital music streaming and downloading services, through our subsidiary Genie Music Corporation, in which KT Studio Genie Co., Ltd. (“KT Studio Genie”) held a 36.0% interest as of December 31, 2023. Genie offers a broad selection of Korean and international music, both in streaming and download formats, as well as a variety of features designed to enhance the experience of users. In addition, we provide a variety of original audio contents through Genie, including audio books and novels. We offer Genie services in various formats that are specifically designed for mobile and other connected devices, PCs, TVs and automobiles. Genie Music Corporation also provides online streaming of live music performances through STAYG platform.

E-commerce Services

In July 2021, we merged KTH Co., Ltd. (“KTH”) and KT mhows Co., Ltd. (“KT mhows”) to create KT alpha Co., Ltd. (“KT alpha”) in which we held a 70.5% interest on a consolidated basis as of December 31, 2023. Through such merger, we expect to achieve vertical integration and pursue additional mobile commerce opportunities by leveraging KT mhows’ large corporate customer base with the e-commerce infrastructure and know-how of KTH.

Through KT alpha, we offer TV home shopping and digital content distribution services. Furthermore, we offer a variety of consumer products and food items on our IPTV and satellite TV platforms. We also secure rights to digital entertainment contents such as movies, animations and TV series and distribute such contents to other media platforms.

We also offer mobile gift card services through KT alpha under the brand name “giftishow” and other mobile advertising solutions to corporate customers.

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Online Advertising Consulting Services

We provide strategic advertising consulting services for the online advertising industry through our subsidiaries Nasmedia, Co., Ltd. (“Nasmedia”), in which we held a 43.1% interest as of December 31, 2023, and PlayD Co., Ltd. (“PlayD”), in which Nasmedia and we in the aggregate held a 70.4% interest as of December 31, 2023. We provide a variety of services for advertising agencies, online media companies and their clients, ranging from market studies to advertising campaign planning as well as analysis of such campaign’s effectiveness. Our proprietary data analysis tools enable us to define specific advertising targets for the clients as well as to evaluate the effectiveness of various marketing channels to provide an optimal advertising campaign strategy.

Web Comics and Novels Services

StoryWiz, which was established in February 2020 and in which KT Studio Genie held a 100.0% interest as of December 31, 2023, specializes in producing and distributing web comics and web novels. StoryWiz operates a platform called Blice for web novels and web comics. Through Blice, numerous writers distribute their web novels and web comics, and we support them in various ways, including holding contests and providing funding for new and promising writers. Blice also offers a diverse selection of genres including comedy, romance, action and fantasy. We strive to further expand our intellectual property to movies and dramas.

Media Content Creation and Distribution Services

We engage in media content creation and distribution services through KT Studio Genie, in which we held a 90.9% interest as of December 31, 2023. KT Studio Genie produces and sells a wide range of media contents, including multi-episode drama series, to traditional media channels and OTT services. KT Studio Genie also serves as a distribution agency of media contents produced by third-parties.

Financial Services

As part of our overall strategy, we selectively pursue new business opportunities in the financial sector that complement our telecommunications business. In October 2011, we acquired a controlling interest in BC Card, a leading credit card solutions provider in Korea in which we held a 69.5% interest as of December 31, 2023. As of such date, BC Card held a 33.7% interest in K Bank, an Internet-only bank that began its commercial operations in April 2017. Revenue from our financial services, which consist primarily of revenue from BC Card, accounted for 14.9% of our operating revenue in 2023.

BC Card

Through BC Card, we offer various credit card processing and related financial services. We operate the largest merchant payment network in Korea as measured by transaction volume. We also provide outsourcing services to a wide range of financial institutions for their credit card and check card business operations, including production and delivery of new credit cards, the preparation of monthly statements, management of merchants and other ancillary services. We also offer our services in select countries in Asia, including China, Indonesia and Vietnam.

A minority interest in BC Card is owned by various financial institutions in Korea, many of which are member companies that enter into co-branding agreements with us and issue credit cards and check cards under the “BC Card” brand. Our member companies that issue co-branded credit or check cards include Woori Card, NH Card, Industrial Bank of Korea and KB Kookmin Card. We

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engage in joint marketing efforts to promote cards issued pursuant to our co-branding agreements. However, we typically do not assume credit risks related to the inability of cardholders to make payments on their card usage, which are typically assumed by the member companies. We also provide ancillary outsourcing services to various other banks, securities companies and financial institutions that do not issue co-branded cards with us.

We charge commissions for merchant fees paid by merchants to credit card companies for processing transactions. Merchant fees vary depending on the type of merchant and the total transaction amounts generated by the merchant. In addition to merchant fees, we receive commissions related to nominal interchange fees for international card transactions, as well as service fees from financial institutions that outsource their credit card business operations.

K Bank

K Bank is one of three Internet-only banks in Korea. Internet-only banks generally operate without branches and conduct their operations primarily through electronic means, which enable them to minimize costs and offer customers higher interest rates on deposits as well as lower lending rates. As of December 31, 2023, K Bank had approximately 9.5 million account holders, with total deposits of ₩19.1 trillion and outstanding loans of ₩13.8 trillion. Other shareholders of K Bank include Woori Bank, a leading bank in Korea.

Pursuant to the Act on Special Cases Concerning Internet-Only Banks, starting from January 2019, a company with its ICT assets comprising more than 50% of its total assets (such as us) may obtain up to a 34.0% interest in an Internet-only bank, and is required to obtain approval from the FSC in order to become its largest shareholder.

Other Businesses

We also engage in various business activities that extend beyond telecommunications and financial services, including real estate development. Our other businesses accounted for 14.5% of our operating revenue in 2023.

Information Technology and Network Services

Digital transformation has increased in recent years, and the Government announced “Digital New Deal” initiatives in July 2020 to further accelerate such trend in Korea. Leveraging our (i) data communications networks, (ii) infrastructure operational know-how and (iii) big data analytics capabilities, we believe that we are well-positioned to take advantage of the attractive opportunities in this era of digital transformation. In 2020, we launched a new brand, KT Enterprise, to better position ourselves to attract corporate customers that have digital transformation needs.

We offer a broad array of information technology and network services to our corporate and other institutional customers. Our range of systems integration services includes consulting, designing, building and maintaining systems and communication networks that satisfy the individual needs of our customers in the public and private sectors. We also provide one-stop global ICT services specifically targeting multinational corporations and international agencies, which range from ICT infrastructure design and buildout to operational solutions that address their multinational needs. In addition, we provide consulting services to optimize energy consumption by corporate and other institutional customers, as well as security surveillance services ranging from buildout of monitoring systems to dispatching of security personnel. We also offer a wide range of “KT DX platform” services for our corporate and other institutional customers that provide customized and integrated digital transformation services that address their technical infrastructure, platform and solution needs.

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In September 2021, KT ES Pte. Ltd., a subsidiary in which we held a 57.6% interest as of December 31, 2023, acquired a 100.0% interest in Epsilon Global Communications Pte. Ltd. (“Epsilon”) for US\$139 million. Epsilon is a data service provider that provides data connectivity services to corporate customers around the world.

Information Data Center and Cloud Services

We operate Internet data centers located throughout Korea and provide a wide range of computing services to companies that need servers, storage and leased lines. In April 2022, we completed a vertical spin-off of our Internet data centers business and established a wholly-owned subsidiary, kt cloud Co., Ltd., (“kt cloud”) to more effectively promote the growth of our Internet data center and cloud operations. As of December 31, 2023, we held an 86.3% interest in kt cloud. Data centers are facilities used to house, protect and maintain network server computers that store and deliver Internet and other network contents. kt cloud’s data centers are designed to meet international standards, and are equipped with temperature and humidity control systems, regulated and reliable power supplies, mechanical equipment, fire detection and suppression equipment, security monitoring and wide-bandwidth connections to the Internet. kt cloud’s data center businesses include (i) colocation services (provision of infrastructure services necessary for clients’ server operations), (ii) interconnection services (direct private connections of counterparties, including global cloud service providers), (iii) DBO (design, build and operation) services for clients’ data centers and (iv) managed service provider offerings (operation and maintenance of information technology equipment).

kt cloud also provides a wide range of cloud services that are tailored to address specific needs of its customers in public and private sectors. kt cloud’s cloud businesses include (i) customized cloud infrastructure services for government institutions and major enterprises, (ii) CDN (content delivery network) services offering geographically distributed and interconnected servers for enhanced data traffic and content delivery, (iii) private cloud computing services with infrastructure dedicated to a single customer and (iv) marketplace platform services that enable users to access SaaS (software as a solution) services of various partners of kt cloud.

Real Estate Development

We own land and real estate in various locations throughout Korea. Technological developments have enhanced the coverage area of telecommunications facilities, which enable us to better utilize our existing land and other real estate holdings. Through our wholly-owned subsidiary KT Estate, we engage in the planning and development of residential complexes and commercial buildings on our unused sites, as well as in the leasing of buildings we own. Under the “Remark VILL” brand, we also lease units in residential complexes developed by us in urban areas such as Seoul and Busan.

Sale of Goods

We recognize revenue related to sale of goods, primarily handsets sold to subscribers of our mobile services as well as miscellaneous telecommunications equipment sold to vendors and other telecommunications companies and sale of residential units and commercial real estate developed by KT Estate. We purchase handsets primarily from Samsung Electronics and Apple. Sale of goods accounted for 12.4% of our operating revenue in 2023.

Our Rates

We offer various service plans for our mobile, fixed-line and media and content services. For our individual customers, we offer rate plans targeting specific customer segments that aim to address their individual needs. We also offer bundled rate plans that provide discounts for subscribing to a

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combination of our services, as well as family plans that provide discounts for multiple line subscriptions under one household. For many of our services, we provide additional discounts for customers who commit to extended subscription periods. We provide an online tool designed to help our customers select a plan that is customized to their needs. Our service rates are typically charged on a monthly basis and are due at the end of the month. Our customers are also assessed a 10.0% VAT, which is included in the monthly subscription rates that we charge to our customers.

Our rates for business customers are tailored to the specific needs of the business customers.

Mobile Services

We offer a wide range of mobile service plans that vary depending, among others, on mobile technology (5G, LTE or W-CDMA), mobile device (mobile phone, tablet or other WiFi device) and age category, under which we offer plans based on usage volume for voice calling, data transmission and text messaging as well as addition of value-added services. Our premium packages offer unlimited voice calling, data transmission and text messaging as well as additional media content. We also provide plans specially designed for elderly and young subscribers as well as special discounts to subscribers with physical disabilities or on welfare programs. We do not charge an activation fee for our mobile services.

For mobile service plans that offer unlimited data transmission, we typically decelerate data transmission speeds after a subscriber reaches a set data usage threshold. For usage-based data transmission plans, our subscribers are typically charged additional data transmission fees if usage exceeds the applicable quota. However, for many of our plans, we provide our subscribers the ability to carry over unused data transmission quota of the current month to the following month, or borrow quota allocated to the following month if the current monthly quota have been exhausted. We also subsidize the purchase of new handsets by our qualifying subscribers who agree to use our service for a predetermined service period and purchase handsets on an installment basis.

The following table summarizes the terms of our representative 5G and LTE mobile service plans that we currently offer:

Plan	Monthly Rate	Voice Calls	Video Calls	Data Transmission	Additional Features
5G Premium Choice	₩ 130,000	Unlimited	300 min.	Unlimited	<ul style="list-style-type: none"> • Unlimited data roaming at 3 Mbps • Handset insurance using reward points • No service fee for additional smart device • Free contents (subscribers can choose two services among Movie / Music / Netflix / Disney / YouTube / Tving)
5G Special Choice	₩ 110,000	Unlimited	300 min.	Unlimited	<ul style="list-style-type: none"> • Unlimited data roaming at 100 kbps • Handset insurance using reward points • No service fee for additional smart device • Free contents (subscribers can choose two services among Movie / Music / Netflix / Disney / YouTube / Tving)

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Plan	Monthly Rate	Voice Calls	Video Calls	Data Transmission	Additional Features
5G Special	₩ 100,000	Unlimited	300 min.	Unlimited	<ul style="list-style-type: none"> • Unlimited data roaming at 100 kbps • Handset insurance using reward points • No service fee for additional smart device
5G Basic Choice	₩ 90,000	Unlimited	300 min.	Unlimited	<ul style="list-style-type: none"> • Unlimited data roaming at 100 kbps • Free contents (subscribers can choose two services among Movie / Music / Netflix / Disney / YouTube / Tving)
5G Basic	₩ 80,000	Unlimited	300 min.	Unlimited	<ul style="list-style-type: none"> • Unlimited data roaming at 100 kbps
5G Simple 110 GB	₩ 69,000	Unlimited	300 min.	Unlimited, but decelerate to 5 Mbps after 110 GB	
5G Simple 90 GB	₩ 67,000	Unlimited	300 min.	Unlimited, but decelerate to 1 Mbps after 90 GB	
5G Simple 70 GB	₩65,000	Unlimited	300 min.	Unlimited, but decelerate to 1 Mbps after 70 GB	
5G Simple 50 GB	₩63,000	Unlimited	300 min.	Unlimited, but decelerate to 1 Mbps after 50 GB	
5G Simple 30 GB	₩61,000	Unlimited	300 min.	Unlimited, but decelerate to 1 Mbps after 30 GB	
5G Slim 21 GB	₩58,000	Unlimited	300 min.	Unlimited, but decelerate to 1 Mbps after 21 GB	
5G Slim 14 GB	₩55,000	Unlimited	300 min.	Unlimited, but decelerate to 1 Mbps after 14 GB	
5G Slim 10 GB	₩50,000	Unlimited	300 min.	Unlimited, but decelerate to 400 kbps after 10 GB	
5G Slim 7 GB	₩45,000	Unlimited	300 min.	Unlimited, but decelerate to 400 kbps after 7 GB	
5G Slim 4 GB	₩37,000	Unlimited	300 min.	Unlimited, but decelerate to 400 kbps after 4 GB	
Data On Premium	₩89,000	Unlimited	300 min.	Unlimited	<ul style="list-style-type: none"> • Handset insurance using reward points • No service fee for additional smart device • Media package offering music, video, webtoon and movie content.

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Plan	Monthly Rate	Voice Calls	Video Calls	Data Transmission	Additional Features
Data On Video	₩69,000	Unlimited	300 min.	Unlimited, but decelerate to 5 Mbps after 100 GB	
Data On Talk Plus	₩49,000	Unlimited	300 min.	Unlimited, but decelerate to 1 Mbps after 5 GB	
LTE Basic	₩33,000	Unlimited	50 min.	1.4 GB with an option to transfer data from and into the next month's usage	

In addition to our mobile service plans, we offer value-added services for additional monthly fees that can be added to the subscription such as media packages, mobile TV packages, additional data transmission packages, caller ID, music service packages and ring tone services and usage reporting services. We also offer fixed-rate international roaming plans that provide data roaming services in various countries around the world, which may be scheduled or automatically activated upon access from an overseas location.

Our mobile services also generate interconnection charges and expenses. For a call initiated by a mobile subscriber of one of our competitors to our mobile subscriber, the competitor collects from its subscriber its normal rate and remits to us a mobile-to-mobile interconnection charge. In addition, for a call initiated by our mobile subscriber to a mobile subscriber of one of our competitors, we collect from our subscriber our normal rate and remit to the competitor a mobile-to-mobile interconnection charge.

The following table shows the interconnection charges we paid per minute (exclusive of VAT) to our competitors, and the charges received per minute (exclusive of VAT) from mobile operators for mobile to mobile calls:

	Effective Starting		
	January 1, 2021	January 1, 2022	January 1, 2023
KT	₩ 10.3	₩ 9.7	₩ 9.2
SK Telecom	10.3	9.7	9.2
LG U+	10.3	9.7	9.2

Fixed-line Services

Fixed-line Telephone Services

Local and Domestic Long-distance. Our standard usage-based fixed-line telephone service plan consists of a base monthly rate of ₩5,720 and usage fees for local and domestic long-distance calls, as well as calls to VoIP phones and mobile phones. We charge ₩42.9 per three-minute increment for local calls, ₩15.95 per ten second increment for domestic long-distance calls, ₩53.9 per three-minute increment for calls to VoIP phones and ₩15.95 per ten second increment for calls to mobile phones. All usage-based fees are subject to discounts during certain low-usage periods of the day and on national holidays. The rates we charge for local calls are required to be reported to the MSIT, which has 15 days to object to such changes. For our subscribers who are initiating fixed-line telephone services, we charge a one-time nonrefundable activation fee of ₩27,500.

We also offer a flat rate fixed-line telephone service plan with a base monthly rate of ₩12,100 (or ₩8,470 for a three year subscription commitment) that includes 50 hours of local and domestic

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long-distance calls and calls to VoIP phones. Calls to mobile phones are not included in the free 50 hours, and we charge ₩14.50 per ten second increment for such calls. For a premium plan with a base monthly fee of ₩16,500 (or ₩11,550 for a three year subscription commitment), calls to KT mobile subscribers are included as part of the free 50 hours.

International Long-distance. For our international long-distance services, fees for out-going calls vary based on the destination country and whether the user has subscribed to an international long-distance services plan, which can be customized based on the type of telecommunication device (mobile or fixed-line), destination countries and other customer preferences. Usage is typically measured in one-second increments. We pay a settlement fee to the relevant foreign carrier for such calls under a bilateral agreement with the foreign carrier. For incoming calls (including calls placed in Korea by customers of the foreign carriers for home country direct-dial services), we receive settlement payments from the relevant foreign carrier at the applicable settlement rate specified under the relevant bilateral agreement.

Land-to-mobile Interconnection. We provide other telecommunications service providers, including mobile operators and other fixed-line operators, interconnection to our fixed-line network. For a call initiated by a landline user to a mobile service subscriber, we collect from the landline user the land-to-mobile usage charge and remit to the mobile service provider a land-to-mobile interconnection charge. We recognize as land-to-mobile interconnection revenue the entire amount of the usage charge collected from the landline user and recognize as expense the amount of interconnection charge paid to the mobile service provider. The MSIT periodically issues orders setting the interconnection charge calculation method applicable to interconnections with mobile service providers. The MSIT determines the land to mobile interconnection charge by calculating the long run incremental cost of mobile service providers, taking into consideration technology development and future expected costs.

The following table shows the interconnection charges we paid per minute (exclusive of VAT) to mobile operators for landline to mobile calls:

	Effective Starting		
	January 1, 2021	January 1, 2022	January 1, 2023
SK Telecom	₩ 10.3	₩ 9.7	₩ 9.2
LG U+	10.3	9.7	9.2

Land-to-land and Mobile-to-land Interconnection. For a call initiated by a landline subscriber of our competitor to our fixed-line user, the landline service provider collects from its subscriber its normal rate and remits to us a land-to-land interconnection charge. In addition, for a call initiated by a mobile service subscriber to our landline user, the mobile service provider collects from its subscriber its normal rate and remits to us a mobile-to-land interconnection charge.

The following table shows such interconnection charge per minute collected for a call depending on the type of call, as determined by the MSIT:

	Effective Starting		
	January 1, 2021	January 1, 2022	January 1, 2023
Local access ⁽¹⁾	₩ 7.0	₩ 6.7	₩ 6.3
Single toll access ⁽²⁾	8.0	7.6	7.2
Double toll access ⁽³⁾	10.9	10.4	10.1

Source: The MSIT.

- (1) Interconnection between local switching center and local access line.
- (2) Interconnection involving access to single long-distance switching center.
- (3) Interconnection involving access to two long-distance switching centers.

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VoIP Telephone Services

Our VoIP telephone services offer rate plans that charge generally lower base monthly rates and usage-based fees compared to our fixed-line telephone services. For our subscribers who are initiating VoIP telephone services, we charge a one-time nonrefundable activation fee of ₩27,500, which may be waived if the subscriber opts for self-installation.

Broadband Internet Access Services

We offer various broadband Internet access service plans based on data transmission speed and data usage thresholds and offer discounts based on length of commitment that are applied for periods of up to four years. Most of our plans also include WiFi routers that enable our subscribers to create a WiFi environment in their residences. We charge our customers a one-time installation fee per site of ₩27,500. We also charge a modem rental fee ranging from ₩4,400 to ₩22,000 per year that varies depending on the type of model required for the service plan, which is also subject to discounts and waivers based on length of subscription commitment period.

The following table summarizes the terms of our representative broadband Internet access service plans that we currently offer.

Plan	Monthly Rate	Rate with 3 Year Term	Maximum Speed	Max Speed Daily Limit ⁽¹⁾	Additional Features
Internet Super Premium	₩ 110,000	₩ 88,000	10 Gbps	1000 GB	2 WiFi routers included.
Internet Premium Plus	₩ 82,500	₩ 60,500	5 Gbps	500 GB	2 WiFi routers included.
Internet Premium	₩ 60,500	₩ 44,000	2.5 Gbps	250 GB	Discount on 1 WiFi router rental.
Internet Essence	₩ 55,000	₩ 38,500	1.0 Gbps	150 GB	
Internet Slim	₩ 39,600	₩ 22,000	100 Mbps	None	

(1) Data transmission speed is reduced to 100 Mbps if data usage exceeds the specified maximum speed daily limit.

Media and Content Services

Our IPTV and satellite TV service plans vary based on the package of media channels provided, availability of UHD channels and the inclusion of other value-added services. In addition to monthly rates for subscription, we charge a one-time installation fee of ₩27,500 per set-top box and a digital set-top box rental fee ranging from ₩7,700 to ₩22,000 per year that varies depending on the type of set-top box required for the service plan, which is also subject to discounts and waivers based on length of subscription commitment period. We also offer various video-on-demand contents for streaming and downloading for a fee.

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The following table summarizes the terms of our representative IPTV service plans that we currently offer:

Plan	Monthly Rate	Rate for 3 Year Term	Channels (UHD)	Additional Features
Genie tv				
NETFLIX Choice UHD	₩42,300	₩35,480	266 (6)	• Genie tv Essence and NETFLIX premium service
NETFLIX Choice HD	₩38,800	₩29,680	266 (6)	• Genie tv Essence and NETFLIX standard service
SuperPack Choice	₩36,300	₩29,480	266 (6)	• Genie tv Essence and free movie, drama and animation contents
VOD Choice	₩31,020	₩24,816	266 (6)	• Genie tv Essence and monthly coupon of ₩10,000 for video-on-demand
Essence Plus	₩28,160	₩22,484	266 (6)	• Genie tv Essence and monthly coupon of ₩5,000 for video-on-demand
Essence	₩25,300	₩20,240	266 (6)	
Lite	₩19,800	₩15,840	240 (3)	
Basic	₩18,150	₩14,740	236 (3)	
Slim	₩16,500	₩13,200	220 (3)	
Genie tv skylife				
Entertainment	₩31,020	₩24,816	228 (6)	• Monthly coupon of ₩10,000 for video-on-demand.
Slim	₩16,500	₩13,200	220 (6)	

Bundled Rate Plans

In order to provide our customers with additional value and further promote our marketing efforts to cross sell our various services, we provide our customers with various bundled rate plans that provide discounts for subscribing to a combination of our services, as well as family plans that provide discounts for multiple line subscriptions under one household. The majority of our subscribers participate in our bundled rate plans.

Fixed-line Packages

We offer substantial discounts to customers who subscribe to two or more of our fixed-line and TV services consisting of fixed-line telephone, VoIP telephone, broadband Internet access, IPTV and satellite TV services. Subscription payments collected pursuant to our bundled rate plans are allocated to each service.

Mobile Packages

For our mobile services, we offer family plans that provide monthly discounts of up to ₩11,000 per mobile phone subscription. Up to five members of a household may participate in our family plans.

Fixed-line and Mobile Combination Packages

We also offer various bundled rate plans that combine our fixed-line and TV services with mobile services, for both households and single subscribers. For households that subscribe to broadband Internet access as well as mobile services, our premium family plan provides discounts of approximately 50% for broadband Internet access subscription as well as for mobile services of each additional family member (up to four additional members).

Competition

We face significant competition in each of our principal business areas. In the markets for mobile services, fixed-line services and media and content services, we compete primarily with SK Telecom and LG U+ (including their affiliates). Over time, considerable consolidation in the telecommunications industry has occurred, resulting in the current competitive landscape comprising three network service providers that offer a wide range of telecommunications and data communications services. In recent years, each of our primary competitors has acquired a leading cable TV operator in Korea to significantly increase their market shares in the pay TV market, which has further intensified competition.

To a lesser extent, we also compete with various value-added service providers and network service providers as classified under the Framework Act on Telecommunications and the Telecommunications Business Act, including MVNOs that lease mobile networks and offer mobile services, VoIP service providers that offer Internet telephone services, cable TV operators, text messaging service providers (particularly Kakao) and voice resellers, many of which offer competing services at lower prices. We also face changes in the evolving landscape of the market for media and content services arising from the increasing popularity of global OTT media services such as Netflix. In January 2023, the MSIT announced plans to encourage a fourth service provider to enter the Korean mobile service market by awarding a bandwidth license for the use of the 28 GHz spectrum and provide various measures to support the competitiveness of the new market entrant. In January 2024, Stage X, a consortium led by Stage Five, won the auction for 800 MHz of bandwidth license on the 28 GHz spectrum. Stage X is expected to commence service in the first half of 2025 to become the fourth nationwide mobile service provider, subject to satisfaction of applicable regulatory requirements.

We compete primarily based on our service performance, quality and reliability, ability to accurately identify and respond to evolving consumer demand, and pricing. With the launch of 5G mobile services in April 2019, competition has further intensified among the three network service providers, which has resulted in an increase in marketing expenses, as well as additional capital expenditures related to implementing 5G mobile services. Mobile service providers also grant subsidies or subscription discount rates to subscribers who purchase new handsets and agree to a minimum subscription period, and we compete also based on such amounts. We and SK Telecom have been designated as market-dominating business entities in the local telephone and mobile markets, respectively, under the Telecommunications Business Act. Under this Act, a market-dominating business entity may not engage in any act of abuse, such as unreasonably interfering with business activities of other business entities, hindering unfairly the entry of newcomers or substantially restricting competition to the detriment of the interests of consumers. In addition, changes in our local telephone rates and mobile rates of SK Telecom are required to be reported to the MSIT, which has 15 days to object to such changes. The KCC has also issued guidelines on fair competition of the telecommunications companies.

In the financial services market, our credit and check cards issued under the “BC Card” brand pursuant to co-brand agreements with member companies compete principally with cards issued by other leading credit card companies in Korea with their own merchant payment networks, such as Shinhan Card, Hyundai Card and Samsung Card. Our member companies that issue co-branded credit or check cards include Woori Card, NH Card, Industrial Bank of Korea and KB Kookmin Card. We also compete with service providers that provide outsourcing services related to business operations of credit card companies. Competition in the credit card and check card businesses has increased substantially as existing credit card companies, consumer finance companies and other financial institutions in Korea have made significant investments and engaged in aggressive marketing campaigns and promotions for their credit and check cards, as well as investing in operational infrastructure that may reduce the need for our outsourcing services.

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The following tables show the market shares in our principal markets in terms of subscribers as of the dates indicated:

Mobile Services

	Market Share (%) ⁽¹⁾		
	KT Corporation	SK Telecom	LG U+
December 31, 2021	31.3	44.0	24.7
December 31, 2022	31.3	42.9	25.8
December 31, 2023	29.7	40.4	29.9

Source: The MSIT.

(1) Includes subscribers of MVNOs that lease mobile networks of the respective mobile service provider.

Fixed-line Local Telephone and VoIP Services

	Market Share (%)		
	KT Corporation	SK Broadband	LG U+
December 31, 2021	64.1	14.9	12.7
December 31, 2022	63.1	14.9	12.7
December 31, 2023	62.3	14.9	12.7

Source: Korea Telecommunications Operators Association.

Broadband Internet Access Services

	Market Share (%)			
	KT Corporation	SK Broadband	LG U+	Others
December 31, 2021	41.2	28.7	20.7	9.4
December 31, 2022	41.3	28.5	21.0	9.2
December 31, 2023	40.8	28.7	21.4	9.1

Source: The MSIT.

IPTV Services

	Market Share (%)		
	KT Corporation ⁽¹⁾	SK Broadband	LG U+
December 31, 2021	44.3	29.8	25.9
December 31, 2022	44.3	30.6	25.1
December 31, 2023	43.6	31.2	25.2

Source: Investor relations report of each company.

(1) Includes market share of IPTV services offered by KT Skylife.

Regulation

With the establishment of the MSIP in March 2013, many of the regulatory responsibilities formerly handled by the KCC have been transferred to the MSIP. On July 26, 2017, the MSIP was renamed as the Ministry of Science and ICT. Under the Framework Act on Telecommunications and the Telecommunications Business Act, the MSIT continues to have comprehensive regulatory authority over the telecommunications industry and all network service providers.

Since the establishment of its predecessor, the MSIP, the MSIT has assumed primary policy and regulatory responsibility for matters such as: (i) registration of network service providers and licensing of select services (the MSIT authorizes the licensing of IPTV service providers and, with the

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consent of the KCC, authorizes the licensing of satellite broadcasting companies); (ii) regulation of mergers and acquisitions, as well as license suspension and termination of network service providers; (iii) providing oversight on foreign ownership ratios in network service providers; and (iv) reviewing telecommunication matters as they relate to the public interest and approving ancillary telecommunication business activities. Additionally, the MSIT is responsible for a broad range of other policy and regulatory matters, including the administration and supervision of regulatory reporting by telecommunications companies, examination and analysis of accounting and business management practices in the industry, establishment and administration of policies governing telecommunications service fees, value-added service providers and network service providers, as well as supervision of reporting requirements of standard telecommunications service/user contracts.

The KCC's overall policy role is to play a key role in regulatory activities aimed at protecting service users in the broadcast and telecommunications market and it continues to be responsible for investigations and sanctions regarding violations by telecommunications companies, as well as for mediating disputes between service providers and users. The KCC is established under the direct jurisdiction of the President of Korea and is comprised of five standing commissioners. Commissioners of the KCC are appointed by the President, and the appointment of the Chairperson must be approved at a confirmation hearing at the National Assembly.

Under the Personal Information Protection Act, telecommunications service providers are also required to protect personal information of their customers. Generally, when a telecommunications service provider intends to collect or use its customer's personal information, such telecommunications service provider, with certain exceptions, must notify and receive the customers' consent in relation to the purpose of collection, the use of the collected personal information, types of personal information collected and period during which the personal information will be possessed and used. Certain exceptions for collecting or using personal information without consent came into effect on September 15, 2023 under the amended Personal Information Protection Act, which relaxed the regulations to some extent. Under the Personal Information Protection Act, any enterprise, including Korean telecommunications providers, may not use their customers' personal information for any purpose other than the purpose their customers have consented to. In addition, there are various internal processes that the telecommunications providers are mandated to install in order to collect and handle personal information of their customers.

The MSIT also has the authority to regulate the pay TV market, including IPTV services. Under the Internet Multimedia Broadcasting Services Act, anyone intending to engage in the Internet multimedia broadcasting business must obtain a license from the MSIT. The ownership of the shares of an Internet multimedia broadcasting company by a newspaper, a news agency or a foreigner is limited.

Rates

Under current regulations implementing the Telecommunications Business Act, a network service provider may set its rates at its discretion, although it must report to the MSIT the rates and the general terms and conditions for each type of network service provided by it. However, the MSIT may object to the rates set by a market-dominating business entity within 15 days from the date of receipt of such report if there is a high risk of (i) harming the users' interests (including unfair discrimination against specific users based on contract length and usage volume with such service provider) or (ii) harming fair competition (including the provision of telecommunication services at unfair rates compared to the wholesale price offered by other telecommunications service providers). In 1997, the MSIP designated us for local telephone service and SK Telecom for mobile service as market-dominating business entities, which currently remains in effect. As a result, changes in our local telephone rates and in the mobile rates of SK Telecom are required to be reported to the MSIT, which

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has 15 days to object to such changes. The form of our standard agreement for providing local network service and each agreement for interconnection with other service providers must also be reported to the MSIT.

In January 2024, the Government announced its plan to repeal the Mobile Device Distribution Improvement Act, which remains subject to passage by the National Assembly of the Republic of Korea, in order to encourage mobile service providers to offer differentiated benefits to customers. Under the Mobile Device Distribution Improvement Act, a subscriber is entitled to receive either a designated handset subsidy related to the purchase of a recently released mobile phone, or a designated discount on the mobile service subscription rate. In connection with such policy, the Government amended the Enforcement Decree of the Mobile Device Distribution Improvement Act in March 2024, pursuant to which mobile service providers may provide more liberal subsidies to subscribers that are switching their mobile service providers based on certain criteria specified by the KCC, including the estimated profit margins of the mobile service providers and subscribers' costs of switching their service providers. In addition, the MSIT may periodically announce policy guidelines that telecommunications companies are recommended to take into consideration in their telecommunications and Internet-related businesses.

Other Activities

A network service provider, such as us, must obtain the permission of the MSIT in order to:

- modify its licenses;
- discontinue, suspend or spin off all or a part of the business for which it is licensed;
- transfer or acquire all or a part of the business of another network service provider; or
- enter into a merger with another network service provider.

By submitting a report to the MSIT, a network service provider may enter into arrangements for services to be furnished to its customers by a different telecommunications service provider and, in connection therewith, may provide its telecommunications services to, or authorize the use of all or a portion of its telecommunications facilities by, such other telecommunications service provider. The MSIT can revoke our licenses or order the suspension of any of our businesses if we do not comply with the regulations of the MSIT under the Telecommunications Business Act.

The responsibilities of the MSIT include:

- drafting and implementing plans for developing telecommunications technology;
- fostering and providing guidance to institutions and entities that conduct research relating to telecommunications; and
- recommending to network service providers that they invest in research and development or that they contribute to telecommunications research institutes in Korea.

In addition, all network service providers (other than regional paging service providers) are obligated to contribute toward the supply of "universal" telecommunications services in Korea. Telecommunications service providers designated as "universal service providers" by the MSIT are required to provide universal telecommunications services such as local services, local public telephone services, broadband services, discount services for persons with disabilities and for certain

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low-income persons, telecommunications services for remote islands and wireless communication services for ships. We have been designated as a universal service provider. The costs and losses recognized by universal service providers in connection with providing these universal telecommunications services, except for discount services for persons with disabilities and for certain low-income persons, will be shared on an annual basis by all network service providers (other than regional paging service providers), including us, on a pro rata basis based on their respective net annual revenue calculated pursuant to a formula set by the MSIT. As for the costs and losses recognized by a universal service provider in connection with providing discount services for persons with disabilities and for certain low-income persons, such costs and losses will be borne by such universal service provider.

Prior to April 2018, in accordance with the MSIT's determination that we possessed essential infrastructure, we were required to permit other fixed-line communications service providers to co-use our fixed-line telecommunication infrastructure, upon the request of such other fixed-line telecommunications service providers. Subsequently, to facilitate expedient establishment of 5G mobile services infrastructure, the Government amended the co-use system as follows: (i) we should permit not only fixed-line telecommunications service providers, but also mobile service providers such as SK Telecom and LG U+ to co-use our telecommunications infrastructure necessary for provision of 5G mobile services, (ii) the Government determined that we, SK Telecom, SK Broadband and LG U+ possessed essential infrastructure with respect to the interval between the cable entry at a building and the initial occurrence of connection within the building and required that the three companies share such infrastructure throughout buildings in Korea with each other, and (iii) fixed-line telecommunications service providers and mobile service providers are required to participate in joint efforts to construct additional fixed-line and mobile network architecture. For more information on our mobile network architecture, see "Item 4.D. Property, Plant and Equipment—Mobile Networks."

In addition, we are required to lease to other companies our fixed-lines that connect subscribers to our network. This system, which is called local loop unbundling, is intended to prevent excessive investment in local loops. This system requires us to lease the portion of our copper lines that represent our excess capacity to other companies upon their request at rates that are determined by the MSIT based on our cost, and taking into consideration an appropriate rate of return, to enable them to provide voice and broadband services. Revenue from local loop unbundling, if any, are recognized as revenue from other businesses.

All telecommunications service providers must also provide compensation to their users in the following cases: (i) damage is caused to the user in connection with the service provider's provision of telecommunication services (including from disruptions in service) and (ii) damage is caused to the user due to the reasons stated in such user's complaint addressed to the service provider or a delay in the service provider's processing of such complaint. However, if damage to a user is caused by force majeure, or if damage is caused intentionally by, or due to the negligence of, the user, the service provider's liability for any compensation to such user is mitigated or absolved. In cases where the provision of telecommunication services is disrupted, the service provider must inform its user of the disruption as well as the standards and procedures for obtaining compensation for any damages.

In addition, if the number of users and the network traffic of a value-added service provider exceeds a certain threshold set by the MSIT, such value-added service provider must secure adequate measures to provide stable services to its users, which may require cooperation with other network service providers. According to an amendment to the Telecommunications Business Act effective July 2023, a value-added service provider that (i) averages greater than one million domestic users per day during the last three months of the preceding year and (ii) records domestic communication traffic volume in excess of a certain threshold set by the MSIT is obligated, among other things, to submit to the MSIT information regarding the status and its plans on measures to provide stable services, on an annual basis.

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Furthermore, pursuant to an amendment to the Telecommunications Business Act in December 2023, which will become effective on June 30, 2024, a network service provider that exceeds certain threshold set by the MSIT will be obliged to make efforts to provide stable services by (i) taking certain technical and managerial measures, (ii) submitting the implementation results of the technical and managerial measures to the MSIT and (iii) disclosing the report regarding their actions taken to provide stable services. Such thresholds are expected to be specified through an amendment to the Enforcement Decree of the Telecommunications Business Act that will become effective on June 30, 2024.

Foreign Investment

The Telecommunications Business Act restricts the ownership and control of network service providers by foreign shareholders. Foreigners (based on citizenship), foreign governments and “companies deemed as foreigners” may not in the aggregate own more than 49.0% of the issued shares with voting rights of a network service provider, including us. For purposes of the Telecommunications Business Act, the term “company deemed as a foreigner” means a company in which a foreigner or a foreign government is the largest shareholder and holds 15.0% or more of the company’s shares with voting rights, provided, however, that such company will not be counted as a foreign shareholder for the purposes of the 49.0% limit if (1) it holds less than 1.0% of our total issued and outstanding shares with voting rights or (2) if the MSIT determines that the fact that such foreign government or entity holds a 15.0% or greater shareholding in such company does not present a risk of harm to the public interest.

Notwithstanding the above, pursuant to an amendment to the Telecommunications Business Act that became effective in April 2022, a company, so long as (i) its largest shareholder (determined by aggregating the shareholdings of such shareholder and its related parties) is a foreign government or a foreigner of a country that has entered into a bilateral or multilateral free trade agreement with Korea that is designated by the MSIT, and (ii) such shareholder (together with the shareholdings of its related parties) owns 15.0% or more of the issued voting stock of such entity, may own more than 49.0% of our issued shares with voting rights but may not exercise its voting rights with respect to the shares held in excess of the 49.0% ceiling until the conclusion of the MSIT’s public interest review. Furthermore, pursuant to an amendment to the Telecommunications Business Act that became effective in December 2022, this exemption from the restriction of foreign ownership of a network service provider beyond the 49.0% threshold applies not only to a foreign government or a foreigner from an FTA Country but also to a foreign government or a foreigner from an OECD country.

In addition, the calculation of the above-referenced 49% ceiling applies to: (x) any foreign entities that have entered into a major management-related agreement with a network service provider or the shareholder(s) thereof; and (y) foreign entities that have entered into an agreement pertaining to the settlement of fees relating to the handling of international electronic telecommunications services. As of December 31, 2023, 43.2% of our common shares were owned by foreign investors. In the event that a network service provider violates the shareholding restrictions, its foreign shareholders cannot exercise voting rights for their shares in excess of such limitation, and the MSIT may require corrective measures be taken to comply with the ownership restrictions.

In addition to the 49.0% limit referenced above, under the Telecommunications Business Act, a foreign shareholder who holds 5.0% or more of our total shares is prohibited from becoming our largest shareholder. However, any foreign shareholder who held 5.0% or more of our total shares and was our largest shareholder on or prior to May 9, 2004 is exempt from the regulations, provided that such foreign shareholder may not acquire any more of our shares. In addition, under the Telecommunications Business Act, the MSIT may, if it deems it necessary to preserve substantial public interests, prohibit a foreign shareholder from being our largest shareholder. In the event that any

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foreigner or foreign government acquires our shares in violation of the above provisions, the Telecommunications Business Act restricts such foreign shareholder from exercising his or her voting rights with respect to common shares exceeding such threshold. The MSIT may also order us or the foreign shareholder to take corrective measures in respect of the excess shares within a period of up to six months.

Customers and Customer Billing

We typically charge residential subscribers and business subscribers similar rates for services provided. On a case-by-case basis, we also provide discount rates for some of our high-volume business subscribers. We bill all of our customers on a monthly basis. Our customers may make payment at either payment points such as local post offices, banks or our service offices, through a direct-debit service that automatically deducts the monthly payment from a subscriber's designated bank account, or through a direct-charge service that automatically charges the monthly payment to a subscriber's designated credit card account. Approximately 89.2% of our subscribers as of December 31, 2023 pay through the direct-debit service. Accounts of subscribers who fail to pay our invoice are transferred to a collection agency, which sends out a notice of payment. If such charges are not paid after notice, we cease to provide outgoing service to such subscribers after a period of time determined by the type of subscribed service. If charges are still not paid two to three months after outgoing service is cut off, we cease all services to such subscribers. After service is ceased, the overdue charges that are not collected by the collection agency are written off.

Credit Card Business

Through BC Card in which we held a 69.5% interest as of December 31, 2023, we offer various credit card processing and related financial services. BC Card is regulated and supervised as a Specialized Credit Financial Business ("SCFB"), as defined under the Specialized Credit Financial Businesses Act of Korea ("SCFBA"). The SCFBA subjects SCFB companies to licensing (for credit card businesses) and registration (for leasing, installment finance or new technology finance businesses) requirements and provides guidance and restrictions regarding capital adequacy, liquidity ratios, loans to major shareholders, reporting and other matters relating to the supervision of SCFB companies. The SCFBA delegates regulatory authority over SCFB companies to the FSC and FSS. The FSC has the authority to suspend the operations of an SCFB company for up to six months for non-compliance with certain regulations under the SCFBA and issue certain administrative orders. The FSC is also entitled to cancel a license or registration if an SCFB company fails to comply with certain SCFBA regulations or FSC administrative orders, including a suspension order.

The SCFBA and the regulations thereunder require an SCFB company to satisfy a minimum paid-in capital amount of (i) ~~₩20 billion~~, where the SCFB company engages in no more than two kinds of core businesses and (ii) ~~₩40 billion~~, where the SCFB company, such as BC Card, engages in three or more kinds of core businesses. An SCFB engaging in a credit card business must maintain a total Tier I and Tier II capital adequacy ratio (adjusted equity capital divided by adjusted total assets) of 8% or more. In addition, an SCFB company must maintain a one-month-or-longer delinquent claim ratio (delinquent claims divided by total claims) of less than 10%.

Under the SCFBA and the regulations thereunder, an SCFB company is required to maintain a Won liquidity ratio (Won-denominated current assets divided by Won-denominated current liabilities) of 100% or more. In addition, if an SCFB company is registered as a foreign exchange business institution with the MOEF, such SCFB company is required to maintain (1) a foreign-currency liquidity ratio (foreign currency liquid assets due within three months divided by foreign-currency liabilities due within three months) of not less than 80%, (2) a ratio of foreign currency liquid assets due within seven days less foreign currency liabilities due within seven days, divided by total foreign-currency assets, of

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not less than 0%, and (3) a ratio of foreign currency liquid assets due within a month less foreign currency liabilities due within a month, divided by total foreign-currency assets, of not less than negative 10%.

Under the SCFBA and the regulations thereunder, an SCFB company may not provide loans in the aggregate exceeding 50% of its equity capital to its major shareholders (including their specially related persons).

Pursuant to the SCFBA and the regulations thereunder, an SCFB company is required to submit business reports to the FSC regarding, among others, financial statements, actual results of management and soundness of assets. An SCFB company is also required to provide information regarding specific matters, including: (i) the amount of loans provided to major shareholders as of the end of each quarter; (ii) changes in the aggregate amount of such loans and the terms and conditions of the credit extension transactions for each quarter; (iii) the amount of stocks acquired by major shareholders as of the end of each quarter; and (iv) changes in the aggregate amount of stocks held and the acquisition price of such stocks for each quarter, in each case within one month of the end of each quarter. In addition, an SCFB company is required to file a report to the FSC upon the occurrence of certain events, including (i) changes to its name; (ii) changes to the largest shareholder; or (iii) changes of 1% or more in the ownership of stocks with voting rights held by a major shareholder and such major shareholder's specially related persons, in each case within seven days from the date of its occurrence.

Insurance

We carry insurance against loss or damage to all significant buildings and automobiles. Except for our insurance coverage of our satellites and data centers, we do not carry insurance covering losses to outside plants or to equipment because we believe the cost of such insurance is excessive and the risk of material loss or damage is insignificant. We do not have any provisions or reserves against such loss or damage. We do not carry any business interruption insurance.

We provide co-location and a variety of value-added services including server-hosting services to a number of corporations whose business largely depends on critical data operated on our servers or on their servers located at our data centers. Any disruptions, interruptions, physical or electronic data loss, delays or slowdowns in communication connections could expose us to potential liabilities for losses relating to the disrupted businesses of our customers relying on our services.

Information Technology and Operational Systems

Enhancement of our information technology and operational systems and efficient utilization of such systems are important in effectively promoting our core strategies. We are committed to continually investing in and enhancing our information technology systems, which provide support to many aspects of our businesses. In June 2017, a business support system, called KT One System ("KOS"), was implemented. KOS is our wired/wireless system integration program that unified wired/wireless workflows, structures and systems that had been separated previously. KOS has contributed to enhancing various aspects of our business processes and control systems.

Patents and Licensed Technology

The ability to obtain and protect intellectual property rights to the latest telecommunications technology is important for our business. We own or have licenses to various patents and trademarks in Korea and overseas, and have applications for patents pending in Korea and other select countries such as the United States, Europe, China and Japan. A majority of our patents registered in Korea and

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overseas relate to our wireless and fixed-line telecommunications, media services and technologies related to IoT and artificial intelligence. In addition, we operate several research and development (“R&D”) laboratories to develop latest technology and additional platforms, as described in “Item 5.C. Research and Development, Patents and Licenses, Etc.” We license our intellectual property rights to third parties in return for periodic royal payments. We currently do not license any material technologies or patents from third parties.

Seasonality of the Business

Our main business generally does not experience significant seasonality.

Item 4.C. Organizational Structure

These matters are discussed under Item 4.B. where relevant.

Item 4.D. Property, Plant and Equipment

Our principal fixed asset is our integrated telecommunications networks. In addition, we own buildings and real estate throughout Korea. As of December 31, 2023, the net book value of our property and equipment was ₩14,872 billion, of which ₩3,843 billion is accounted for by the net book value of our land, buildings and structures. As of December 31, 2023, the net book value of our investment properties, which is accounted for separately from our property and equipment, was ₩2,198 billion. Other than as may be described in this annual report, no significant amount of our properties is leased. There are no material encumbrances on our properties including the fixed assets below.

Mobile Networks

Our mobile network architecture includes the following components:

- cell sites, which are physical locations equipped with radio units of base transceiver stations and other equipment used to communicate through radio channels with subscribers’ mobile telephone handsets within the range of a cell;
- centralized centers, which are physical locations with baseband units of base transceiver stations;
- core networks, which connect to and control the base transceiver stations and provide the gateway to other networks and services; and
- transmission lines, which connect the mobile switching centers, base station controllers, base transceiver stations and the public switched telephone network.

One of the principal limitations on a wireless network’s subscriber capacity is the amount of bandwidth allocated to a service provider. We have acquired a number of bandwidth licenses to secure additional bandwidth capacity to provide our broad range of services, for which we typically make an initial payment as well as pay usage fees during the license period. See “Item 5. Operating and Financial Review and Prospects—Item 5.A. Operating Results—Overview—Acquisition of New Bandwidth Licenses and Usage Fees.”

Exchanges

Exchanges include local exchanges and “toll” exchanges that connect local exchanges to long-distance transmission facilities. We had approximately 20.9 million lines connected to local exchanges and 2.4 million lines connected to toll exchanges as of December 31, 2023.

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All of our exchanges are fully digital and automatic in order to provide higher speed and larger volume services. In addition, all of our lines connected to toll exchanges are compatible to IP platform.

Internet Backbone

Our Internet backbone network, called KORNET, has the capacity to handle aggregate traffic of our broadband Internet access subscribers, data centers and Internet exchange system at any given moment of up to 39.2 Tbps as of December 31, 2023. Our IP premium network enables us to more reliably support IPTV, VoIP and other IP-related services. As of December 31, 2023, our IP premium network had capacity of 4.4 Tbps to support LTE data, IPTV, voice and virtual private network (“VPN”) service traffic. In addition, our 5G backbone network had capacity of 5.0 Tbps to support 5G data service traffic.

Access Lines

As of December 31, 2023, we had 25.5 million access lines installed, which allow us to reach virtually all homes and businesses in Korea. As of December 31, 2023, we had approximately 25.4 million broadband lines with speed of at least 50 Mbps that enable us to deliver broadband Internet access and multimedia contents to our customers.

Transmission Networks

Our domestic fiber optic cable network consisted of 937,147 kilometers of fiber optic cables as of December 31, 2023 of which 136,875 kilometers of fiber optic cables are used to connect our backbone network and 800,272 kilometers are used to connect the backbone network to our subscribers. As of December 31, 2023, our backbone network utilizes 64 Tbp Long-haul Reconfigurable Optical Add Drop Multiplexer (“ROADM”) technology for connecting cities. ROADM technology improves bandwidth efficiency by enabling data to be transmitted from multiple signals across one fiber strand in a cable and carrying each signal on a separate wavelength. Our transmission backbone network connecting major cities in Korea utilize Packet Optical Transport Network (“POTN”), and we access such network through multi-service provisioning platform (“MSPP”) architecture.

Our extensive domestic long-distance network is supplemented by our fully digital domestic microwave network, which consisted of 52 relay sites as of December 31, 2023.

International Networks

Our international network infrastructure consists of both submarine cables and satellite transmission systems, including two submarine cable-landing stations in Busan and Keoje and one satellite teleport in Kumsan. International traffic is handled by submarine cables and telecommunications satellites. Because of the high cost of laying a submarine cable, the usual practice is for multiple carriers to jointly commission a new cable and share the costs and the capacity. We own interests in several international fiber optic submarine cable networks. We also operate satellites periodically launched by us, as well as lease satellite capacity from other satellite operators. Data services such as international private lease circuits, IP and very small aperture terminals are provided through submarine cables and satellite transmission. In order to guarantee high quality services to our end customers, our submarine cables and satellite transmission systems are linked to various points-of-presence in the United States, Asia and Europe. In addition, as of December 31, 2023, our international telecommunications networks were directly linked to 263 telecommunications service

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providers in various international destinations and are routed through our three international switching centers in Seoul, Daejeon and Busan.

As of December 31, 2023, our international Internet backbone with capacity of approximately 8,340 Gbps is connected to approximately 320 Internet service and content providers through our two Internet gateways in Busan. In addition, we operate a broadcasting backbone with capacity of 0.86 Gbps to transmit broadcasting signals from Korea to the rest of the world.

Item 4A. Unresolved Staff Comments

We do not have any unresolved comments from the Securities and Exchange Commission staff regarding our periodic reports under the Exchange Act.

Item 5. Operating and Financial Review and Prospects

Item 5.A. Operating Results

The following discussion and analysis is based on our consolidated financial statements, which have been prepared in accordance with IFRS as issued by the IASB.

Overview

We are an integrated provider of telecommunications services. Our principal telecommunications and Internet-related services include mobile voice and data telecommunications services, fixed-line services (consisting of fixed-line telephone, VoIP telephone, broadband Internet access and data communication services) and media and content services (including IPTV and satellite TV). The principal factors affecting our revenue from these services have been our rates for, and the usage volume of, these services, as well as the number of subscribers. For information on rates we charge for our services, see “Item 4. Information on the Company—Item 4.B. Business Overview—Our Rates.” In addition, we derive revenue from credit card processing and other financial services, sale of goods (primarily handsets related to our mobile services and miscellaneous telecommunications equipment, as well as sale of residential units and commercial real estate developed KT Estate), and miscellaneous business activities including information technology and network services, real estate development and satellite services.

Our five operating segments for financial reporting purposes are organized as the following:

- the ICT segment, which primarily consists of KT Corporation on a standalone basis that is primarily engaged in providing various telecommunications and platform services to individual, household and corporate customers as well as selling handsets;
- the finance segment, which engages in providing various financial services such as credit card services and value-added network and payment gateway services;
- the satellite TV segment, which engages in satellite TV services;
- the real estate segment, which engages in real property development and leasing services; and
- the others segment, which includes (i) information technology and network services, (ii) contents and commerce services, (iii) security services, (iv) satellite service, (v) global business services that provide global network services to multinational or domestic corporate customers and telecommunications companies and (vi) miscellaneous services provided by our subsidiaries.

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Our future performance will depend at least in part on Korea’s general economic growth and prospects. For a description of recent developments that have had and may continue to have an adverse effect on our results of operations and financial condition, see “Item 3. Key Information—Item 3.D. Risk Factors—If economic conditions in Korea deteriorate, our current business and future growth could be materially and adversely affected” and “—COVID-19 and any possible occurrences of other types of widespread infectious diseases could materially and adversely affect our business, financial condition or results of operations.” A number of other developments have had or are expected to have a material impact on our results of operations, financial condition and capital expenditures. These developments include:

- acquisition of new bandwidth licenses and usage fees;
- researching and implementing technology upgrades and additional telecommunications services;
- changes in the rate structure for our telecommunications services;
- acquisitions and disposals of interests in subsidiaries and joint ventures; and
- marketing activities.

As a result of these factors, our financial results in the past may not be indicative of future results or trends in those results.

Acquisition of New Bandwidth Licenses and Usage Fees

One of the principal limitations on a wireless network’s subscriber capacity is the amount of bandwidth allocated to a service provider. The growth of our mobile telecommunications business and the increase in usage of wireless data transmission services have been significant factors in the increased utilization of our bandwidth, since wireless data applications are generally more bandwidth-intensive than voice services. The current trend of increasing data transmission use and the increasing sophistication of multimedia contents are likely to put additional strain on the bandwidth capacity of mobile service providers. We have acquired a number of licenses in recent years to secure additional bandwidth capacity to provide our broad range of services, for which we typically make an initial payment as well as pay usage fees during the license period. The MSIT reserves the right to reallocate bandwidths in order to address the changing needs for bandwidth capacity of mobile service providers, the consideration for which may depend on the extent of the buildout of the service provider’s telecommunications network to utilize the relevant bandwidth. For example, in recent years, the MSIT cancelled the bandwidth licenses for the use of the 28 GHz spectrum that had been issued to us, SK Telecom and LG U+, noting the failure to meet certain agreements made with the MSIT at the time of the license allocations.

For all of our bandwidth licenses, we made aggregate payments of ₩603 billion in 2021, ₩319 billion in 2022 and ₩327 billion in 2023. The following table sets forth our outstanding payment obligations relating to our bandwidth licenses as of December 31, 2023.

Spectrum	Bandwidth	License Acquisition Date	Total Payable Amount (in billions of Won)	Total remaining amount (in billions of Won)	Initial Payment Amount (in billions of Won)	Initial Payment Year	Annual Usage Fee (in billions of Won)	Annual Usage Fee Payment Term
900 MHz	20 MHz	July 1, 2021	₩ 141	₩ 67	₩ 35	2021	₩ 21	2021 to 2026
1.8 GHz	35 MHz	July 1, 2021	₩ 548	₩ 260	₩ 137	2021	₩ 82	2021 to 2026
1.8 GHz	20 MHz	Aug. 4, 2016	₩ 470	₩ 111	₩ 118	2016	₩ 35	2016 to 2026
2.1 GHz	40 MHz	Dec. 6, 2021	₩ 412	₩ 195	₩ 103	2021	₩ 62	2021 to 2026
3.5 GHz	100 MHz	Dec. 1, 2018	₩ 968	₩ 392	₩ 242	2018	₩ 73	2018 to 2028

Researching and Implementing Technology Upgrades and Additional Telecommunications Services such as 5G Technologies

The telecommunications industry is characterized by continued advances and improvements in telecommunications technology, and we have been continually researching and implementing network upgrades and launching additional telecommunications services to maintain our competitiveness. In recent years, we have made extensive efforts to continue to develop mobile services with enhanced speed, latency and connectivity that enable us to offer significantly improved wireless data transmission with faster access to multimedia content.

We also make investments to continually upgrade our broadband network to enable better FTTH connection, which further enhances data transmission speed and connection quality. FTTH is a telecommunication architecture in which a communication path is provided over optical fiber cables extending from the telecommunications operator's switching equipment to the boundary of home or office. FTTH uses fiber optic cable, which is able to carry a high-bandwidth signal for longer distances without degradation. FTTH enables us to deliver enhanced services that require high bandwidth with stability, such as IPTV and other digital media content. The MSIT has the authority to recommend to network service providers that they provide funds for national research and development of telecommunications technology and related projects. Including such contributions, total expenditures (which include capitalized expenses) on research and development were ₩214 billion in 2021, ₩231 billion in 2022 and ₩225 billion in 2023. We plan to continue to invest in researching and implementing network upgrades, which will entail additional operating expenses as well as capital expenditures.

Fee Discounts and Adjustments to the Rates for Our Telecommunications Services

We provide bundled packages of our various services at a discount in order to attract additional subscribers to our new services. We offer discounts to customers who subscribe to two or more of our fixed-line and TV services consisting of fixed-line telephone, VoIP telephone, broadband Internet access, IPTV and satellite TV services. For our mobile services, we offer a family plan that provides a discount for each additional mobile phone subscription. We also offer various bundled rate plans that combine our fixed-line and TV services with mobile services, for both households and single subscribers. See "Item 4. Information on the Company—Item 4.B. Business Overview—Our Rates."

Changes in our local telephone rates are required to be reported to the MSIT, which has 15 days to object to such changes. The form of our standard agreement for providing local network service and each agreement for interconnection with other service providers must also be reported to the MSIT. Although we compete freely with other network service providers in terms of rate plans for our principal telecommunications and Internet-related services except for rates we charge for local calls, the MSIT may periodically announce policy guidelines that we may be recommended to take into consideration.

The Government may pursue additional measures to regulate the markets in which we compete. There can be no assurance that we will not adopt additional measures that reduce rates charged to our subscribers as well as adjustments to our handset subsidies and other measures in the future to comply with regulatory requirements or the Government's policy guidelines. For a discussion of adjustments in our rate structure, see "Item 4. Information on the Company—Item 4.B. Business Overview—Our Rates."

Acquisitions and Disposals of Interests in Subsidiaries and Joint Ventures

One key aspect of our overall business strategy calls for acquisitions of businesses and entering into joint ventures that complement or diversify our current business, as well as disposal or

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termination of such businesses from time to time. For example, in September 2021, KT Skylife, in which we held a 50.3% interest as of December 31, 2023, completed its acquisition of a 100.00% interest in HCN, which is Korea's fifth largest cable operator. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and our financial condition and results of operations may be affected as a result of such acquisitions, disposals or consolidation. Furthermore, pursuing acquisitions, joint venture and certain investment transactions also requires significant capital, and as we pursue further growth opportunities for the future, we may need to raise additional capital by incurring loans or through the issuances of bonds or other securities in the international capital markets, which may lead to increased levels of debt and debt servicing costs in the future.

Marketing Activities

In January 2024, the Government announced its plan to repeal the Mobile Device Distribution Improvement Act, which remains subject to passage by the National Assembly of the Republic of Korea, in order to encourage mobile service providers to offer differentiated benefits to customers. Under the Mobile Device Distribution Improvement Act, a subscriber is entitled to receive either a designated handset subsidy related to the purchase of a recently released mobile phone, or a designated discount on the mobile service subscription rate. In connection with such policy, the Government amended the Enforcement Decree of the Mobile Device Distribution Improvement Act in March 2024, pursuant to which mobile service providers may provide more liberal subsidies to subscribers that are switching their mobile service providers based on certain criteria specified by the KCC, including the estimated profit margins of the mobile service providers and subscribers' costs of switching their service providers. Any such amendments to, or the repeal of, the Mobile Device Distribution Improvement Act may have a material impact on the competitive landscape of the mobile telecommunications industry as mobile service providers are given more flexibility to provide handset subsidies or discounts, which may in turn increase expenses.

While we believe that our large subscriber base as well as the brand power of our products and services will remain key drivers of our growth, we expect to continue to invest significantly in marketing activities, particularly in connection with launching of new products and services. Our marketing expenses may not directly correspond to our revenue in the same period, and our quarterly marketing expenses have fluctuated in the past and are expected to continue to fluctuate in the future.

Explanatory Note Regarding Presentation of Certain Financial Information under K-IFRS

In addition to preparing financial statements in accordance with IFRS as issued by the IASB included in this annual report, we prepare financial statements in accordance with K-IFRS, which we are required to file with the Financial Services Commission and the Korea Exchange under the FSCMA.

K-IFRS differs in certain respects from IFRS as issued by the IASB in the presentation of operating profit. Additionally, under K-IFRS, revenue from the development and sale of real estate is recognized using the percentage of completion method. However, under IFRS as issued by the IASB, revenue from the development and sale of real estate is recognized when an individual unit of residential real estate is delivered to the buyer. Primarily due to such differences, our consolidated statements of comprehensive income and our consolidated statements of financial position prepared in accordance with IFRS as issued by the IASB included in this annual report differ from our consolidated statements of comprehensive income and consolidated statements of financial position prepared in accordance with K-IFRS.

The table below sets forth a reconciliation of our operating profit and net income or loss as presented in our consolidated statements of profit or loss prepared in accordance with IFRS as issued

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by the IASB for each of the years ended December 31, 2021, 2022 and 2023 to our operating profit and net income or loss in our consolidated statements of profit or loss prepared in accordance with K-IFRS, for each of the corresponding years, taking into account such differences:

	For the Year Ended December 31,		
	2021	2022	2023
	(In billions of Won)		
Operating profit under IFRS as issued by the IASB	₩ 1,699	₩ 1,968	₩ 1,428
Differences under K-IFRS requiring other income and other expenses to be distinguished from operating revenue	(28)	(280)	200
Revenue recognition of development, sale of real estate, etc.	—	3	22
Operating profit under K-IFRS	₩ 1,672	₩ 1,690	₩ 1,650

	For the Year Ended December 31,		
	2021	2022	2023
	(In billions of Won)		
Net income under IFRS as issued by the IASB	₩ 1,459	₩ 1,386	₩ 972
Revenue recognition of development, sale of real estate, etc.	—	3	22
Income tax	—	1	(5)
Profit for the year under K-IFRS	₩ 1,459	₩ 1,388	₩ 989

Changes in Accounting Policies

For a summary of new standards, amendments and interpretations issued under IFRS as issued by the IASB, see Note 2.2 of the notes to the Consolidated Financial Statements.

Operating Revenue and Operating Expenses

Operating Revenue

Our operating revenue primarily consists of:

- fees related to our mobile services, including monthly fees, usage charges for outgoing calls, usage charges for wireless data transmission, contents download fees, mobile-to-mobile interconnection revenue and value-added monthly service fees;
- fees from our fixed-line services, including:
 - Ø fees from our fixed-line and VoIP telephone services, which include:
 - Ø monthly basic charges, which are one-time or monthly fixed charges primarily consisting of (i) non-refundable activation fees; and (ii) monthly fixed charges from local telephone services (or monthly fixed charges for discount plans);
 - Ø monthly usage charges, which are usage fees based on the amount of services used, primarily consisting of (i) monthly usage charges for local telephone and domestic long distance services; (ii) international long-distance service revenue, (primarily (a) amounts we bill to our customers for outgoing calls made to foreign countries, (b) amounts we bill to foreign telecommunications carriers for connection to the domestic telephone network in respect of incoming calls at the applicable settlement rate, and (c) other revenue, including revenue from international leased lines); (iii) land-to-mobile and land-to-land interconnection revenue; and (iv) interconnection fees we charge to fixed-line and mobile service providers and voice resellers for their use of our local, domestic long-distance and international networks in providing their services; and

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- Ø other revenue from (i) value-added services, local telephone directory assistance, call waiting and caller identification services; and (ii) local, domestic long-distance and international calls placed from public telephones;
- Ø broadband Internet access service revenue, primarily consisting of installation fees and basic monthly charges; and
- Ø data communication services, primarily consisting of installation fees and basic monthly charges for our fixed-line and satellite leased line services and Kernet Internet connection service;
- revenue from media and content services, primarily consisting of installation fees and basic monthly charges of IPTV and satellite TV services, as well as revenue from digital music services, e-commerce services, online advertising consulting services and web comics and novels services;
- financial service revenue, primarily consisting of fees from credit card services provided by BC Card, our consolidated subsidiary in which we held a 69.5% interest as of December 31, 2023;
- revenue from our miscellaneous business activities categorized as “others,” including information technology and network services and rental of real estate; and
- revenue from sale of goods, primarily handsets related to our mobile services and miscellaneous telecommunications equipment, as well as sale of residential units and commercial real estate developed by KT Estate.

Operating Expenses

Our operating expenses primarily include:

- purchase of inventories, primarily consisting of (i) inventories purchased for our sale of mobile handsets and (ii) development costs of KT Estate for real estate units to be sold, and changes of inventories, which reflects increases or decreases of inventories of handsets, phones and for-sale real estate units during the applicable period;
- salaries and wages, including post-employment benefits, termination benefits (including severance benefits for voluntary and special early retirements) and share-based payments;
- card service costs, primarily consisting of costs in connection with credit and cash card services provided by BC Card, including fees paid to member credit card companies in our network for marketing expenses;
- depreciation expenses incurred primarily in connection with our telecommunications network facilities;
- sales commissions, primarily consisting of sales commissions to third-party dealers related to procurement of mobile subscribers and mobile handset sales;
- service cost, primarily consisting of payments to IPTV and satellite TV content providers;

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- commissions, primarily consisting of commission-based payments for certain third-party outsourcing services, including commissions to the outsourced call center staff;
- amortization expenses incurred primarily in connection with our intangible assets; and
- interconnection charges, which are interconnection payments to telecommunication service providers for calls from landline users and our mobile subscribers to our competitors' subscribers.

Operating Results—2022 Compared to 2023

The following table presents selected income statement data and changes therein for 2022 and 2023:

	For the Year Ended December 31,		Changes 2022 vs. 2023	
	2022	2023	Amount	%
	(In billions of Won)			
Operating revenue	₩26,234	₩26,595	₩ 361	1.4%
Operating expenses	24,266	25,167	901	3.7
Operating profit	1,968	1,428	(540)	(27.4)
Finance income	690	486	(204)	(29.6)
Finance costs	750	569	(181)	(24.2)
Share of net profits of associates and joint ventures	(17)	(43)	(26)	151.2
Profit before income tax	1,891	1,303	(589)	(31.1)
Income tax expense	506	330	(175)	(34.7)
Profit for the year	₩ 1,386	₩ 972	(413)	(29.8)

Operating Revenue

The following table presents a breakdown of our operating revenue and changes therein for 2022 and 2023:

Products and services	For the Year Ended December 31,		Changes 2022 vs. 2023	
	2022	2023	Amount	%
	(In billions of Won)			
Mobile services	₩ 7,014	₩ 7,140	₩ 126	1.8%
Fixed-line services:				
Fixed-line and VoIP telephone services	1,378	1,249	(129)	(9.4)
Broadband Internet access services	2,505	2,579	74	2.9
Data communication services	1,173	1,315	141	12.0
Subtotal	5,057	5,142	86	1.7
Media and content services	3,100	3,207	107	3.4
Financial services	3,837	3,968	131	3.4
Others	3,834	3,846	12	0.3
Sale of goods ⁽¹⁾	3,394	3,293	(101)	(3.0)
Total operating revenue	₩26,234	₩26,595	361	1.4

(1) Primarily related to sale of handsets for our mobile service and miscellaneous telecommunications equipment, as well as sale of residential units and commercial real estate developed by KT Estate.

Total operating revenue increased by 1.4%, or ₩361 billion, from ₩26,234 billion in 2022 to ₩26,595 billion in 2023 primarily due to increases in revenue from data communication services,

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financial services, mobile services, media and content services and broadband Internet access services, which impact was partially offset by decreases in revenue from fixed-line and VoIP telephone services and sale of goods.

Mobile Services

Our mobile services revenue increased by 1.8%, or ₩126 billion, from ₩7,014 billion in 2022 to ₩7,140 billion in 2023 primarily due to increases in the number of our mobile subscribers and our average revenue per subscriber.

We recorded a 3.5% increase in our mobile subscribers from approximately 24.1 million (including 8.5 million subscribers of 5G services) as of December 31, 2022 to approximately 24.9 million (including 9.9 million subscribers of 5G services) as of December 31, 2023.

Our average revenue per user increased by 3.5%, or ₩1,162, from ₩32,803 in 2022 to ₩33,965 in 2023 mainly due to an increase in our users subscribing to 5G services.

Fixed-line Services

Our fixed-line services revenue increased by 1.7%, or ₩86 billion, from ₩5,057 billion in 2022 to ₩5,142 billion in 2023, reflecting increases in revenue from data communication services and broadband Internet access services, the impact of which was partially offset by a decrease in revenue from fixed-line and VoIP telephone services.

Fixed-line and VoIP Telephone Services. Our fixed-line and VoIP telephone services revenue decreased by 9.4%, or ₩129 billion, from ₩1,378 billion in 2022 to ₩1,249 billion in 2023 primarily due to a decrease in the number of PSTN and VoIP lines in service from 12.5 million as of December 31, 2022 to 12.0 million as of December 31, 2023.

Broadband Internet Access Services. Our broadband Internet access services revenue increased by 2.9%, or ₩74 billion, from ₩2,505 billion in 2022 to ₩2,579 billion in 2023 primarily due to an increase in the number of subscribers to our premium services. The number of our KT GiGA Internet service subscribers increased from approximately 6.5 million as of December 31, 2022 to approximately 6.7 million as of December 31, 2023.

Data Communication Services. Our data communication services revenue increased by 12.0%, or ₩141 billion, from ₩1,173 billion in 2022 to ₩1,315 billion in 2023 primarily due to increases in revenue from (i) major content service providers that experienced increases in traffic volume and (ii) provision of additional backbone lines to global content service providers.

Media and Content Services

Our media and content services revenue increased by 3.4%, or ₩107 billion, from ₩3,100 billion in 2022 to ₩3,207 billion in 2023 primarily due to (i) an increase in the number of IPTV subscribers subscribing to higher priced premium plans and (ii) an increase in the production and sale of original contents. The number of IPTV subscribers remained constant at approximately 9.4 million as of December 31, 2022 and 2023.

Financial Services

Financial services revenue increased by 3.4%, or ₩131 billion, from ₩3,837 billion in 2022 to ₩3,968 billion in 2023 primarily due to an increase in fees from credit card services of BC Card.

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Others

Other operating revenue increased by 0.3%, or ₩12 billion, from ₩3,834 billion in 2022 to ₩3,846 billion in 2023 primarily due to increases in revenue from our information technology and network services, particularly from the operation of Internet data centers and systems integration services.

Sale of Goods

Revenue from sale of goods decreased by 3.0%, or ₩101 billion, from ₩3,394 billion in 2022 to ₩3,293 billion in 2023 primarily reflecting a decline in sales of mobile handsets.

Operating Expenses

The following table presents a breakdown of our operating expenses and changes therein for 2022 and 2023:

	For the Year Ended December 31,		Changes 2022 vs. 2023	
	2022	2023	Amount	%
	(In billions of Won)			
Salaries and wages	₩ 4,496	₩ 4,549	₩ 54	1.2%
Depreciation	2,637	2,724	86	3.3
Depreciation of right-of-use assets	396	403	7	1.6
Amortization of intangible assets	622	684	62	9.9
Commissions	1,295	1,265	(31)	(2.4)
Interconnection charges	480	437	(43)	(8.9)
International interconnection fee	186	140	(46)	(24.6)
Purchase of inventories	3,656	3,595	(61)	(1.7)
Changes of inventories	(195)	(203)	(8)	4.1
Sales commissions	2,354	2,353	(1)	(0.0)
Service costs	2,334	2,237	(97)	(4.2)
Utilities	368	545	176	47.9
Taxes and dues	277	251	(26)	(9.5)
Rent	161	168	7	4.2
Insurance premium	68	67	(2)	(2.2)
Installation fees	150	174	24	16.1
Advertising expenses	196	154	(42)	(21.4)
Allowance for bad debts	115	151	35	30.5
Card service costs	3,128	3,189	62	2.0
Loss on disposal of property and equipment	81	73	(9)	(10.7)
Loss on disposal of intangible assets	7	5	(2)	(24.0)
Loss on disposal of right-of-use assets	2	2	(0)	(9.9)
Impairment loss on property and equipment	16	8	(8)	(51.1)
Impairment loss on intangible assets	31	236	205	662.8
Donations	16	25	9	57.7
Other allowance for bad debts	18	34	17	94.4
Others	1,370	1,902	533	38.9
Total operating expenses	₩24,266	₩25,167	901	3.7

Total operating expenses increased by 3.7%, or ₩901 billion, from ₩24,266 billion in 2022 to ₩25,167 billion in 2023 primarily due to increases in other expenses, impairment loss on intangible assets, utilities and depreciation expenses, which impact was partially offset by decreases in service costs and purchase of inventories. Specifically:

- Other expenses increased by 38.9%, or ₩533 billion, from ₩1,370 billion in 2022 to ₩1,902 billion in 2023 primarily due to increases in interest costs and credit losses of BC

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Card, which were adversely impacted by increases in interest rates throughout 2022 that remained relatively high in 2023.

- Impairment loss on intangible assets increased by 662.8%, or ₩205 billion, from ₩31 billion in 2022 to ₩236 billion in 2023 primarily due to (i) impairment of goodwill of ₩119 billion related to Epsilon Global Communications Pte. Ltd. in 2023 and (ii) impairment of goodwill of ₩98 billion related to HCN in 2023.
- Utilities increased by 47.9%, or ₩176 billion, from ₩368 billion in 2022 to ₩545 billion in 2023 primarily due to increases in unit prices of electricity and our usage volume thereof.
- Depreciation expenses increased by 3.3%, or ₩86 billion, from ₩2,637 billion in 2022 to ₩2,724 billion in 2023 primarily reflecting increase in depreciable assets.

These factors were partially offset by the following:

- Service costs decreased by 4.2%, or ₩97 billion, from ₩2,334 billion in 2022 to ₩2,237 billion in 2023 primarily due to decreases in corporate messaging volume and interconnection fees.
- Purchase of inventories decreased by 1.7%, or ₩61 billion, from ₩3,656 billion in 2022 to ₩3,595 billion in 2023 primarily due to a decrease in purchase of mobile handsets used in connection with subscription of our mobile services.

Operating Profit

Due to the factors described above, our operating profit decreased by 27.4%, or ₩540 billion, from ₩1,968 billion in 2022 to ₩1,428 billion in 2023. Our operating margin, which is operating profit as a percentage of operating revenue, was 7.5% in 2022 and 5.4% in 2023.

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Finance Income (Costs)

The following table presents a breakdown of our finance income and costs and changes therein for 2022 and 2023:

	For the Year Ended December 31,		Changes 2022 vs. 2023	
	2022	2023	Amount	%
	(In billions of Won)			
Interest income	₩ 272	₩ 280	₩ 8	2.8%
Gain on foreign currency transactions	68	27	(41)	(59.7)
Gain on foreign currency translation	43	12	(31)	(72.3)
Gain on settlement of derivatives	51	12	(38)	(75.7)
Gain on valuation of derivatives	183	50	(133)	(72.7)
Gain on disposal of trade receivables	—	3	3	N.A. ⁽¹⁾
Gain on valuation of financial instruments	31	32	1	4.7
Others	43	69	26	62.0
Total finance income	₩ 690	₩ 486	(204)	(29.6)
Interest expenses	₩ 294	₩ 356	62	21.3
Loss on foreign currency transactions	81	34	(47)	(57.8)
Loss on foreign currency translation	200	96	(104)	(52.2)
Loss on settlement of derivatives	24	0	(24)	(98.3)
Loss on valuation of derivatives	22	7	(15)	(69.5)
Loss on disposal of trade receivables	63	18	(45)	(71.3)
Loss on valuation of financial instruments	66	55	(11)	(16.2)
Others	0	2	2	370.5
Total finance costs	₩ 750	₩ 569	(181)	(24.2)

N.A. means not available.

Our interest expenses increased by 21.3%, or ₩62 billion, from ₩294 billion in 2022 to ₩356 billion in 2023 primarily due to general increases in interest rates in Korea and abroad in 2023 compared to 2022.

Our net loss on foreign currency translation decreased by 46.6%, or ₩84 billion, from ₩157 billion in 2022 to ₩84 billion in 2023, as the Won depreciated against the U.S. dollar at year-end 2022 and further depreciated (to a lesser extent) at year-end 2023. In terms of the Market Average Exchange Rate, the Won depreciated against the U.S. dollar from ₩1,185.5 to US\$1.00 as of December 31, 2021 to ₩1,267.3 to US\$1.00 as of December 31, 2022, and further depreciated to ₩1,289.4 to US\$1.00 as of December 31, 2023. In addition, our net loss on foreign currency transactions decreased by 47.9%, or ₩6 billion, from ₩13 billion in 2022 to ₩7 billion in 2023, as the average value of the Won against the U.S. dollar depreciated in 2022 and further depreciated (to a lesser extent) in 2023. The Market Average Exchange Rate, which was ₩1,144.4 to US\$1.00 as of December 31, 2021, depreciated during 2022 to an average of ₩1,292.0 to US\$1.00 in 2022 and further depreciated during 2023 to an average of ₩1,305.4 to US\$1.00 in 2023. Against such fluctuations, our net gain on valuation of derivatives decreased by 73.2%, or ₩118 billion, from ₩161 billion in 2022 to ₩43 billion in 2023, and our net gain on derivative transactions decreased by 54.9%, or ₩14 billion, from ₩26 billion in 2022 to ₩12 billion in 2023.

Our loss on disposal of trade receivables decreased by 71.3%, or ₩45 billion, from ₩63 billion in 2022 to ₩18 billion in 2023 primarily due to a decrease in loss from our sale of handset receivables.

Share of Net Losses of Associates and Joint Ventures

Our share of net losses of associates and joint ventures increased by 151.2%, or ₩26 billion, from ₩17 billion in 2022 to ₩43 billion in 2023. In 2022, our share of net loss of associates and joint ventures consisted primarily of our share of loss from Megazone Cloud Corporation of ₩23 billion as well as various other associates, the impact of which was partially offset by our share of profit from K Bank of ₩29 billion. In 2023, our share of net loss of associates and joint ventures consisted primarily of our share of loss from (i) a real estate investment company invested by KT Estate of ₩25 billion, (ii) IGIS Professional Investors Private Investment Real Estate Investment LLC No. 395 of ₩5 billion and (iii) Megazone Cloud Corporation of ₩5 billion, the impact of which was partially offset by our share of profit from KIF Investment Fund of ₩5 billion.

Income Tax Expense

Income tax expense decreased by 34.7%, or ₩175 billion, from ₩506 billion in 2022 to ₩330 billion in 2023, as our profit before income tax decreased by 31.1%, or ₩589 billion, from ₩1,891 billion in 2022 to ₩1,303 billion in 2023. Our effective tax rate was 26.7% in 2022 and 25.4% in 2023. See Note 29 of the notes to the Consolidated Financial Statements.

Profit for the Year

Due to the factors described above, our profit for the year decreased by 29.8%, or ₩413 billion, from ₩1,386 billion in 2022 to ₩972 billion in 2023. Our net profit margin, which is net profit for the year as a percentage of operating revenue, was 5.3% in 2022 and 3.7% in 2023.

Segment Results—ICT

The following table presents selected income statement data of the ICT segment and changes therein for 2022 and 2023:

	For the Year Ended December 31,		Changes 2022 vs. 2023	
	2022	2023	Amount	%
	(In billions of Won)			
Operating revenue	₩ 18,697	₩ 18,699	₩ 2	0.0%
Operating expenses	17,350	17,506	156	0.9
Operating income	1,347	1,193	(154)	(11.4)
Depreciation and amortization ⁽¹⁾	3,106	3,183	78	2.5

(1) Sum of the amortization of tangible assets, intangible assets, investment properties and right-of-use assets.

The operating revenue for our ICT segment, prior to adjusting for inter-segment transactions, increased slightly by ₩2 billion, from ₩18,697 billion in 2022 to ₩18,699 billion in 2023, primarily due to increases in revenue from our data communication services, mobile services, broadband Internet access services and IPTV services, which impact was offset by decreases in revenue from our fixed-line and VoIP telephone services, as described above.

The operating income for our ICT segment, prior to adjusting for inter-segment transactions, decreased by 11.4%, or ₩154 billion, from ₩1,347 billion in 2022 to ₩1,193 billion in 2023, as the ₩156 billion increase in the segment's operating expenses outpaced the ₩2 billion increase in operating revenue. For this segment, operating margin, which is operating profit as a percentage of total operating revenue prior to adjusting for inter-segment transactions, decreased from 7.2% in 2022 to 6.4% in 2023.

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Depreciation and amortization for our ICT segment, prior to adjusting for inter-segment transactions, increased by 2.5%, or ₩78 billion, from ₩3,106 billion in 2022 to ₩3,183 billion in 2023.

Segment Results—Finance

The following table presents selected income statement data of the finance segment and changes therein for 2022 and 2023:

	For the Year Ended		Changes	
	December 31,		2022 vs. 2023	
	2022	2023	Amount	%
	(In billions of Won)			
Operating revenue	₩3,615	₩3,723	₩ 108	3.0%
Operating expenses	3,496	3,632	136	3.9
Operating income	120	92	(28)	(23.5)
Depreciation and amortization ⁽¹⁾	48	37	(10)	(22.0)

(1) Sum of the amortization of tangible assets, intangible assets, investment properties and right-of-use assets.

The operating revenue for our finance segment, prior to adjusting for inter-segment transactions, increased by 3.0%, or ₩108 billion, from ₩3,615 billion in 2022 to ₩3,723 billion in 2023 primarily due to an increase in standalone revenue of BC Card's value added network business.

The operating income for our finance segment, prior to adjusting for inter-segment transactions, decreased by 23.5%, or ₩28 billion, from ₩120 billion in 2022 to ₩92 billion in 2023, as the ₩136 billion increase in the segment's operating expenses outpaced the ₩108 billion increase in operating revenue. For this segment, operating margin decreased from 3.3% in 2022 to 2.5% in 2023.

Depreciation and amortization for our finance segment, prior to adjusting for inter-segment transactions, decreased by 22.0%, or ₩10 billion, from ₩48 billion in 2022 to ₩37 billion in 2023.

Segment Results—Satellite TV

The following table presents selected income statement data of the satellite TV segment and changes therein for 2022 and 2023:

	For the Year Ended		Changes	
	December 31,		2022 vs. 2023	
	2022	2023	Amount	%
	(In billions of Won)			
Operating revenue	₩709	₩715	₩ 5	0.8%
Operating expenses	689	785	95	13.8
Operating income (loss)	20	(70)	(90)	N.A. ⁽¹⁾
Depreciation and amortization ⁽²⁾	58	53	(6)	(9.5)

(1) N.A. means not applicable.

(2) Sum of the amortization of tangible assets, intangible assets, investment properties and right-of-use assets.

The operating revenue for our satellite TV segment, prior to adjusting for inter-segment transactions, increased by 0.8%, or ₩5 billion, from ₩709 billion in 2022 to ₩715 billion in 2023 due to an increase in consolidated operating revenue of KT SkyLife.

The satellite TV segment recognized operating income, prior to adjusting for inter-segment transactions, of ₩20 billion in 2022 compared to operating loss, prior to adjusting for inter-segment

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transactions, of ₩70 billion in 2023, as the ₩95 billion increase in the segment's operating expenses outpaced the ₩5 billion increase in operating revenue. Operating expenses for this segment increased by 13.8% from 2022 to 2023 primarily due to an increase in expenses related to procurement of programs for our channels. For this segment, operating income margin was 2.8% in 2022 and operating loss margin was 9.8% in 2023.

Depreciation and amortization for our satellite TV segment, prior to adjusting for inter-segment transactions, decreased by 9.5%, or ₩6 billion, from ₩58 billion in 2022 to ₩53 billion in 2023.

Segment Results—Real Estate

The following table presents selected income statement data of the real estate segment and changes therein for 2022 and 2023:

	For the Year Ended December 31,		Changes 2022 vs. 2023	
	2022	2023	Amount	%
	(In billions of Won)			
Operating revenue	₩ 475	₩ 500	₩ 25	5.3%
Operating expenses	362	427	65	17.9
Operating income	113	73	(40)	(35.0)
Depreciation and amortization ⁽¹⁾	65	71	5	7.9

(1) Sum of the amortization of tangible assets, intangible assets, investment properties and right-of-use assets.

The operating revenue for our real estate segment, prior to adjusting for inter-segment transactions, increased by 5.3%, or ₩25 billion, from ₩475 billion in 2022 to ₩500 billion in 2023 primarily due to increases in revenues from apartment presales and hotel operations.

The operating income for our real estate segment, prior to adjusting for inter-segment transactions, decreased by 35.0%, or ₩40 billion, from ₩113 billion in 2022 to ₩73 billion in 2023, as the ₩65 billion increase in the segment's operating expenses outpaced the ₩25 billion increase in operating revenue. Operating margin for this segment decreased from 23.8% in 2022 to 14.7% in 2023 primarily due to decreases in operating profits from disposal of real estate properties.

Depreciation and amortization for our real estate segment, prior to adjusting for inter-segment transactions, increased by 7.9%, or ₩5 billion, from ₩65 billion in 2022 to ₩71 billion in 2023.

Segment Results—Others

The following table presents selected income statement data of the others segment and changes therein for 2022 and 2023:

	For the Year Ended December 31,		Changes 2022 vs. 2023	
	2022	2023	Amount	%
	(In billions of Won)			
Operating revenue	₩7,960	₩8,145	₩ 185	2.3%
Operating expenses	7,487	8,048	561	7.5
Operating income	473	98	(376)	(79.4)
Depreciation and amortization ⁽¹⁾	575	585	10	1.7

(1) Sum of the amortization of tangible assets, intangible assets, investment properties and right-of-use assets.

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The operating revenue for our others segment, prior to adjusting for inter-segment transactions, increased by 2.3%, or ₩185 billion, from ₩7,960 billion in 2022 to ₩8,145 billion in 2023, primarily due to an increase in revenue from our information technology and network services, particularly from the operation of Internet data centers and systems integration services.

The operating income for our others segment, prior to adjusting for inter-segment transactions, decreased by 79.4%, or ₩376 billion, from ₩473 billion in 2022 to ₩98 billion in 2023, as the ₩561 billion increase in the segment's operating expenses outpaced the ₩185 billion increase in the segment's operating revenue. Operating margin for this segment decreased from 5.9% in 2022 to 1.2% in 2023.

Depreciation and amortization for this segment, prior to adjusting for inter-segment transactions, increased by 1.7%, or ₩10 billion, from ₩575 billion in 2022 to ₩585 billion in 2023.

Operating Results—2021 Compared to 2022

For a discussion of our operating results of 2021 compared to 2022, please see “Item 5.A. Operating Results—Operating Results—2021 Compared to 2022” of our Form 20-F for the fiscal year ended December 31, 2022, which we filed with the Securities and Exchange Commission on April 28, 2023.

Item 5.B. Liquidity and Capital Resources

The following table sets forth the summary of our cash flows for the years indicated:

	For the Years Ended December 31,		
	2021	2022	2023
	(In billions of Won)		
Net cash inflow from operating activities	₩ 5,562	₩ 3,597	₩ 5,503
Net cash outflow from investing activities	(5,137)	(4,839)	(4,621)
Net cash inflow (outflow) from financing activities	(41)	669	(453)
Cash and cash equivalents at beginning of the year	2,635	3,020	2,449
Cash and cash equivalents at end of the year	3,020	2,449	2,880
Net increase (decrease) in cash and cash equivalents	384	(571)	430

Capital Requirements

Historically, our capital requirements consisted principally of purchases of property and equipment and other assets and repayments of borrowings. In our investing activities, we used cash of ₩3,495 billion in 2021, ₩3,440 billion in 2022 and ₩3,693 billion in 2023, for the acquisition of property and equipment and investment properties. In addition, we used cash of ₩752 billion in 2021, ₩545 billion in 2022 and ₩479 billion in 2023 for the acquisition of intangible assets, which consisted primarily of acquisition of bandwidth licenses. In our financing activities, we used cash of ₩1,999 billion in 2021, ₩2,843 billion in 2022 and ₩5,275 billion in 2023, for repayments of borrowings. From time to time, we may also require capital for investments involving acquisitions, including shares of our affiliates, and strategic relationships, as well as repurchases of our shares. We used cash of ₩194 billion in 2021, ₩0 in 2022 and ₩300 billion in 2023 for the repurchase of our shares.

Our cash dividends paid to shareholders and non-controlling interests amounted to ₩350 billion in 2021, ₩477 billion in 2022 and ₩527 billion in 2023.

We anticipate that capital expenditures and repayment of outstanding contractual obligations and commitments (including for bandwidth licenses) will represent the most significant use of funds for

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the next several years. We currently expect our capital expenditures for the acquisition of property and equipment and investment property and acquisition of intangible assets in 2024 to decrease slightly compared to those in 2023 on a standalone basis. However, the actual amount remains subject to adjustment depending on market conditions, our results of operations and changes in our build-out plan for our 5G mobile telecommunications network. We may also require capital for purchase of shares of our affiliates as well as investments involving acquisitions and strategic relationships.

Payments of contractual obligations and commitments will also require considerable resources. In our ordinary course of business, we routinely enter into commercial commitments for various aspects of our operations, including repair and maintenance. We have also provided guarantees to our affiliates. See Note 19 of the notes to the Consolidated Financial Statements for a disclosure of the guarantees provided.

Capital Resources

We have traditionally met our working capital and other capital requirements principally from cash provided by operations, while raising the remainder of our requirements primarily through debt financing. Our major sources of cash have been net cash provided by operating activities, including profits for the year, and proceeds from issuance of bonds and borrowings. We expect that these sources will continue to be our principal sources of cash in the future. We recorded profits for the year of ₩1,459 billion in 2021, ₩1,386 billion in 2022 and ₩972 billion in 2023 as discussed in "Item 5.A. Operating Results." Non-cash expense adjustments in our statement of cash flows from depreciation, amortization of intangible assets and depreciation of right-of-use assets amounted to ₩3,647 billion in 2021, ₩3,711 billion in 2022 and ₩3,868 billion in 2023, primarily reflecting our capital investment activities during the recent years, including our payments on bandwidth licenses for our operations, investments in network infrastructures and acquisition of real estate.

We had net proceeds from borrowings and debentures, after adjusting for repayments of borrowings and debentures, of ₩900 billion in 2021, ₩1,391 billion in 2022 and ₩106 billion in 2023. Long-term borrowings, excluding current installments, were ₩6,706 billion in December 31, 2021, ₩8,180 billion in December 31, 2022 and ₩7,160 billion as of December 31, 2023. Total short-term borrowings were ₩1,731 billion as of December 31, 2021, ₩1,827 billion as of December 31, 2022 and ₩3,059 billion as of December 31, 2023. We periodically increase our short-term borrowings and adjust our long-term debt financing levels depending on changes in our capital requirements. For the maturity profile of our borrowings, their currency denomination and interest rates, see Note 15 of the notes to the Consolidated Financial Statements. Under our borrowing policy, we continually take into consideration various factors, including financial market conditions and our business environment, in order to decide on specific terms of the borrowing, such as borrowing amount, maturity date, currency denomination and type of interest rate (fixed or floating). We also strive to prudently manage our borrowing level and mitigate our refinancing risks through various methods, including diversification of currency denominations and borrowing lines. Our debt-to-equity ratio, which is calculated by dividing total liabilities by total equity, was 124% as of December 31, 2021, 123% as of December 31, 2022 and 131% as of December 31, 2023.

We also dispose of a portion of our trade receivables relating to handset sales to several special purpose companies, as part of our efforts to improve our cash and asset management. We entered into asset management agreements with each of these special purpose companies, and will be receiving management fees from such companies. See Note 19 of the notes to the Consolidated Financial Statements. From time to time, we also generate cash from the sale of our treasury shares.

We believe that we have sufficient working capital available to us for our current requirements and that we have a variety of alternatives available to us to satisfy our financial requirements to the

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extent that they are not met by funds generated by operations, including the issuance of debt securities and bank borrowings denominated in Won and various foreign currencies. See Note 15 of the notes to the Consolidated Financial Statements. However, our ability to rely on some of these alternatives could be affected by factors such as the liquidity of the Korean and the global financial markets, prevailing interest rates, our credit rating and the Government's policies regarding Won currency and foreign currency borrowings. Other factors which could materially affect our liquidity in the future include unanticipated increase in capital expenditures and decrease in cash provided by operations resulting from a significant decrease in demand for our services. We may also need to raise additional capital sooner than we expect in order to fund unanticipated investments and acquisitions.

Our total equity was ₩16,567 billion as of December 31, 2021, ₩18,413 billion as of December 31, 2022 and ₩18,543 billion as of December 31, 2023.

Liquidity

We had a working capital (current assets minus current liabilities) surplus of ₩1,786 billion as of December 31, 2021, ₩1,991 billion as of December 31, 2022 and ₩1,347 billion as of December 31, 2023.

The following table sets forth the summary of our significant current assets for the years indicated:

	As of December 31,		
	2021	2022	2023
	(In billions of Won)		
Cash and cash equivalents	₩3,020	₩2,449	₩2,880
Trade and other receivables, net	5,087	6,098	7,170
Inventories, net	514	718	988
Other financial assets	1,186	1,322	1,440

Our cash and cash equivalents (substantially all of which are in Won) totaled ₩3,020 billion as of December 31, 2021, ₩2,449 billion as of December 31, 2022 and ₩2,880 billion as of December 31, 2023. As of December 31, 2023, on a standalone basis, we held approximately 99.8% of our cash and cash equivalents denominated in Won and the remainder denominated in foreign currencies. Other current financial assets primarily consist of financial instruments, available-for-sale financial assets and derivative assets used for hedging. For a discussion of our use of financial instruments for hedging purposes, see "Item 11. Quantitative and Qualitative Disclosures about Market Risk.

The following table sets forth the summary of our significant current liabilities for the years indicated:

	As of December 31,		
	2021	2022	2023
	(In billions of Won)		
Trade and other payables	₩6,641	₩7,333	₩8,055
Borrowings	1,731	1,827	3,059

Substantially all of our revenues are denominated in Won. Depreciation of the Won may materially affect the results of our operations because, among other things, it causes an increase in the amount of Won required by us to make interest and principal payments on our foreign currency-denominated debt, the costs of telecommunications equipment that we purchase from overseas sources, net settlement payments to foreign carriers and certain payments related to our derivative instruments entered into for foreign exchange risk hedging purposes. As of December 31, 2023, we

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entered into various commitments with financial institutions totaling ₩3,497 billion, US\$2,047 million, EUR 8 million and SGD 400 million, of which ₩620 billion, US\$2,047 million, EUR 8 million and SGD 400 million were used. See Note 19 of the notes to the Consolidated Financial Statements. Of the ₩10,218 billion total borrowings (including short-term borrowings) outstanding as of December 31, 2023, ₩2,801 billion was denominated in foreign currencies. See Note 15 of the notes to the Consolidated Financial Statements. Upon the identification and evaluation of our currency risk exposures, we, having considered various circumstances, enter into derivative financial instruments to manage such risks. See “Item 11. Quantitative and Qualitative Disclosures About Market Risk—Exchange Rate Risk and Interest Rate Risk.” We have not had, and do not anticipate that we will have, difficulty gaining access to short-term financing sufficient to meet our current requirements.

Item 5.C. Research and Development, Patents and Licenses, Etc.

In order to maintain our leadership in the converging telecommunications business environment and develop additional platforms, services and applications, we engage in research and development (“R&D”) activities together with our various business units and also operate the following R&D laboratories:

- Small Language Model Development (“AI2XL”) R&D laboratory;
- Multi Large Language Model Enterprise Go-to-Market Technology (“AI Tech”) R&D laboratory;
- Machine Learning and Deep Learning (“AI Service”) R&D laboratory; and
- New Emerging Technology (“Service Tech”) R&D laboratory.

As of December 31, 2023, KT Corporation had 3,868 domestic and 1,895 international registered patents.

The MSIT has the authority to recommend to network service providers that they provide funds for national research and development of telecommunications technology and related projects. Including such contributions, total expenditures (which include capitalized expenses) on research and development were ₩214 billion in 2021, ₩231 billion in 2022 and ₩163 billion in 2023.

Item 5.D. Trend Information

These matters are discussed under Item 5.A. above where relevant.

Item 5.E. Critical Accounting Estimates

Our financial statements are prepared in accordance with IFRS as issued by IASB. See Note 3 of the notes to our financial statements for a discussion of our critical accounting estimates.

Item 6. Directors, Senior Management and Employees

Item 6.A. Directors and Senior Management

Directors

Our board of directors has the ultimate responsibility for the administration of our affairs. Our articles of incorporation provide for a board of directors consisting of:

- up to two inside directors, including the Representative Director; and
- up to eight outside directors.

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All of our directors are elected at the general shareholders' meeting. If the total assets of a company listed on the KRX KOSPI Market exceed ₩2,000 billion as of the end of the preceding year, which is the case with us, the Commercial Code of Korea requires such company to have more than three outside directors, with outside directors being the majority of the board of directors. Under our articles of incorporation, the term of office for a director is up to three years. Pursuant to an amendment to our articles of incorporation in March 2020, the term of office for an outside director changed from up to ten years to up to six years, which change was made to reflect an amendment to the enforcement decree of the Commercial Code of Korea. The terms for both an inside director and an outside director are, however, extended to the close of the annual shareholders' meeting convened with respect to the last full fiscal year of a director's term of office. If the term of office for a director is not completed and ends before the close of the annual general shareholders' meeting and a new director is appointed in his or her place, the term of office for such replacement director will coincide with the uncompleted remaining term of office of his or her predecessor.

Under the Commercial Code of Korea, we must establish a committee to nominate candidates for outside directors within the board of directors, and outside directors must make up more than half of the total members of the outside director candidate nominating committee. According to our articles of incorporation, such committee must consist of all of our outside directors, other than for election of an outside director resulting from the expiration of the term of the office, in which case such outside director whose term is expiring may not be a member of the committee. Our Director Candidate Recommendation Committee nominates outside director candidates for appointment at the general shareholders' meeting.

According to our articles of incorporation, upon the request of any director (to the extent that the board of directors does not separately authorize only a particular director to make such request), a meeting of the board of directors will be assembled. The chairperson of the board of directors is elected from among the outside directors by a resolution of the board of directors. The term of office of the chairperson is one year.

Our current directors are as follows:

Name	Position	Director Since	Date of Birth	Expiration of Term of Office
Inside Directors ⁽¹⁾				
Young Shub Kim	Representative Director and Chief Executive Officer	August 2023	April 10, 1959	March 2026
Chang-Seok Seo	Senior Executive Vice President, Network Group	August 2023	July 5, 1967	March 2026
Outside Directors ⁽¹⁾				
Jong Soo Yoon	Senior Advisor, Kim & Chang	June 2023	August 13, 1958	March 2026
Yong-Hun Kim	Partner, DR & AJU LLC	March 2022	March 29, 1955	March 2025
YangHee Choi	President, Hallym University	June 2023	July 27, 1955	March 2026
Woo-Young Kwak	Former Chairman of Steering Committee, Vehicle IT Fusion and Innovation Center, Ministry of Science and ICT	June 2023	September 3, 1956	March 2025
Yeong Kyun Ahn	Board member of IFAC	June 2023	February 6, 1959	March 2026
Seung Hoon Lee	Partner of KCGI Co., Ltd.	June 2023	December 25, 1962	March 2025
Seongcheol Kim	Professor, School of Media and Communication, Korea University	June 2023	June 12, 1964	March 2025
Seung Ah Theresa Cho	Professor, Strategic Management and International Business, Seoul National University Business School	June 2023	October 22, 1967	March 2026

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(1) All of our inside and outside directors beneficially own less than one percent of the issued shares of KT Corporation in the aggregate.

Our “Representative Director” is authorized to perform all judicial and extra-judicial acts relating to our business. Our shareholders elect the Representative Director in accordance with the provisions of the Commercial Code and our articles of incorporation. In June 2023, we amended our articles of incorporation in efforts to add more rigor and transparency to the process of selecting our Representative Director. Our Director Candidate Recommendation Committee conducts investigation and composition of a pool of candidates and selects the representative director candidates whose candidacy will be further examined. Subsequently, the Director Candidate Recommendation Committee examines and selects Representative Director candidates and submits an examination report of such candidates to our board of directors. A Representative Director candidate recommended by our board of directors is nominated at the shareholders’ meeting.

Under our articles of incorporation, the board of directors must submit a draft management contract between KT Corporation and the candidate covering our management objectives to the shareholders’ meeting at the time of candidate nomination to the meeting. When the draft management contract has been approved at the shareholders’ meeting, we enter into such management contract with the Representative Director. In such case, the chairperson of the board of directors, on our behalf, signs the management contract. In March 2020, our articles of incorporation were amended to have management goals be set based on objectives that can be accomplished during a Representative Director’s term in office.

The board of directors may conduct performance review discussions to determine if the new Representative Director performed his or her duties under the management contract, or hire a professional evaluation agency for such purpose. If the board of directors determines, based on the results of the performance review, that the new Representative Director has failed to achieve the management goals, it may propose to dismiss Representative Director at a shareholders’ meeting.

Senior Management

In addition to our inside directors who are also our executive officers, we have the following executive officers as of April 1, 2024:

Name	Title and Responsibility	Year of Birth
Soo-Jung Shin	Senior Executive Vice President, Strategy & New Business Group	1965
Chang-Yong Ahn	Senior Executive Vice President, Enterprise Business Group	1966
Seung-Phil Oh	Senior Executive Vice President, Tech. Innovation Group	1970
Young-Bok Lee	Senior Executive Vice President, Legal Affairs Office	1961
Hyeon-Seuk Lee	Senior Executive Vice President, Customer Business Group	1966
Hyun-Kyu Lim	Senior Executive Vice President, Corporate Management Group	1964
Choong-Rim Ko	Executive Vice President, Group Human Resources Office	1967
Kwang-Dong Kim	Executive Vice President, Corporate Relations Office	1970
Bong-Gyun Kim	Executive Vice President, Busan/Gyeongnam Regional Headquarter	1972
Young-In Kim	Executive Vice President, Western Seoul Regional Headquarter	1968
Young-Ho Kim	Executive Vice President, Southern Seoul Regional Headquarter	1966
Chae-Hee Kim	Executive Vice President, On External Training	1974
Hoon-Bae Kim	Executive Vice President, Media Business Unit	1963
Hye-Byung Min	Executive Vice President, Enterprise Business Strategy Unit	1969
Hyo-Il Park	Executive Vice President, Strategy Office	1970
Jeong-Hyun Seo	Executive Vice President, Legal Consulting Department	1971
Jin-Ho Yang	Executive Vice President, Litigation Management Department	1973
Kyung-Hwa Ok	Executive Vice President, IT Platform Unit	1968
Chang-Ho Yi	Executive Vice President, Chungnam/Chungbuk Regional Headquarter	1972
Min Jang	Executive Vice President, Financial Management Office	1968

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Name	Title and Responsibility	Year of Birth
Woo-Jin Jung	Executive Vice President, KT Consulting Group	1975
Hoon Cho	Executive Vice President, SCM Strategy Office	1966
Jung-Yong Ji	Executive Vice President, Jeonnam/Jeonbuk Regional Headquarter	1968
Si-Hwan Choi	Executive Vice President, Daegu/Gyeongbuk Regional Headquarter	1967
Chan-Ki Choi	Executive Vice President, Northern Seoul/Gangwon Regional Headquarter	1966
Eui-Jeung Choo	Executive Vice President, Audit Office	1976
Seong-Kwon Kang	Senior Vice President, Cloud/Platform Lead	1971
Lee-Hwan Kang	Senior Vice President, Micro Enterprise Business Unit	1970
Gang-Bon Koo	Senior Vice President, Western Seoul Customer Sales Headquarter	1972
Jae-Hyung Koo	Senior Vice President, Network Technology Unit	1972
Hye-Jin Kwon	Senior Vice President, Network Strategy Unit	1971
Hee-Keun Kwon	Senior Vice President, Sales Operating Business Unit	1970
Mong-Ryong Kim	Senior Vice President, Finance Customer Business Unit	1971
Byung-Kyun Kim	Senior Vice President, Device Business Unit	1968
Young-Geol Kim	Senior Vice President, Customer Business Unit	1973
Young-Min Kim	Senior Vice President, Modern IT Lead	1971
Yong-Nam Kim	Senior Vice President, Jeonnam/Jeonbuk Enterprise Customer Sales Headquarter	1969
Jae-Kwon Kim	Senior Vice President, DX Business Unit	1968
Jun-Ho Kim	Senior Vice President, Public Customer Business Unit	1965
Jee-Hyeon Kim	Senior Vice President, Partnership & Investment Department	1969
Jin-Chul Kim	Senior Vice President, Jeonnam/Jeonbuk Customer Sales Headquarter	1967
Hoon-Dong Kim	Senior Vice President, AI/Data Lead	1976
Hyeong-Rae Roh	Senior Vice President, Strategic Customer Business Unit	1970
Je-Hoon Myung	Senior Vice President, Enterprise Telecommunications Business Unit	1972
Sang-Ryong Moon	Senior Vice President, Information Security Unit	1967
Jung-Ho Park	Senior Vice President, EduDX Business Unit	1970
Soon-Min Bae	Senior Vice President, AI2X Lab	1980
Ki-Hong Seo	Senior Vice President, Daegu/Gyeongbuk Enterprise Customer Sales Headquarter	1967
Won-Je Sung	Senior Vice President, Southern Seoul Enterprise Customer Sales Headquarter	1972
Je-Hyun Sung	Senior Vice President, Northern Seoul/Gangwon Enterprise Customer Sales Headquarter	1972
Hoon-Joo Shin	Senior Vice President, On External Training	1971
Tae-Sung Oh	Senior Vice President, ESG Management & Implementation Unit	1968
Taek-Gyun Oh	Senior Vice President, Network O&M Unit	1968
Yong-Kyu Yoo	Senior Vice President, Strategy & New Business Planning Unit	1971
Kyung-A Yoon	Senior Vice President, AI Tech Lab	1973
Byoung-Hyu Yoon	Senior Vice President, Chungnam/Chungbuk Customer Sales Headquarter	1972
Jin-Hyoun Yoon	Senior Vice President, Media R&D Department	1968
Tae-Sik Yoon	Senior Vice President, Brand Communication Department	1969
Mi-Hee Lee	Senior Vice President, Strategy & New Business Consulting & Implementation Unit	1970
Byeong-Moo Lee	Senior Vice President, Customer Experience Innovation Unit	1971
Sang-Ki Lee	Senior Vice President, Global Business Development Department	1970
Sang-Ho Lee	Senior Vice President, Robot Platform Business Department	1975
Sung-Kyu Lee	Senior Vice President, Northern Seoul/Gangwon Network O&M Headquarter	1969
Seong-Hwan Yi	Senior Vice President, Western Seoul Enterprise Customer Sales Headquarter	1968
Se-Jung Lee	Senior Vice President, AI Service Lab	1974
Young-Jun Lee	Senior Vice President, Chungnam/Chungbuk Enterprise Customer Sales Headquarter	1968
Jung-Woo Lee	Senior Vice President, Public Relations Office	1971
Jong-Sik Lee	Senior Vice President, Network Laboratory	1972
Chan-Seung Lee	Senior Vice President, Accounting Department	1968
Bo-Heon Im	Senior Vice President, Busan/Gyeongnam Network O&M Headquarter	1967
Seung-Hyook Yim	Senior Vice President, Enterprise Business Consulting & Implementation Unit	1970
Du-Seong Chang	Senior Vice President, Large AI Core Tech. Department	1969
Byung-Gwan Jang	Senior Vice President, Win-Win Cooperation Department	1970
Kil-Sung Jung	Senior Vice President, Corporate Strategy Department	1974
Seon-Il Jeong	Senior Vice President, Southern Seoul Network O&M Headquarter	1968
Jae-Wook Jeong	Senior Vice President, Busan/Gyeongnam Customer Sales Headquarter	1972
Seong-Eun Cho	Senior Vice President, SW Development Unit	1971
Young-Sim Jin	Senior Vice President, Human Resources Development Department	1972

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Name	Title and Responsibility	Year of Birth
Kang-Rim Choi	Senior Vice President, Mobility Business Unit	1974
Woo-Hyung Choi	Senior Vice President, Core Network O&M Unit	1970
Joon-Ki Choi	Senior Vice President, AI Business Unit	1974
Ho-Chang Choi	Senior Vice President, Group Human Resources Department	1971
Tae-Won Hur	Senior Vice President, Compliance Office	1970
Tae-Jun Heo	Senior Vice President, Enterprise Sales Unit	1970
Hae-Chon Hong	Senior Vice President, Service Tech Lab	1972
Kyeng-Hee Hwang	Senior Vice President, Daegu/Gyeongbuk Network O&M Headquarter	1970

Item 6.B. Compensation

Compensation of Directors and Executive Officers

In 2023, the aggregate compensation paid and accrued to all directors and executive officers was approximately ₩73.8 billion and the aggregate amount set aside or accrued by us to provide pension and retirement benefits to such persons was approximately ₩3.8 billion.

The compensation of our directors and executive officers in 2023 that was disclosed on an individual basis in Korea was as follows:

Name	Position	Total Compensation in 2023	Composition of Total Compensation
			(In millions of Won)
Hyeon-Mo Ku	Former Chief Executive Officer	₩3,073	₩335 (salary); ₩778 (bonus); ₩25 (benefits); ₩1,935 (severance pay)
Kook-Hyun Kang	Former President	₩2,571	₩364 (salary); ₩579 (bonus); ₩62 (benefits); ₩1,566 (severance pay)
Jong-Ook Park	Former President	₩2,134	₩381 (salary); ₩578 (bonus); ₩61 (benefits); ₩1,113 (severance pay)
Byung-Sam Park	Former Senior Executive Vice President	₩1,726	₩347 (salary); ₩471 (bonus); ₩59 (benefits); ₩849 (severance pay)
Hyun-Yok Sheen	Former Senior Executive Vice President	₩1,701	₩327 (salary); ₩398 (bonus); ₩68 (benefits); ₩908 (severance pay)
Chang-Seok Seo	Inside Director	₩864	₩342 (salary); ₩466 (bonus); ₩56 (benefits)
Kyoung-Lim Yun	Former Inside Director	₩812	₩111 (salary); ₩511 (bonus); ₩12 (benefits); ₩178 (severance pay)

The chairperson of our board of directors enters into an employment agreement on our behalf with our Representative Director. The employment agreement sets certain management targets to be achieved by the Representative Director as determined by the Evaluation and Compensation Committee each year, including a target for the amount of "EBITDA" to be achieved in each year. EBITDA is defined as earnings before interest, tax, depreciation and amortization. Other management targets include (i) short-term operational and strategic goals centered around key performance indices and (ii) increase on a long-term basis in shareholder value measured against performance of companies listed on KOSPI and the shares of our competitors. Failure to achieve certain thresholds below the targets will allow the board of directors to take actions with respect to the Representative Director's employment, including proposing at the shareholders' meeting an early termination of his employment. In addition, the head of each of our functional departments, the president of each of our

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subsidiaries and the heads of each regional head office have entered into employment agreements with the Representative Director that provide for similar management targets to be achieved by each of our departments, subsidiaries and regional head offices.

Item 6.C. Board Practices

As of April 1, 2024, none of our inside or outside directors maintained directors' service contracts with us or with any of our subsidiaries providing for benefits upon termination of employment.

Corporate Governance Committee

The Corporate Governance Committee is comprised of four outside directors (YangHee Choi, Woo-Young Kwak, Seung Hoon Lee and Seongcheol Kim). The chairperson is YangHee Choi. The committee is responsible for the review of matters with respect to our Corporate Governance Guidelines and our performance under such guidelines to monitor effectiveness of our corporate governance. The committee members are elected by the board after the annual meeting.

Director Candidate Recommendation Committee

The Director Candidate Recommendation Committee is comprised of all of our outside directors. The chairperson is Jong Soo Yoon. The committee's duties include (i) authorizing the investigation and composition of a pool of internal and external Representative Director candidates, (ii) examining the Representative Director candidates selected under the examination criteria determined by our board of directors, selecting the Representative Director candidates pursuant to such criteria and reporting to the board of directors the outcome of the examination and (iii) reviewing the qualifications of outside director candidates and proposing nominees to our shareholders for consideration at the general shareholders' meeting.

Evaluation and Compensation Committee

The Evaluation and Compensation Committee is comprised of four outside directors (Seongcheol Kim, YangHee Choi, Jong Soo Yoon and Seung Ah Theresa Cho). The chairperson is Seongcheol Kim. The committee's duties include prior review of the Representative Director's management goals, terms and conditions proposed for inclusion in the management contract of the Representative Director, including, but not limited to, determining whether the Representative Director has achieved the management goals, and the determination of compensation for the Representative Director and the inside directors. The committee members are elected by the board after the closing of the annual meeting.

Related-Party Transactions Committee

The Related-Party Transactions Committee is comprised of four outside directors (Woo-Young Kwak, Yong-Hun Kim, Jong Soo Yoon and Yeong Kyun Ahn). The chairperson is Woo-Young Kwak. This committee's duties include reviews of transactions between KT Corporation and its subsidiaries and ensures compliance with applicable antitrust laws. The committee members are elected by the board after the annual meeting.

Sustainability Management Committee

The Sustainability Management Committee is comprised of four outside directors (YangHee Choi, Woo-Young Kwak, Jong Soo Yoon and Seongcheol Kim) and one inside director (Chang-Seok Seo). The chairperson is YangHee Choi. The committee's duties include reviews of sustainable

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management plans, the authorization of establishment of medium-and long-term sustainable management strategies, sustainable management results, regular reporting and risk management of sustainable management activities and charitable contributions. The committee members are elected by the board after the annual meeting.

Audit Committee

Under the Commercial Code of Korea and our articles of incorporation, we are required to establish an audit committee comprised of three or more outside directors and at least two-thirds of the Audit Committee members are required to be outside directors. Audit Committee members must also meet the applicable independence criteria set forth under the rules and regulations of the Sarbanes-Oxley Act of 2002. The committee is comprised of Yeong Kyun Ahn, Yong-Hun Kim, Seong Hoon Lee and Seung Ah Theresa Cho. The chairperson is Yeong Kyun Ahn. Yeong Kyun Ahn serves as the financial expert of the Audit Committee. Members of the committee are elected by our shareholders at the shareholders' meeting. Our internal and external auditors report directly to the committee.

The duties of the committee include:

- appointing an independent registered public accounting firm;
- approving the appointment and recommending the dismissal of the internal auditor;
- evaluating performance of the independent registered public accounting firm;
- approving services to be provided by the independent registered public accounting firm;
- reviewing annual financial statements;
- reviewing audit results and reports;
- reviewing and evaluating our system of internal controls and policies
- examining improprieties or suspected improprieties; and
- on a quarterly basis, reviewing reports on internal controls for legal compliance, including with respect to cybersecurity laws.

In addition, regarding the shareholders' meeting, the committee may examine the agenda, financial statement and other reports to be submitted by the board of directors at each shareholders' meeting.

Item 6.D. Employees

On a standalone basis, we had 19,737 employees as of December 31, 2023, compared to 20,544 employees as of December 31, 2022 and 21,759 employees as of December 31, 2021.

Labor Relations

We consider our current relations with our work force to be good. However, in the past, we have experienced opposition from our labor union for our strategy of restructuring to improve our efficiency and profitability by disposing of non-core businesses and reducing our employee base.

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As of December 31, 2023, approximately 78.1% of the employees of KT Corporation were members of labor unions. The representative of the labor unions negotiates a collective bargaining agreement with us every two years, and our current collective bargaining agreement expires on October 9, 2025. The current collective bargaining agreement provides that even in the event of a strike, the minimum number of employees necessary to operate the telecommunications business must continue to work.

KT Trade Union also negotiates its members' wages with us every year. Under the Act of the Promotion of Worker's Participation and Cooperation, our Employee-Employer Cooperation Committees, which are composed of representatives of management and labor for each business unit and regional office, meet quarterly to discuss employee grievances, working conditions and potential employee-initiated improvements in service or management.

Employee Stock Ownership and Benefits

We operate an employee stock ownership plan (the "ESOP") with the purpose of enabling our employees to build financial assets, enhancing corporate productivity, and fostering cooperative labor-management relations. Through the ESOP, our employee stock ownership association owned 3.95% of our issued shares as of December 31, 2023.

In accordance with the National Pension Act of Korea, we contribute an amount equal to 4.5% of an employee's standard monthly wages, and each employee contributes 4.5% of his or her standard monthly wages, into his or her personal pension account. Our employees, including executive officers as well as non-executive employees, are subject to a pension insurance system, under which we make monthly contributions to the pension accounts of the employees, and upon retirement, such employees are paid the pension amount due from their pension accounts. Prior to April 2011, our executive and non-executive employees were subject to a lump-sum severance payment system, under which they were entitled to receive a lump-sum severance payment upon termination of their employment, based on their length of service and salary level at the time of termination. Starting in April 2011, in accordance with the Korean Employee Retirement Income Security Act, we replaced such lump-sum severance payment system with our current pension insurance system in the form of a defined benefit plan, and also introduced a defined contribution plan in December 2012, with a total combined unfunded portion of approximately ₩149 billion as of December 31, 2023. Lump-sum severance amounts previously accrued prior to our adoption of the current pension insurance system continue to remain payable. We also provide a wide range of fringe benefits to our employees, including housing, housing loans, company-provided hospitals and schools, a company-sponsored pension program, an employee welfare fund, industrial disaster insurance, cultural and athletic facilities, physical education grants, meal allowances, medical examinations and training and resort centers. See "Item 5. Operating and Financial Review and Prospects—Item 5.A. Operating Results."

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Employee Training

The objective of our training program is to develop professionals who are able to create value for our customers. In order to develop skills of our employees, we require approximately 69 hours of training per year from most of our employees, using individually-tailored curriculums based on individual assessments. We also operate a Cyber Academy to provide online classes to our employees, as well as offer various foreign language classes to our employees. In addition, we provide tuition reimbursements to select employees who pursue graduate programs in Korea, as well as provide financial assistance to those who pursue work-related professional licenses or study foreign languages.

Item 6.E. Share Ownership

Ordinary Shares

The persons who currently serve as our directors or executive officers held, as a group, 293,574 common shares as of April 5, 2024. The table below shows the ownership of our ordinary shares by our directors and executive officers as of April 1, 2024:

Shareholders	Number of Common Shares Owned
Young Shub Kim	5,300
Chang-Seok Seo	15,511
Soo-Jung Shin	14,592
Chang-Yong Ahn	8,815
Hyeon-Seuk Lee	11,659
Choong-Rim Ko	2,446
Kwang-Dong Kim	866
Bong-Gyun Kim	9,196
Young-In Kim	6,798
Young-Ho Kim	8,254
Chae-Hee Kim	9,359
Hoon-Bae Kim	6,459
Hye-Byung Min	7,654
Hyo-Il Park	8,393
Jeong-Hyun Seo	1,452
Jin-Ho Yang	5,071
Kyung-Hwa Ok	9,915
Chang-Ho Yi	9,292
Min Jang	745
Hoon Cho	1,258
Jung-Yong Ji	11,724
Si-Hwan Choi	4,649
Chan-Ki Choi	11,592
Lee-Hwan Kang	36
Gang-Bon Koo	5,249
Jae-Hyung Koo	1,419
Hye-Jin Kwon	3,742
Hee-Keun Kwon	1,075
Mong-Ryong Kim	36
Byung-Kyun Kim	6,317
Young-Geol Kim	735
Yong-Nam Kim	86
Jae-Kwon Kim	7,992
Jun-Ho Kim	4,582
Jee-Hyeon Kim	586
Jin-Chul Kim	986
Hyeong-Rae Roh	262
Je-Hoon Myung	2,125
Sang-Ryong Moon	1,360

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Shareholders	Number of Common Shares Owned
Jung-Ho Park	1,166
Soon-Min Bae	7,474
Ki-Hong Seo	1,023
Won-Je Sung	1,397
Je-Hyun Sung	647
Hoon-Joo Shin	3,211
Tae-Sung Oh	45
Yong-Kyu Yoo	8,031
Byoung-Hyu Yoon	157
Jin-Hyoun Yoon	1,418
Mi-Hee Lee	6,131
Byeong-Moo Lee	169
Sang-Ho Lee	932
Seong-Hwan Yi	2,865
Sung-Kyu Lee	147
Young-Jun Lee	1,405
Jung-Woo Lee	265
Jong-Sik Lee	6,676
Bo-Heon Im	1,013
Seung-Hyok Yim	5,642
Du-Seong Chang	831
Kil-Sung Jung	1,415
Seon-Il Jeong	307
Jae-Wook Jeong	9,632
Seong-Eun Cho	4,480
Young-Sim Jin	3,306
Kang-Rim Choi	6,825
Woo-Hyung Choi	147
Joon-Ki Choi	4,296
Ho-Chang Choi	3,128
Tae-Jun Heo	1,405
Hae-Chon Hong	147
Kyeng-Hee Hwang	253
Total	293,574

Share-based Payments

We have granted share-based payments to our chief executive officer, inside directors, outside directors and executive officers. For details of our share-based payments, see Note 24 of the notes to the Consolidated Financial Statements.

Item 6.F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

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Item 7. Major Shareholders and Related Party Transactions

Item 7.A. Major Shareholders

The following table sets forth certain information relating to the shareholders of our ordinary shares as of December 31, 2023:

Shareholders	Number of Shares	Percent of Total Shares Issued
National Pension Corporation	20,843,859	8.08%
Shinhan Financial Group Co., Ltd	14,532,028	5.64%
Silchester International Investors LLP	13,084,358	5.07%
Hyundai Motor Company	12,251,234	4.75%
Employee stock ownership association	10,184,803	3.95%
Hyundai Mobis Co., Ltd.	8,094,466	3.14%
Director as a group	15,867	0.01%
Public	167,406,807	64.92%
KT Corporation (held in the form of treasury stock)	11,447,338	4.44%
Total issued shares	<u>257,860,760</u>	<u>100.00%</u>

Major shareholders of our ordinary shares do not have voting rights that are different from those of our public shareholders.

Item 7.B. Related Party Transactions

We have engaged in various transactions with our subsidiaries and affiliated companies. See Note 35 of the notes to the Consolidated Financial Statements. We have not issued any guarantees in favor of our consolidated subsidiaries.

Item 7.C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

Item 8.A. Consolidated Statements and Other Financial Information

See "Item 18. Financial Statements" and pages F-1 through F-121.

Legal Proceedings

In April 2019, the Korea Fair Trade Commission determined that we, LG U+, SK Broadband and Sejong Telecom colluded in numerous biddings held by public institutions, including the Public Procurement Service and the Korea Racing Authority, between April 2015 to June 2017 for the engagement of telecommunications companies to provide dedicated fixed-line services, in violation of the Monopoly Regulation and Fair Trade Act, and issued an order to cease and desist, imposed a penalty surcharge of ₩5.7 billion on us and filed a criminal complaint against us. In April 2020, several plaintiffs, including the Government and Korea Racing Authority, filed lawsuits alleging damages. There are nine pending lawsuits related to such matters, alleging damages in aggregate of approximately ₩7.25 billion, which remains subject to adjustments. We intend to vigorously defend against such lawsuits.

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In July 2023, the Korea Fair Trade Commission imposed fines on three network service providers, including ₩13.9 billion to us, for unfair advertising related to performance of 5G mobile services. In August 2023, we filed an administrative lawsuit requesting the cancellation of such fine, which proceeding is currently pending at the Seoul High Court.

From April 2021 to December 2023, 562 of our subscribers have filed six class action lawsuits (including one following the July 2023 fine imposed by the Korea Fair Trade Commission, as described above) claiming damages totaling approximately ₩0.6 billion alleging poor service quality of our 5G mobile services. There can be no assurance that such class action lawsuits may not result in additional subscribers making similar claims in the future. There can be no assurance that any loss of such class action lawsuits will not lead to compensation for all of our 5G subscribers, which may lead to significant expenses. We intend to vigorously defend against such class action lawsuits.

In July 2023, seven leading credit card companies in Korea, which have entered into joint marketing arrangements with us, filed a lawsuit against us at the Seoul Central District Court, alleging our unjust enrichment from refund of certain value-added tax to us related to joint marketing activities. We offer discounts to our subscribers who pay their service fees or handset installment payments through certain credit cards issued by the plaintiffs. The plaintiffs claim that the value-added tax refunds of approximately ₩86.2 billion to us, which relate to such discount activities, should be returned to the plaintiffs. We intend to vigorously defend against such lawsuit.

The Korea Fair Trade Commission is currently investigating us and the two other major telecommunications providers for potential violations of the Fair Trade Act, alleging that the companies had conferred in (i) limiting the overall level of mobile service subscribers switching service providers and (ii) setting the range of sales incentives offered to authorized dealers. We plan to cooperate fully with the investigation and are vigorously responding to prove our innocence. However, the Korea Fair Trade Commission, after completion of its investigation, may impose penalties including monetary fines and corrective orders if any violations are found to have occurred, which may adversely affect our business, financial condition and results of operations.

For a description of our additional legal proceedings, see “Item 3. Key Information—Item 3.D. Risk Factors—Legal cases involving our political donations and other incidents and allegations could have a material adverse effect on our business, reputation and stock price.”

As of December 31, 2023, we have established provisions relating to litigation proceedings of ₩30 billion. See Notes 16 and 19 of the notes to the Consolidated Financial Statements.

Dividends

The table below sets out the annual dividends declared on the outstanding ordinary shares to shareholders of record on December 31 of the years indicated and the interim dividends declared on the outstanding ordinary shares to shareholders of record on June 30 of the years indicated:

<u>Year</u>	<u>Annual Dividend per Ordinary Share</u> (In Won)	<u>Interim Dividend per Ordinary Share</u> (In Won)	<u>Average Total Dividend per Ordinary Share</u> (In Won)
2019	1,100	—	1,100
2020	1,350	—	1,350
2021	1,910	—	1,910
2022	1,960	—	1,960
2023	1,960	—	1,960

If sufficient profits are available, the board of directors may propose annual dividends on the outstanding ordinary shares, which our shareholders must approve by a resolution at the annual

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general meeting of shareholders. This meeting is generally held in March of the following year and if our shareholders at such annual general meeting of shareholders approve the annual dividend, we must pay such dividend within one month following the date of such resolution. Typically, we pay such dividends shortly after the meeting. The declaration of annual dividends is subject to the vote of our shareholders, and consequently, there can be no assurance as to the amount of dividends per ordinary share or that any such dividends will be declared. Interim dividends paid in cash can be declared by a resolution of the board of directors. See “Item 10. Additional Information—Item 10.B. Memorandum and Articles of Association—Dividends” and “Item 12. Description of Securities Other than Equity Securities—Item 12.D. American Depositary Shares.”

The Commercial Code provides that shares of a company of the same class must receive equal treatment. However, major shareholders may consent to receive dividend distributions at a lesser rate than minor shareholders.

Any cash dividends relating to the shares held in the form of ADSs will be paid to the depositary bank in Won. The deposit agreement provides that, except in certain circumstances, cash dividends received by the depositary bank will be converted by the depositary bank into Dollars and distributed to the holders of the ADRs, less withholding tax, other governmental charges and the depositary bank’s fees and expenses. See “Item 12. Description of Securities Other than Equity Securities—Item 12.D. American Depositary Shares.”

Item 8.B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

Item 9. The Offer and Listing

Item 9.A. Offer and Listing Details

Market Price Information

Ordinary Shares

Our shares were listed on the KRX KOSPI Market on December 23, 1998 under the securities identification code “030200.”

ADSs

The outstanding ADSs, each of which represents one-half of one share of our ordinary share, have been traded on the New York Stock Exchange under the ticker symbol “KT” since May 25, 1999.

Item 9.B. Plan of Distribution

Not applicable.

Item 9.C. Markets

Please refer to “Item 9.A. Offering and Listing Details.”

Item 9.D. Selling Shareholders

Not applicable.

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Item 9.E. Dilution

Not applicable.

Item 9.F. Expenses of the Issuer

Not applicable.

Item 10. Additional Information

Item 10.A. Share Capital

Currently, our authorized share capital is 1,000,000,000 shares, which consists of ordinary shares, par value ₩5,000 per share (“Ordinary Shares”) and shares of non-voting preferred stock, par value ₩5,000 per share (“Non-Voting Shares”). Ordinary Shares and Non-Voting Shares together are referred to as “Shares.” Under our articles of incorporation, we are authorized to issue Non-Voting Shares up to one-fourth of our total issued share capital. As of December 31, 2023, 257,860,760 Ordinary Shares were issued, of which 11,447,338 shares were held by the treasury stock fund or us as treasury shares. We have never issued any Non-Voting Shares. All of the issued Ordinary Shares are fully-paid and non-assessable and are in registered form.

Item 10.B. Memorandum and Articles of Association

Under Article 2 of our articles of incorporation, the primary purpose of KT Corporation is to engage in, including but not limited to, the integrated telecommunications business, the new media and internet multimedia broadcasting business, the development and sale of media contents and software, the sale of telecommunications devices, the testing and inspection of telecommunications equipment, the telemarketing business and financial data services. This section provides information relating to our share capital, including brief summaries of material provisions of our articles of incorporation, the FSCMA, the Commercial Code and related laws of Korea, all as currently in effect. The following summaries are subject to, and are qualified in their entirety by reference to, our articles of incorporation and the applicable provisions of the FSCMA and the Commercial Code. We have filed a copy of our articles of incorporation as an exhibit to registration statements under the Securities Act or annual reports under the Securities Exchange Act previously filed by us.

Directors

According to the Commercial Code of Korea, a director is prohibited from voting on a proposal, arrangement or contract in which the director has an interest. Director compensation is determined based on the standards and methods of compensation as determined by the board of directors and reviewed by the Compensation Committee and approved by the board of directors in accordance with our articles of incorporation. See “Item 6.B. Compensation—Compensation of Directors.” Directors appointed at the general shareholders meeting may not be beneficiaries nor participants of the employee welfare fund, which includes borrowings. There is no explicit age limit relating to a director’s retirement or non-retirement, and there is no number of shares required for purposes of determining a director’s qualifications.

Dividends

We distribute dividends to our shareholders in proportion to the number of shares owned by each shareholder. No dividends are distributed with respect to shares held by us or our treasury stock fund. The Ordinary Shares represented by the ADSs have the same dividend rights as other outstanding Ordinary Shares.

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Holders of Non-Voting Shares are entitled to receive dividends in priority to the holders of Ordinary Shares in an amount of not less than 9% of the par value of the Non-Voting Shares as determined by the board of directors at the time of their issuance, provided that if the dividends on the Ordinary Shares exceed those on the Non-Voting Shares, the Non-Voting Shares will also participate in the distribution of such excess dividend amount in the same proportion as the Ordinary Shares. If the amount available for dividends is less than the aggregate amount of such minimum dividend, the holders of Non-Voting Shares will be entitled to receive such accumulated unpaid dividend in priority to the holders of Ordinary Shares from the dividends payable in respect of the next fiscal year.

We declare dividends annually at the annual general meeting of shareholders which is held within three months after December 31 of each year. We pay the annual dividend shortly after the annual general meeting to the shareholders of record as of December 31 of the preceding year. We may distribute the annual dividend in cash or in Shares. However, a dividend of Shares must be distributed at par value. If the market price of the Shares is less than their par value, dividends in Shares may not exceed one-half of the annual dividend. We may, by a resolution of the board of directors, pay quarterly dividends in cash to shareholders or registered pledgees who hold the Shares at the end of March, June or September, as applicable. We have no obligation to pay any annual dividend unclaimed for five years from the payment date.

Under the Commercial Code, we may pay our dividend only out of the excess of our net assets, on a non-consolidated basis, over the sum of (1) our stated capital and (2) the total amount of our capital surplus reserve and earned surplus reserve (the "Legal Reserve") accumulated up to the end of the relevant dividend period. In addition, we may not pay any dividend unless we have set aside as earned surplus reserve an amount equal to at least 10% of the cash portion of the dividend or unless we have accumulated an earned surplus reserve of not less than one-half of our stated capital. We may not use the Legal Reserve to pay cash dividends but may transfer amounts from the Legal Reserve to share capital or use the Legal Reserve to reduce an accumulated deficit.

Distribution of Free Shares

In addition to paying dividends in Shares out of our retained or current earnings, we may also distribute to our shareholders an amount transferred from the Legal Reserve to our stated capital in the form of free shares. We must distribute such free shares to all our shareholders in proportion to their existing shareholdings.

Preemptive Rights and Issuance of Additional Shares

We may issue authorized but unissued shares at times and, unless otherwise provided in the Commercial Code, on terms our board of directors may determine. Subject to the limitation described in "Limitation on Shareholdings" below, all our shareholders are generally entitled to subscribe for any newly issued Shares in proportion to their existing shareholdings. We must offer new Shares on uniform terms to all shareholders who have preemptive rights and are listed on our shareholders' register as of the relevant record date. Under the Commercial Code, we may vary, without shareholders' approval, the terms of these preemptive rights for different classes of shares. We must give notice to all persons who are entitled to exercise preemptive rights regarding new Shares and their transferability at least two weeks before the relevant record date. Our board of directors may determine how to distribute Shares for which preemptive rights have not been exercised or where fractions of Shares occur.

Under the Commercial Code, it is required that the new Shares, convertible bonds or bonds with warrants be issued to persons other than the existing shareholders solely for the purpose of achieving managerial objectives. Under our articles of incorporation, we may issue new Shares

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pursuant to a board resolution to persons other than existing shareholders, who in these circumstances will not have preemptive rights, if the new Shares are:

- publicly offered pursuant to Articles 4 and 119 of the FSCMA;
- issued to members of our employee stock ownership association;
- represented by depositary receipts;
- issued upon exercise of stock options granted to our officers and employees;
- issued through an offering to public investors pursuant to Article 165-6 of the FSCMA, the amount of which is no more than 10% of the issued Shares;
- issued in order to satisfy specific needs such as strategic alliance, inducement of foreign funds or new technology, improvement of financial structure or other capital raising requirement; or
- issued to domestic or foreign financial institutions when necessary for raising funds in emergency cases.

In addition, we may issue convertible bonds or bonds with warrants, each up to an aggregate principal amount of ₩2,000 billion, to persons other than existing shareholders in the situations described above.

Members of our employee stock ownership association, whether or not they are our shareholders, generally have a preemptive right to subscribe for up to 20.0% of the Shares publicly offered pursuant to the FSCMA. This right is exercisable only to the extent that the total number of Shares so acquired and held by members of our employee stock ownership association does not then exceed 20.0% of the total number of Shares then issued (including in such total both: (i) all issued and outstanding Shares at the time the preemptive rights are exercised; and (ii) all Shares to be newly issued in the applicable share issuance transaction in connection with which such preemptive rights are exercised). As of December 31, 2023, 3.95% of the issued Shares were held by members of our employee stock ownership association.

Limitations on Shareholding

The Telecommunications Business Act permits maximum aggregate foreign shareholding in us to be 49.0% of our total issued and outstanding Shares with voting rights (including equivalent securities with voting rights, e.g., depositary certificates and certain other equity interests). For the purposes of the foregoing, a shareholder is a “foreign shareholder” if such shareholder is: (1) a foreign person; (2) a foreign government; or (3) a company whose largest shareholder is a foreign person (including any “specially related persons” as determined under the FSCMA) or a foreign government, in circumstances where (i) such foreign person or foreign government holds, in aggregate, 15.0% or more of such company’s total voting shares, and (ii) such company holds at least 1.0% of our total issued and outstanding Shares with voting rights. For the avoidance of doubt, both of conditions (i) and (ii) in the foregoing item (3) must exist for such a company to be counted as a “foreign shareholder” for the purposes of calculating whether the 49.0% foreign shareholding threshold is reached under the Telecommunications Business Act. In addition, the Telecommunications Business Act prohibits a foreign shareholder from being our largest shareholder if such shareholder owns 5.0% or more of our Shares with voting rights. For the purposes of this restriction, any two or more foreign persons or foreign governments who enter into an agreement to act in concert in the exercise of their voting rights

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will be counted together and prohibited from becoming our largest shareholder in the event that they collectively hold 5.0% or more of our Shares. For the purposes of this restriction under the Foreign Investment Promotion Act, a “foreign shareholder” is defined in the same manner as described above with respect to the foreign shareholding restriction under the Telecommunications Business Act, provided, however, that no exception is made under the Foreign Investment Promotion Act regulations for companies that own less than 1.0% of our Shares (see item (3)(ii) above in this paragraph). A foreigner who has acquired the Shares in excess of such ceiling described above may not exercise its voting rights for shares in excess of such limitation, and the MSIT may require corrective measures to comply with the ownership restrictions.

General Meeting of Shareholders

We hold the annual general meeting of shareholders within three months after December 31 of each year. Subject to a board resolution or court approval, we may hold an extraordinary general meeting of shareholders:

- as necessary;
- at the request of shareholders of an aggregate of 3.0% or more of our issued Ordinary Shares;
- at the request of shareholders holding an aggregate of 1.5% or more of our issued Shares for at least six months; or
- at the request of our Audit Committee.

We must give shareholders written notice setting out the date, place and agenda of the meeting at least two weeks before the date of the general meeting of shareholders. However, for holders of less than 1.0% of the total number of issued and outstanding Ordinary Shares, we may give notice by placing at least two public notices in at least two daily newspapers at least two weeks in advance of the meeting. Currently, we use Seoul Shinmun, Maeil Business Newspaper and The Korea Economic Daily published in Seoul for this purpose. Shareholders not on the shareholders’ register as of the record date are not entitled to receive notice of the general meeting of shareholders or attend or vote at the meeting. Holders of Non-Voting Shares are not entitled to receive notice of general meetings of shareholders, but may attend such meetings.

Our general meetings of shareholders are held at our office in Seoul, or if necessary, may be held elsewhere.

Voting Rights

Holders of our Ordinary Shares are entitled to one vote for each Ordinary Share, except that voting rights of Ordinary Shares held by us, or by a corporate shareholder that is more than 10.0% owned by us either directly or indirectly, may not be exercised. The Commercial Code permits cumulative voting, under which voting method each shareholder has multiple voting rights corresponding to the number of directors to be appointed in the voting and may exercise all voting rights cumulatively to elect one director. Our articles of incorporation permit cumulative voting at our shareholders’ meeting. Under the Commercial Code of Korea, any shareholder holding shares equivalent to not less than 1/100 of the total number of shares issued may apply to us for selecting and appointing such directors by cumulative voting.

Our shareholders may adopt resolutions at a general meeting by an affirmative majority vote of the voting shares present or represented at the meeting, where the affirmative votes also represent at

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least one-fourth of our total voting shares then outstanding, except that where voting rights can be exercised electronically, members of the Audit Committee may be elected by an affirmative majority vote of the voting shares present at the meeting. In addition, under the Commercial Code and our articles of incorporation, the following matters, among others, require approval by the holders of at least two-thirds of the voting shares present or represented at a meeting, where the affirmative votes also represent at least one-third of our total voting shares then outstanding:

- amending our articles of incorporation;
- removing a director;
- reduction of our share capital;
- effecting any dissolution, merger or consolidation of us;
- transferring the whole or any significant part of our business;
- effecting our acquisition of all of the business of any other company or our acquisition of a part of the business of any other company which will significantly affect our business; or
- issuing any new Shares at a price lower than their par value.

In general, holders of Non-Voting Shares are not entitled to vote on any resolution or receive notice of any general meeting of shareholders. However, in the case of amendments to our articles of incorporation, any merger or consolidation of us, or in some other cases that affect the rights or interests of the Non-Voting Shares, approval of the holders of Non-Voting Shares is required. We may obtain such approval by a resolution of holders of at least two-thirds of the Non-Voting Shares present or represented at a class meeting of the holders of Non-Voting Shares, where the affirmative votes also represent at least one-third of our total outstanding Non-Voting Shares.

Shareholders may exercise their voting rights by proxy. The proxy must present a document evidencing an appropriate power of attorney prior to the start of the general meeting of shareholders. Additionally, shareholders may exercise their voting rights in absentia by submission of signed write-in voting forms. To make it possible for our shareholders to proceed with voting on a write-in basis, we are required to attach the appropriate write-in voting form and related informational material to the notices distributed to shareholders for convening the relevant general meeting of shareholders. Any of our shareholders who desire to vote on such write-in basis must submit their completed and signed write-in voting forms to us no later than one day prior to the date that the relevant general meeting of shareholders is convened.

Holders of ADRs exercise their voting rights through the ADR depository, an agent of which is the record holder of the underlying Ordinary Shares. Subject to the provisions of the deposit agreement, ADR holders are entitled to instruct the ADR depository how to vote the Ordinary Shares underlying their ADSs.

Appraisal Rights of Dissenting Shareholders

In some limited circumstances, including the transfer of the whole or any significant part of our business and our merger or consolidation with another company, dissenting shareholders have the right to require us to purchase their Shares. To exercise this right, shareholders must submit to us a written notice of their intention to dissent before the general meeting of shareholders. Within 20 days after the relevant resolution is passed at a meeting, the dissenting shareholders must request us in

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writing to purchase their Shares. We are obligated to purchase the Shares of dissenting shareholders within one month after the expiration of the 20-day period. The purchase price for the Shares is required to be determined through negotiation between the dissenting shareholders and us. If we cannot agree on a price through negotiation, the purchase price will be the average of (1) the weighted average of the daily Share prices on the KRX KOSPI Market for the two-month period before the date of the adoption of the relevant board resolution, (2) the weighted average of the daily Share price on the KRX KOSPI Market for the one month period before the date of the adoption of the relevant board resolution and (3) the weighted average of the daily Share price on the KRX KOSPI Market for the one week period before the date of the adoption of the relevant board resolution. However, if we or any of the dissenting shareholders do not accept the purchase price calculated using the above method, the rejecting party may request the court to determine the purchase price. Holders of ADSs will not be able to exercise appraisal rights unless they have withdrawn the underlying ordinary shares and become our direct shareholders.

Register of Shareholders and Record Dates

Our account management institution, Kookmin Bank, maintains the electronic register of our shareholders at its office in Seoul, Korea. Our account management institution effects transfers of Shares on the electronic register of shareholders only upon the electronic registration of such transfers pursuant to the Act on Electronic Registration of Stocks, Bonds, Etc. of Korea (the "Electronic Registration Act").

The record date is December 31. Further, we may set a record date for the purpose of determining the shareholders entitled to rights pertaining to the Shares, and we must announce such record date at least two weeks prior to such record date. The trading of Shares and the delivery of share certificates may continue while the register of shareholders is closed.

Annual Reports

At least one week before the annual general meeting of shareholders, we must make our annual report and audited consolidated financial statements available for inspection at our principal office and at all of our branch offices. In addition, copies of annual reports, the audited consolidated financial statements and any resolutions adopted at the general meeting of shareholders will be available to our shareholders.

Under the FSCMA, we must file with the Financial Services Commission and the KRX KOSPI Market (1) an annual report within 90 days after the end of our fiscal year and (2) interim reports with respect to the three month period, six month period and nine month period from the beginning of each fiscal year within 45 calendar days following the end of each period. Copies of these reports are or will be available for public inspection at the Financial Services Commission and the KRX KOSPI Market.

Transfer of Shares

Under the Electronic Registration Act, the transfer of Shares is effected by the electronic registration of such transfers on an electronic registry pursuant to the Electronic Registration Act, under which the electronic registration of stocks, bonds and transfers thereof will be required. To assert shareholders' rights against us, the transferee must have his name and address registered on our electronic register of shareholders. For this purpose, a shareholder is required to apply for electronic registration of transfer between accounts. The above requirements do not apply to the holders of ADSs.

Under current Korean regulations, Korean securities companies and banks, including licensed branches of non-Korean securities companies and banks, investment management companies, futures

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trading companies, internationally recognized foreign custodians and the Korea Securities Depository may act as agents and provide related services for foreign shareholders. Certain foreign exchange controls and securities regulations apply to the transfer of Shares by non-residents or non-Koreans. See “Item 10. Additional Information—Item 10.D. Exchange Controls.”

Our account management institution is Kookmin Bank, located at 26, Gukjegeumyung-ro 8-gil, Yeongdeungpo-gu, Seoul, Korea.

Acquisition of Shares by Us

Under the Commercial Code, we may acquire our own Shares by (i) purchasing on the KRX KOSPI Market, or (ii) purchasing from shareholders on a pro rata basis in accordance with the number of shares held by each shareholder. The aggregate purchase price for the Shares may not exceed the total amount available for distribution of dividends at the end of the preceding fiscal year. Moreover, we must acquire our own Shares from dissenting shareholders who exercise their appraisal rights.

Under the FSCMA, we may acquire Shares only by (i) purchasing on the KRX KOSPI Market, (ii) purchasing from shareholders on a pro rata basis in accordance with the number of shares held by each shareholder, or (iii) receiving Shares returned to us upon the cancellation or termination of a trust agreement with a trustee who acquired the Shares by either of the methods indicated above. The aggregate purchase price for the Shares may not exceed the total amount available for distribution of dividends at the end of the preceding fiscal year.

Under our articles of incorporation, we are required to report the purpose of holding our own Shares and plans for disposition at each annual general meeting of shareholders. We are also required to obtain approval at the annual general meeting of shareholders if we acquire cross-held shares of another company through a sale or exchange of treasury stock.

In general, corporate entities in which we own a 50.0% or more equity interest may not acquire our Shares.

As of December 31, 2023, there were 11,447,338 treasury shares, including shares held by our treasury stock fund.

Liquidation Rights

In the event of our liquidation, after payment of all debts, liquidation expenses and taxes, our remaining assets will be distributed among shareholders in proportion to their shareholdings. Holders of Non-Voting Shares have no preference in liquidation.

Item 10.C. Material Contracts

None.

Item 10.D. Exchange Controls

General

The Foreign Exchange Transaction Act and the Presidential Decree and regulations under that Act and Decree (collectively the “Foreign Exchange Transaction Laws”) regulate investment in Korean securities by non-residents and issuance of securities outside Korea by Korean companies. Under the Foreign Exchange Transaction Laws, non-residents may invest in Korean securities only in compliance

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with the provisions of, and to the extent specifically allowed by, these laws or otherwise permitted by the MOEF. The Financial Services Commission has also adopted, pursuant to its authority under the FSCMA, regulations that control investment by foreigners in Korean securities and regulate the issuance of securities outside Korea by Korean companies.

Under the Foreign Exchange Transaction Laws, if the Government deems that certain emergency circumstances, including, but not limited to, the outbreak of natural calamities, wars or grave and sudden changes in domestic or foreign economies, are likely to occur, the MOEF may temporarily suspend the transactions where Foreign Exchange Transaction Laws are applicable, or impose an obligation to deposit or sell capital to certain Korean governmental agencies or financial institutions. In addition, if the Government deems that it is confronted or is likely to be confronted with serious difficulty in movement of capital between Korea and abroad which will bring serious obstacles in carrying out its currency policies, exchange rate policies and other macroeconomic policies, the MOEF may take measures to require any person who performs transactions to deposit such capital to certain Korean governmental agencies or financial institutions.

Government Review of Issuance of ADSs

In order for us to issue shares represented by ADSs, we are required to file a prior report of the issuance with the MOEF if our securities and borrowings denominated in foreign currencies issued during the one-year period preceding such filing date exceed US\$30 million in aggregate. No further Korean governmental approval is necessary for the initial offering and issuance of the ADSs.

Under current Korean laws and regulations, the depositary bank is required to obtain our prior consent for the number of shares to be deposited in any given proposed deposit which exceeds the difference between (1) the aggregate number of shares deposited by us or with the consent of us for the issuance of ADSs (including deposits in connection with the initial and all subsequent offerings of ADSs and stock dividends or other distributions related to these ADSs) and (2) the number of shares on deposit with the depositary bank at the time of such proposed deposit. We can give no assurance that we would grant our consent, if our consent is required. Therefore, a holder of ADRs who surrenders ADRs and withdraws shares may not be permitted subsequently to deposit those shares and obtain ADRs.

Reporting Requirements for Holders of Substantial Interests

Any person whose direct or beneficial ownership of shares, whether in the form of shares or ADSs, certificates representing the rights to subscribe for Shares and equity-related debt securities including convertible bonds and bonds with warrants (collectively, the "Equity Securities") together with the Equity Securities beneficially owned by certain related persons or by any person acting in concert with the person accounts for 5.0% or more of the total issued Equity Securities is required to report the status of the holdings to the Financial Services Commission and the KRX KOSPI Market within five business days after reaching the 5.0% ownership interest. In addition, any change in the ownership interest subsequent to the report which equals or exceeds 1.0% of the total issued Equity Securities is required to be reported to the Financial Services Commission and the KRX KOSPI Market within five business days from the date of the change. The required information to be included in the 5.0% report may be different if the acquisition of such shareholding interest is for the purpose of exercising influence over the management, as opposed to an acquisition for investment purposes. Any person reporting the holding of 5.0% or more of the total issued Equity Securities and any person reporting the change in the ownership interest which equals or exceeds 1.0% of the total issued Equity Securities pursuant to the requirements described above must also deliver a copy of such reports to us.

Violation of these reporting requirements may subject a person to criminal sanctions such as fines or imprisonment and may result in a loss of voting rights with respect to the unreported ownership

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of Equity Securities exceeding 5.0%. Furthermore, the Financial Services Commission may issue an order to dispose of non-reported Equity Securities.

Restrictions Applicable to ADSs

No Korean governmental approval is necessary for the sale and purchase of ADSs in the secondary market outside Korea or for the withdrawal of shares underlying ADSs and the delivery inside Korea of shares in connection with the withdrawal, provided that a foreigner who intends to acquire the shares must obtain an investment registration certificate from the Financial Supervisory Service as described below. In general, the acquisition of the shares by a foreigner must be reported by the foreigner or his standing proxy in Korea immediately to the Governor of the Financial Supervisory Service; provided, however, that in cases where a foreigner acquires shares through the exercise of rights as a holder of ADSs (or other depositary certificates), the foreigner must cause such report to the Governor of the Financial Supervisory Service to be filed by the Korea Securities Depository.

Persons who have acquired shares as a result of the withdrawal of shares underlying the ADSs may exercise their preemptive rights for new shares, participate in free distributions and receive dividends on shares without any further governmental approval.

Restrictions Applicable to Shares

As a result of amendments to the Foreign Exchange Transaction Laws and Financial Services Commission regulations adopted in connection with the stock market opening from January 1992, which we refer to collectively as the Investment Rules, foreigners may invest, with limited exceptions and subject to procedural requirements, in all shares of Korean companies, whether listed on the KRX KOSPI Market or the KRX KOSDAQ Market, unless prohibited by specific laws. Foreign investors may trade shares listed on the KRX KOSPI Market or the KRX KOSDAQ Market only through the KRX KOSPI Market or the KRX KOSDAQ Market, except in limited circumstances, including:

- odd-lot trading of shares;
- acquisition of shares (“Converted Shares”) by exercise of warrant, conversion right under convertible bonds or withdrawal right under depositary receipts issued outside of Korea by a Korean company;
- acquisition of shares as a result of inheritance, donation, bequest or exercise of shareholders’ rights, including preemptive rights or rights to participate in free distributions and receive dividends;
- over-the-counter transactions between foreigners of a class of shares for which the ceiling on aggregate acquisition by foreigners, as explained below, has been reached or exceeded;
- shares acquired by foreign direct investment as defined in the Foreign Investment Promotion Act;
- disposal of shares pursuant to the exercise of appraisal rights of dissenting shareholders;
- disposal of shares in connection with a tender offer;
- acquisition of shares by a foreign depositary in connection with the issuance of depositary receipts;

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- acquisition and disposal of shares through overseas stock exchange market if such shares are simultaneously listed on the KRX KOSPI Market or the KRX KOSDAQ Market and such overseas stock exchange;
- acquisition and disposal of shares through alternative trading systems (ATS);
- arm's length transactions between foreigners, if all of such foreigners belong to an investment group managed by the same person.

For over-the-counter transactions of shares between foreigners outside the KRX KOSPI Market or the KRX KOSDAQ Market for shares with respect to which the limit on aggregate foreign ownership has been reached or exceeded, an investment broker licensed in Korea must act as an intermediary. Odd-lot trading of shares outside the KRX KOSPI Market or the KRX KOSDAQ Market must involve a licensed investment trader in Korea as the other party. Foreign investors are prohibited from engaging in margin transactions through borrowing shares from a securities company with respect to shares which are subject to a foreign ownership limit.

Pursuant to amendments to the Investment Rules that became effective on December 14, 2023, foreign investors who wish to invest in shares on the KRX KOSPI Market or the KRX KOSDAQ Market (including Converted Shares) may do so using their Legal Entity Identifier, instead of having to register their identity with the Financial Supervisory Service prior to making any such investment. However, those who have already registered as a foreign investor may continue to make investments using their investment registration card.

Upon a foreign investor's purchase of shares through the KRX KOSPI Market or the KRX KOSDAQ Market, no separate report by the investor is required because the investment registration certificate system is designed to control and oversee foreign investment through a computer system. However, a foreign investor's acquisition or sale of shares outside the KRX KOSPI Market or the KRX KOSDAQ Market (as discussed above) must be reported by the foreign investor or his standing proxy to the Governor of the Financial Supervisory Service at the time of each such acquisition or sale; provided, however, that in cases where a foreigner acquires shares through the exercise of rights as a holder of ADSs (or other depositary certificates), the foreigner must cause such report to the Governor of the Financial Supervisory Service to be filed by the Korea Securities Depository; and further provided that a foreign investor must ensure that any acquisition or sale by it of shares outside the KRX KOSPI Market or the KRX KOSDAQ Market in the case of trades in connection with a tender offer, odd-lot trading of shares or trades of a class of shares for which the aggregate foreign ownership limit has been reached or exceeded, is reported to the Governor of the Financial Supervisory Service by the investment trader, the investment broker, the Korea Securities Depository or the financial securities company engaged to facilitate such transaction. A foreign investor may appoint one or more standing proxies from among the Korea Securities Depository, foreign exchange banks, including domestic branches of foreign banks, investment traders, investment brokers, the Korea Securities Depository, financial securities companies and internationally recognized custodians that satisfy all relevant requirements under the FSCMA.

Certificates evidencing shares of Korean companies must be kept in custody with an eligible custodian in Korea. Only the Korea Securities Depository, foreign exchange banks including domestic branches of foreign banks, investment traders, investment brokers, collective investment business entities and internationally recognized custodians satisfying the relevant requirements under the FSCMA are eligible to act as a custodian of shares for a non-resident or foreign investor. A foreign investor must ensure that his custodian deposits its shares with the Korea Securities Depository. However, a foreign investor may be exempted from complying with this deposit requirement with the approval of the Governor of the Financial Supervisory Service in circumstances where compliance with

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that requirement is made impracticable, including cases where compliance would contravene the laws of the home country of such foreign investor.

Under the Investment Rules, with certain exceptions, foreign investors may acquire shares of a Korean company without being subject to any foreign investment ceiling. As one such exception, designated public corporations are subject to a 40.0% ceiling on the acquisition of shares by foreigners in the aggregate and a ceiling on the acquisition of shares by a single foreign investor pursuant to the articles of incorporation of such corporation. Currently, Korea Electric Power Corporation is the only designated public corporation which has set such a ceiling. Furthermore, an investment by a foreign investor of not less than 10.0% of the issued shares with voting rights of a Korean company is defined as a direct foreign investment under the Foreign Investment Promotion Act, which is, in general, subject to the report to, and acceptance, by the Ministry of Trade Industry & Energy. The acquisition of shares of a Korean company by a foreign investor may also be subject to certain foreign shareholding restrictions in the event that the restrictions are prescribed in each specific law which regulates the business of the Korean company. A foreigner who has acquired our ordinary shares in excess of this ceiling may not exercise his voting rights with respect to our ordinary shares exceeding the limit.

Under the Foreign Exchange Transaction Laws, a foreign investor who intends to acquire shares must designate a foreign exchange bank at which he must open a foreign currency account and a Won account exclusively for stock investments. No approval is required for remittance into Korea and deposit of foreign currency funds in the foreign currency account. Foreign currency funds may be transferred from the foreign currency account at the time required to place a deposit for, or settle the purchase price of, a stock purchase transaction to a Won account opened at an investment broker or an investment trader. Funds in the foreign currency account may be remitted abroad without any governmental approval.

Dividends on Shares are paid in Won. No governmental approval is required for foreign investors to receive dividends on, or the Won proceeds of the sale of, any shares to be paid, received and retained in Korea. Dividends paid on, and the Won proceeds of the sale of, any shares held by a non-resident of Korea must be deposited either in a Won account with the investor's investment broker or investment trader or his Won Account. Funds in the investor's Won Account may be transferred to his foreign currency account or withdrawn for local living expenses up to certain limitations. Funds in the Won Account may also be used for future investment in shares or for payment of the subscription price of new shares obtained through the exercise of preemptive rights.

Investment brokers and investment traders are allowed to open foreign currency accounts with foreign exchange banks exclusively for accommodating foreign investors' stock investments in Korea. Through these accounts, these investment brokers and investment traders may enter into foreign exchange transactions on a limited basis, such as conversion of foreign currency funds and Won funds, either as a counterparty to or on behalf of foreign investors, without the investors having to open their own accounts with foreign exchange banks.

Item 10.E. Taxation

The following summary is based upon tax laws of the United States and the Republic of Korea as in effect on the date of this annual report on Form 20-F, and is subject to any change in United States or Korean law that may come into effect after such date. Investors in the ordinary shares or ADSs are advised to consult their own tax advisers as to the United States, Korean or other tax consequences of the purchase, ownership and disposition of such securities, including the effect of any national, state or local tax laws.

Korean Taxation

The following summary of Korean tax considerations applies to you as long as you are not:

- a resident of Korea;
- a corporation organized under Korean law; or
- engaged in a trade or business in Korea through a permanent establishment or a fixed base.

Shares or ADSs

Dividends on Ordinary Shares or ADSs

Unless an applicable tax treaty provides otherwise, we will deduct Korean withholding tax from dividends paid to you either in cash or shares at a rate of 22.0% (including local income tax). If you are a resident of a country that has entered into a tax treaty with Korea, you may qualify for a reduced rate of Korean withholding tax under such a treaty. For example, if you are a qualified resident of the United States for purposes of the US-Korea Tax Treaty (the "Treaty") and you are the beneficial owner of a dividend, a reduced withholding tax rate of 16.5% (including local income tax) generally will apply. You will not be entitled to claim treaty benefits if you are not the beneficial owner of a dividend.

In order to obtain the benefits of a reduced withholding tax rate under a tax treaty, you must submit to us, prior to the dividend payment date, an application for entitlement to a reduced tax rate. If you hold ADSs and receive the dividends through a depository, you are not required to submit the application for entitlement to a reduced tax rate. If you are an overseas investment vehicle (an "OIV"), which is defined as an organization established in a non-Korean jurisdiction that manages funds collected through investment solicitation by way of acquiring, disposing, or otherwise investing in any such assets and distributes the yield therefrom to investors, you must submit to us a report of the OIV and a schedule of beneficial owners together with their applications for entitlement to a reduced tax rate, which you should collect from each beneficial owner. Excess taxes withheld may be recoverable if you subsequently produce satisfactory evidence that you were entitled to have tax withheld at a lower rate.

If we distribute to you free shares representing a transfer of certain capital reserves or asset revaluation reserves into paid-in capital, that distribution may be a deemed dividend subject to Korean tax.

Capital Gains

Capital gains from a sale of ordinary shares will generally be exempt from Korean taxation if you have owned, together with certain related parties, less than 25.0% of our total issued shares during the year of sale and the five calendar years before the year of sale, and the sale is made through the KRX KOSPI Market, and you have no permanent establishment in Korea. Capital gains earned by a non-Korean holder from a sale of ADSs outside of Korea are exempt from Korean taxation by virtue of the Special Tax Treatment Control Law of Korea (the "STTCL"), provided that the issuance of the ADSs is deemed to be an overseas issuance under the STTCL.

If you are subject to Korean taxation on capital gains from a sale of ADSs, or ordinary shares that you acquired as a result of a withdrawal, your gain will be calculated based on your cost of acquiring the ADSs representing the ordinary shares, although there are no specific Korean tax

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provisions or rulings on this issue. In the absence of the application of a tax treaty that exempts tax on capital gains, the amount of Korean tax imposed on such capital gains will be the lesser of 11.0% (including local income tax) of the gross realization proceeds or, subject to the production of satisfactory evidence of the acquisition cost and the transaction costs of the ADSs, 22.0% (including local income tax) of the net capital gain.

If you are subject to Korean taxation on capital gains from a sale of ADSs, or ordinary shares that you acquire as a result of a withdrawal, and you sell your ordinary shares or ADSs, the purchaser or, in the case of a sale of ordinary shares on the KRX KOSPI Market or through a licensed securities company in Korea, the licensed securities company, is required to withhold Korean tax from the sales price in an amount equal to 11% (including local income tax) of the gross realization proceeds and to make payment thereof to the Korean tax authorities, unless you establish your entitlement to an exemption from taxation under an applicable tax treaty or produce satisfactory evidence of your acquisition cost and the transaction costs for the ordinary shares or ADSs. In order to obtain the benefit of an exemption from tax pursuant to a tax treaty, you must submit to the purchaser or the securities company (or through the depository), as the case may be, prior to the first payment, an exemption application, together with a certificate of your tax residence issued by a competent authority of your residence country, provided that if such tax exemption is being sought to be applied to an amount that is ₩1 billion or more (including where the aggregate amount exempted within one year from the last day of the month in which the payment was made, is ₩1 billion or more), in addition to the certificate of your tax residence issued by a competent authority of your residence country, you will also be required to submit the names and addresses of all of the members of your board of directors, the identities and shareholding percentages of all of your shareholders (provided that if you have more than 100 shareholders, you may instead provide a statement showing the total number of shareholders and aggregate investment amount from each country), and audit reports for the most recent three years (or, if your entity has been in existence for less than three years, audit reports since incorporation). If you are an OIV, you must submit a report of the OIV and a schedule of beneficial owners together with their applications for exemption, which you should collect from each beneficial owner. The withholding obligor must submit the application and the report to the relevant tax office by the ninth day of the month following the date of the first payment of such income. This requirement will not apply to exemptions under Korean tax law. Excess taxes withheld may be recoverable if you subsequently produce satisfactory evidence that you were entitled to have taxes withheld at a lower rate.

Most tax treaties that Korea has entered into provide exemptions for capital gains tax for capital gains from sale of ordinary shares. However, Korea's tax treaties with Japan, Austria, Spain and a few other countries do not provide an exemption from such capital gains tax. For example, Article 13 of Korea's tax treaty with Japan provides that if a taxpayer holding 25% or more (including those shares held by any related party of the taxpayer) of total issued shares of a company in a taxable year sells 5% or more (including those sold by any related party of the taxpayer) of total issued shares of the same company in the same taxable year, the country where the company is a resident may impose tax on such taxpayer.

Inheritance Tax and Gift Tax

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his death he was domiciled in Korea or had resided in Korea for at least 183 days immediately prior to his death and (b) all property located in Korea which passes on death (irrespective of the domicile of the deceased). Gift tax is imposed in similar circumstances to the above. Taxes are currently imposed at the rate of 10% to 50% if the value of the relevant property is above a certain limit and vary according to the identity of the parties involved.

Under Korean Inheritance and Gift Tax Law, shares issued by a Korean corporation are deemed located in Korea irrespective of where they are physically located or by whom they are owned.

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It remains unclear whether, for Korean inheritance and gift tax purposes, a non-resident holder of ADSs will be treated as the owner of the shares underlying the ADSs. If such non-resident is treated as the owner of the shares, the heir or donee of such non-resident (or in certain circumstances, the non-resident as the donor) will be subject to Korean inheritance or gift tax at the same rate as described above.

Securities Transaction Tax

If you transfer ordinary shares on the KRX KOSPI Market, you will be subject to securities transaction tax at a rate of 0.05% for any transfers made during 2023, 0.03% for any transfers made during 2024 and an agriculture and fishery special tax at a rate of 0.15%, calculated based on the sales price of the shares. If you transfer ordinary shares on the KRX KOSDAQ Market, you will be subject to securities transaction tax at a rate of 0.02% for any transfers made during 2023, 0.018% for any transfers made during 2024 and will generally not be subject to the agriculture and fishery special tax. If you transfer ordinary shares and your transfer is not made on the KRX KOSPI or KOSDAQ Market (e.g., shares of private companies), you will generally be subject to the securities transaction tax at a rate of 0.35% for transfers on and after January 1, 2023 and will generally not be subject to the agriculture and fishery special tax.

With respect to transfers of ADSs, a tax ruling issued in 2004 by the Korean tax authority appears to hold that depositary receipts (such as the ADSs) constitute share certificates subject to the securities transaction tax. In May 2007, the Seoul Administrative Court held that depositary receipts do not constitute share certificates subject to the securities transaction tax. In 2008, the Seoul Administrative Court's holding was upheld by the Seoul High Court and was further upheld by the Supreme Court. Subsequent to this series of rulings, however, the Securities Transaction Tax Law was amended to expressly provide that depositary receipts constituted a form of share certificates subject to the securities transaction tax. However, the sale price of ADSs from a transfer of depositary receipts listed on the New York Stock Exchange, the Nasdaq National Market or other qualified foreign exchanges are exempt from the securities transaction tax.

United States Federal Income Taxation

The following discussion describes the material United States federal income tax consequences of the ownership of our ADSs and ordinary shares as of the date hereof. This discussion deals only with ADSs and ordinary shares that are held as capital assets by a U.S. Holder (as defined below). In addition, the discussion set forth below is applicable only to U.S. Holders (i) who are residents of the United States for purposes of the current Treaty, (ii) whose ADSs or ordinary shares are not, for purposes of the Treaty, effectively connected with a permanent establishment in Korea and (iii) who otherwise qualify for the full benefits of the Treaty.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of our ADSs or ordinary shares that is:

- a citizen or resident of the United States;
- a United States domestic corporation; or
- otherwise is subject to United States federal income taxation on a net income basis in respect of such ADSs or ordinary shares.

This discussion is based upon provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions thereunder as of the date hereof, as well as

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the Treaty (as defined above). Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. In addition, this discussion is based, in part, upon representations made by the depository to us and assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

This discussion does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding our ADSs or ordinary shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of our stock (by vote or value);
- a partnership or other pass-through entity for United States federal income tax purposes; or
- a person whose “functional currency” is not the United States dollar.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds our ADSs or ordinary shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our ADSs or ordinary shares, you should consult your tax advisors.

This discussion does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the estate or gift taxes, the Medicare contribution tax on net investment income or the effects of any state, local or non-United States tax laws. **If you are considering the purchase of our ADSs or ordinary shares, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of our ADSs or ordinary shares, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.**

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ADSs

If you hold ADSs, for United States federal income tax purposes, you generally will be treated as the owner of the underlying ordinary shares that are represented by such ADSs. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to United States federal income tax. For the remainder of this discussion, references to “ordinary shares” should be interpreted to include ADSs, unless otherwise specified.

Taxation of Dividends

The gross amount of distributions of cash or property with respect to the ordinary shares (including any amounts withheld to reflect Korean withholding taxes) will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Because we do not expect to determine earnings and profits in accordance with United States federal income tax principles, you should expect that a distribution will generally be treated as a dividend for United States federal income tax purposes.

Any dividends that you receive (including any withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you, in the case of ordinary shares, or by the depository, in the case of ADSs. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Code. With respect to non-corporate United States investors, certain dividends received from a qualified foreign corporation may be subject to preferential rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the United States Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The United States Treasury Department has determined that the Treaty meets these requirements, and we believe we are eligible for the benefits of the Treaty.

Non-corporate U.S. Holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a passive foreign investment company in the taxable year in which such dividends are paid or in the preceding taxable year (see “—Passive Foreign Investment Company” below).

The amount of any dividend paid in Won will equal the United States dollar value of the Won received calculated by reference to the exchange rate in effect on the date the dividend is received by you, in the case of ordinary shares, or by the depository, in the case of ADSs, regardless of whether the Won are converted into United States dollars. If the Won received as a dividend are converted into United States dollars on the date they are received, you generally will not be required to recognize foreign currency gain or loss in respect of the dividend income. If the Won received as a dividend are not converted into United States dollars on the date of receipt, you will have a basis in the Won equal to their United States dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of the Won will be treated as United States source ordinary income or loss.

Subject to generally applicable limitations and conditions, Korean tax on dividends paid at the appropriate rate applicable to the U.S. Holder may be eligible for a credit against such U.S. Holder’s U.S. federal income tax liability. These generally applicable limitations and conditions include new requirements recently adopted by the U.S. Internal Revenue Service (“IRS”) in regulations promulgated in December 2021, and any Korean tax will need to satisfy these requirements in order to be eligible to be a creditable tax for a U.S. Holder. In the case of a U.S. Holder that consistently elects to apply a modified version of these rules under recently issued temporary guidance and complies with specific requirements as set forth in such guidance, the Korean tax on dividends may be treated as meeting the

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new requirements and therefore as a creditable tax. In the case of all other U.S. Holders, the application of these requirements to the Korean tax on dividends is uncertain and we have not determined whether these requirements have been met, including requirements applicable to the Treaty. Dividends paid on the ordinary shares will be treated as income from sources outside the United States and, for U.S. Holders that elect to claim foreign tax credits, will generally constitute passive category income for U.S. foreign tax credit purposes. If the Korean dividend tax is not a creditable tax for a U.S. Holder or the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year, a U.S. Holder may elect to deduct the Korean tax in computing such U.S. Holder's taxable income for U.S. federal income tax purposes. The rules governing the foreign tax credit and deductions for foreign taxes depend on a U.S. Holder's particular circumstances and involve the application of complex rules to those circumstances. The temporary guidance discussed above also indicates that the Treasury and the IRS are considering proposing amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws or modifies the temporary guidance. You are urged to consult your tax advisors regarding the availability and calculation of the foreign tax credit under your particular situations.

Passive Foreign Investment Company

Based on the past and projected composition of our income and assets and the valuation of our assets, we do not believe we were a passive foreign investment company ("PFIC") for our most recent taxable year or in the preceding taxable year and do not expect to become a PFIC in the current taxable year or the foreseeable future, although there can be no assurance in this regard.

In general, we will be a PFIC for any taxable year in which, taking into account our proportionate share of the income and assets of our subsidiaries under applicable "look-through" rules:

- at least 75% of our gross income is passive income, or
- at least 50% of the value (determined based on a quarterly average) of our assets is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties and rents. If we own at least 25% (by value) of the stock of another corporation, for purposes of determining whether we are a PFIC, we will be treated as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income.

The determination of whether we are a PFIC is made annually based on the facts and circumstances at the time, some of which may be beyond our control, such as the amount and composition of our income and the valuation and composition of our assets, including goodwill and other intangible assets, as implied by the market price of our ordinary shares. Recent stock market volatility could exacerbate these considerations. Accordingly, we cannot be certain that we will not be a PFIC in the current or any future taxable year. If we are a PFIC for any taxable year during which you hold our ordinary shares, you will be subject to special tax rules discussed below.

If we are a PFIC for any taxable year during which you hold our ordinary shares and you do not make a timely mark-to-market election, as described below, you will be subject to special tax rules with respect to any "excess distribution" received and any gain realized from a sale or other disposition, including a pledge, of ordinary shares. Distributions received in a taxable year will be treated as excess distributions to the extent that they are greater than 125% of the average annual distributions received

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during the shorter of the three preceding taxable years or your holding period for the ordinary shares. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ordinary shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

Although the determination of whether we are a PFIC is made annually, if we are a PFIC for any taxable year in which you hold our ordinary shares, you will generally be subject to the special tax rules described above for that year and for each subsequent year in which you hold the ordinary shares (even if we do not qualify as a PFIC in such subsequent years). However, if we cease to be a PFIC, you can avoid the continuing impact of the PFIC rules by making a special election to recognize gain as if your ordinary shares had been sold on the last day of the last taxable year during which we were a PFIC. You are urged to consult your own tax advisor about this election.

In lieu of being subject to the special tax rules discussed above, you may make a mark-to-market election with respect to your ordinary shares provided such ordinary shares are treated as “marketable stock.” The ordinary shares generally will be treated as marketable stock if they are regularly traded on a “qualified exchange or other market” (within the meaning of the applicable Treasury regulations).

If you make an effective mark-to-market election, for each taxable year that we are a PFIC you will include as ordinary income the excess of the fair market value of your ordinary shares at the end of the year over your adjusted tax basis in the ordinary shares. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted tax basis in the ordinary shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. Your adjusted tax basis in the ordinary shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. In addition, upon the sale or other disposition of your ordinary shares in a year that we are a PFIC, any gain will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount of income previously included as a result of the mark-to-market election.

If you make a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ordinary shares are no longer regularly traded on a qualified exchange or other market, or the IRS consents to the revocation of the election. You are urged to consult your tax advisor about the availability of the mark-to-market election, and whether making the election would be advisable in your particular circumstances.

Alternatively, you can sometimes avoid the special tax rules described above by electing to treat a PFIC as a “qualified electing fund” under Section 1295 of the Code. However, this option is not available to you because we do not intend to comply with the requirements necessary to permit you to make this election.

If we are a PFIC for any taxable year during which you hold our ordinary shares and any of our non-United States subsidiaries is also a PFIC, you will be treated as owning a proportionate amount

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(by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

You will generally be required to file IRS Form 8621 if you hold our ordinary shares in any year in which we are classified as a PFIC. You are urged to consult your tax advisors concerning the United States federal income tax consequences of holding ordinary shares if we are considered a PFIC in any taxable year.

Taxation of Capital Gains

Subject to the discussion above under “—Passive Foreign Investment Company,” for United States federal income tax purposes, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of the ordinary shares in an amount equal to the difference between the amount realized for the ordinary shares and your adjusted tax basis in the ordinary shares. Such gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the ordinary shares for more than one year. Long-term capital gains of non-corporate U.S. Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as United States source gain or loss.

You should note that any Korean securities transaction tax or agriculture and fishery special tax will not be treated as a creditable foreign tax for United States federal income tax purposes, although you may be entitled to deduct such taxes, subject to applicable limitations under the Code. You should consult your own tax advisors regarding the application of the foreign tax credit rules to your investment in, and disposition of, the ordinary shares.

Foreign Financial Asset Reporting

Certain U.S. Holders that own “specified foreign financial assets” with an aggregate value in excess of U.S.\$50,000 on the last day of the taxable year or U.S.\$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on IRS Form 8938, with respect to such assets. “Specified foreign financial assets” include any financial accounts held at a non-United States financial institution, as well as securities issued by a non-United States issuer that are not held in accounts maintained by financial institutions. The understatement of income attributable to “specified foreign financial assets” in excess of U.S.\$5,000 extends the statute of limitations with respect to the tax return to six years after the return was filed. U.S. Holders who fail to report the required information could be subject to substantial penalties. You are encouraged to consult with your own tax advisors regarding the possible application of these rules, including the application of the rules to your particular circumstances.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividends in respect of our ordinary shares and the proceeds from the sale, exchange or other disposition of our ordinary shares that are paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient. A backup withholding tax may apply to such payments if you fail to provide a taxpayer identification number or certification of exempt status or fail to report in full dividend and interest income.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the IRS.

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Item 10.F. Dividends and Paying Agents

See “Item 8. Financial Information—Item 8.A. Consolidated Statements and Other Financial Information—Dividends” for information concerning our dividend policies and our payment of dividends. See “—Item 10.B. Memorandum and Articles of Association—Dividends” for a discussion of the process by which dividends are paid on our ordinary shares. See “Item 12. Description of Securities Other than Equity Securities—Item 12.D. American Depositary Shares” for a discussion of the process by which dividends are paid on our ADSs. The paying agent for payment of our dividends on ADSs in the United States is Citibank, N.A.

Item 10.G. Statements by Experts

Not applicable.

Item 10.H. Documents on Display

We are subject to the information requirements of the Exchange Act, and, in accordance therewith, are required to file reports, including annual reports on Form 20-F, and other information with the U.S. Securities and Exchange Commission. These materials, including this annual report and the exhibits thereto, may be inspected and copied at the Commission’s public reference rooms in Washington, D.C. Please call the Commission at 1-800-SEC-0330 for further information on the public reference rooms. We are required to make filings with the Commission by electronic means, which will be available to the public over the Internet at the Commission’s website at <http://www.sec.gov>.

Item 10.I. Subsidiary Information

Not applicable.

Item 10.J. Annual Report to Security Holders

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to foreign exchange rate and interest rate risks primarily associated with underlying liabilities, and to equity price risk as a result of our investment in equity securities. Our long-term financial policies are annually reported to our Board of Directors, and our finance division conducts financial risk management and assessment. Upon identification and evaluation of our risk exposures, we, having considered various circumstances, enter into derivative financial instruments to try to manage some of such risks. These contracts are entered into with major financial institutions, thereby minimizing the risk of credit loss. The activities of our finance division are subject to policies approved by our foreign exchange and interest rate risk management committee. These policies address the use of derivative financial instruments, including the approval of counterparties, setting of limits and investment of excess liquidity. Our general policy is to hold or issue derivative financial instruments largely for hedging purposes. For details regarding the assets, liabilities, gains and losses recorded relating to our derivative contracts outstanding as of December 31, 2021, 2022, and 2023, see Notes 4 and 7 of the notes to the Consolidated Financial Statements.

Exchange Rate Risk

Most of our cash flow is denominated in Won. We are exposed to foreign exchange risk related to foreign currency denominated liabilities and anticipated foreign exchange payments. Anticipated

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foreign exchange payments, mostly in U.S. Dollars, relate primarily to payments of foreign currency denominated debt, net settlements paid to foreign telecommunication carriers and payments for equipment purchased from foreign suppliers. We have entered into several currency swap contracts, combined interest currency swap contracts and currency forward contracts to hedge our foreign currency risks.

The following table shows our assets and liabilities denominated in foreign currency as of December 31, 2021, 2022, and 2023:

(in thousands of foreign currencies)	As of December 31,					
	2021		2022		2023	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Financial assets	Financial liabilities
U.S. Dollar	245,759	2,302,642	106,426	2,336,607	139,807	2,271,673
Special Drawing Right	255	722	255	722	254	722
Japanese Yen	29,227	30,000,763	32,801	400,002	17,496	400,002
British Pound	—	1,005	30	83	—	—
Euro	3,943	10,801	185	7,832	304	7,810
Rwandan Franc	586	—	15,521	13,025	402	—
Thai Bhat	2,160	—	265	—	244	—
Tanzanian Shilling	1,644	—	1,464	—	21,958	—
Botswana Pula	93	—	183	—	680	—
Hong Kong Dollar	—	105	37	—	—	—
Vietnamese Dong	257,895	—	280,226	—	380,629	—
Singapore Dollar	13	284,000	448	284,000	1,375	—
Taiwan Dollar	—	226	—	—	1,685	—
Ringgit Malaysia	—	—	1	—	—	—
Swiss Franc	—	161	—	—	—	25
Bulgarian Lev.	—	—	62	—	—	—
Pakistani Rupee	—	—	—	—	114,025	—

As of December 31, 2021, a 10% strengthening in the exchange rate between the Won and all foreign currencies, with all other variables held constant, would have decreased our income before income tax by ₩3 billion, and increased our total equity by ₩9 billion, with a 10% weakening in the exchange rate having the opposite effect. As of December 31, 2022, a 10% strengthening in the exchange rate between the Won and all foreign currencies, with all other variables held constant, would have decreased our income before income tax by ₩6 billion, and decreased our total equity by ₩16 billion, with a 10% weakening in the exchange rate having the opposite effect. As of December 31, 2023, a 10% strengthening in the exchange rate between the Won and all foreign currencies, with all other variable held constant, would have decreased our income before income tax by ₩10 billion, and decreased our total equity by ₩18 billion, with a 10% weakening in the exchange rate having the opposite effect. The foregoing sensitivity analysis assumes that all variables other than foreign exchange rates are held constant, and as such, does not reflect any correlation between foreign exchange rates and other variables, nor our decision to decrease the risk. See Note 36 of the notes to the Consolidated Financial Statements.

Interest Rate Risk

We are also subject to market risk exposure arising from changing interest rates. A reduction of interest rates increases the fair value of our debt portfolio, which is primarily of a fixed interest nature. We use, to a limited extent, interest rate swap contracts and combined interest rate and currency swap contracts to reduce interest rate volatility on some of our debt and manage our interest expense by achieving a balanced mixture of floating and fixed rate debt. We entered into several interest rate swap contracts in which we exchange fixed interest rate payments with variable interest rate payments for a specified period, as well as entered into the combined interest rate and currency swap contracts to hedge our interest rate risk.

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The following table summarizes the principal amounts, fair values, principal cash flows by maturity date and weighted average interest rates of our short-term and long-term liabilities as of December 31, 2023 which are sensitive to exchange rates and/or interest rates. The information is presented in Won, which is our reporting currency:

	2024	2025	2026	2027	Thereafter	December 31, 2023	
						Total	Fair Value
	(in millions of Won, except rates)						
Local currency:							
Fixed rate	2,360,310	1,615,919	854,474	280,000	1,893,924	7,004,627	6,864,472
Average weighted rate ⁽¹⁾	2.57%	2.93%	2.66%	3.16%	3.10%	2.83%	—
Variable rate	118,900	254,008	—	—	40,000	412,908	412,908
Average weighted rate ⁽¹⁾	4.29%	4.35%	0.00%	0.00%	0.00%	3.91%	—
Subtotal	2,479,210	1,869,927	854,474	280,000	1,933,924	7,417,535	7,277,380
Foreign currency:							
Fixed rate	81,307	1,160,460	515,760	386,820	128,940	2,273,287	3,935,815
Average weighted rate ⁽¹⁾	2.87%	2.67%	2.50%	1.38%	6.50%	2.63%	—
Variable rate	501,005	45,129	—	—	—	546,134	603,727
Average weighted rate ⁽¹⁾	6.65%	7.27%	0.00%	0.00%	0.00%	6.70%	—
Subtotal	582,312	1,205,589	515,760	386,820	128,940	2,819,421	4,539,542
Total	3,061,522	3,075,516	1,370,234	666,820	2,062,864	10,236,956	11,816,922

(1) Weighted average rates of the portfolio at the period end.

As of December 31, 2021, 2022 and 2023, a 100 basis point increase in the market interest rate, with all other variables held constant, would have increased our income before income tax by ₩0.8 billion, increased our income before income tax by ₩0.6 billion, and decreased our income before income tax by ₩2.7 billion, respectively. As of December 31, 2021, 2022 and 2023, such increase, with all other variables held constant, would have increased our total equity by ₩6 billion, decreased our total equity by ₩2 billion and decreased our total equity by ₩5 billion, respectively.

As of December 31, 2021, 2022 and 2023, a 100 basis point decrease in the market interest rates, with all other variables held constant, would have decreased our income before income tax by ₩0.7 billion, decreased our income before income tax by ₩0.7 billion, and increased our income before income tax by ₩2.7 billion, respectively. As of December 31, 2021, 2022 and 2023, a 100 basis point decrease in the market interest rates, with all other variables held constant, would have decreased our total equity by ₩6 billion, increased our total equity by ₩2 billion and increased our total equity by ₩5 billion, respectively.

The foregoing sensitivity analyses assume that all variables other than market interest rates are held constant, and as such, does not reflect any correlation between market interest rates and other variables, nor our decision to decrease the risk, but reflects the effects of derivative contracts in place at the time of conducting the analysis.

Equity Price Risk

We are also subject to market risk exposure arising from changes in the equity securities market, which affect the fair value of our equity portfolio. As of December 31, 2021, 2022 and 2023, a 10% increase in the equity indices where our marketable equity securities are listed, with all other variables held constant, would have increased our income before income tax by ₩2 billion, ₩3 billion and ₩1 billion, respectively, with a 10% decrease in the equity index having the opposite effect. As of December 31, 2021, 2022 and 2023, a 10% increase in the equity indices where our marketable equity securities are listed, with all other variables held constant, would have increased our total equity by

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₩5 billion, ₩114 billion and ₩121 billion, respectively, with a 10% decrease in the equity index having the opposite effect. In 2022 and 2023, such amounts increased significantly due to our acquisition of shares in Shinhan Financial Group Co., Ltd., Hyundai Motor Company and Hyundai Mobis Co., Ltd. The foregoing sensitivity analysis assumes that all variables other than changes in the equity index are held constant, and that our marketable equity instruments had moved according to the historical correlation to the index, and as such, does not reflect any correlation between the equity index and other variables.

Item 12. Description of Securities Other than Equity Securities

Item 12.A. Debt Securities

Not applicable.

Item 12.B. Warrants and Rights

Not applicable.

Item 12.C. Other Securities

Not applicable.

Item 12.D. American Depositary Shares

Fees and Charges

Under the terms of the deposit agreement, holders of our ADSs are required to pay the following service fees to the depositary:

Services	Fees
Issuance of ADSs upon deposit of shares	Up to \$0.05 per ADS issued
Delivery of deposited shares against surrender of ADSs	Up to \$0.05 per ADS surrendered
Distribution delivery of ADSs pursuant to sale or exercise of rights	Up to \$0.02 per ADS held
Distributions of dividends	None
Distribution of securities other than ADSs	Up to \$0.02 per ADS held
Other corporate action involving distributions to shareholders	Up to \$0.02 per ADS held

Holders of our ADSs are also responsible for paying certain fees and expenses incurred by the depositary and certain taxes and governmental charges such as:

- fees for the transfer and registration of shares charged by the registrar and transfer agent for the shares in Korea (*i.e.*, upon deposit and withdrawal of shares);
- expenses incurred for converting foreign currency into U.S. dollars;
- expenses for cable, telex and fax transmissions and for delivery of securities;
- taxes and duties upon the transfer of securities (*i.e.*, when shares are deposited or withdrawn from deposit); and
- fees and expenses incurred in connection with the delivery or servicing of shares on deposit.

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Depository fees payable upon the issuance and surrender of ADSs are typically paid to the depository by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depository and by the brokers (on behalf of their clients) delivering the ADSs to the depository for surrender. The brokers in turn charge these fees to their clients. Depository fees payable in connection with distributions of cash or securities to ADS holders and the depository services fee are charged by the depository to the holders of record of ADSs as of the applicable ADS record date.

The depository fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (i.e., stock dividend rights), the depository charges the applicable fee to the ADS record-date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depository sends invoices to the applicable record-date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via the Depository Trust Company, or DTC), the depository generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depository.

In the event of refusal to pay the depository fees, the depository may, under the terms of the deposit agreement, refuse to provide the requested service until payment is received or may set off the amount of the depository fees from any distribution to be made to such holder of ADSs.

The fees and charges that holders of our ADSs may be required to pay may vary over time and may be changed by us and by the depository. Holders of our ADSs will receive prior notice of such changes.

Fees and Payments from the Depository to Us

In 2023, we received the following payments, after deduction of applicable U.S. taxes, from the depository:

Reimbursement of NYSE listing fees	\$	—
Reimbursement of SEC filing fees	\$	—
Reimbursement of proxy process expenses (printing, postage and distribution)	\$	242,009
Reimbursement of legal fees	\$	—
Contributions toward our investor relations efforts (including non-deal roadshows, investor conferences and investor relations agency fees)	\$	—

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

Our management has evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of December 31, 2023. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2023. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed by, and under the supervision of, our principal executive, principal operating and principal financial officers, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting 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 our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Our management has performed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2023, utilizing the criteria discussed in the Internal Control—Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, we concluded that our internal control over financial reporting was effective as of December 31, 2023.

Deloitte Anjin, an independent registered public accounting firm, which also audited our consolidated financial statements as of, and for the year ended December 31, 2023, as stated in their report which is included herein, has issued an attestation report on the effectiveness of our internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

The attestation report of our independent registered public accounting firm on the effectiveness of our internal control over financial reporting is furnished in Item 18 of this Form 20-F.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

Our Audit Committee is comprised of Yeong Kyun Ahn, Yong-Hun Kim, Seong Hoon Lee and Seung Ah Theresa Cho. The board of directors has determined that Yeong Kyun Ahn is the financial expert of the Audit Committee. Yeong Kyun Ahn is independent as such term is defined in Section 303A.02 of the NYSE Listed Company Manual, Rule 10A-3 under the Exchange Act and the Korea Stock Exchange listing standards.

Item 16B. Code of Ethics

We have adopted a code of ethics, as defined in Item 16B. of Form 20-F under the Exchange Act. Our code of ethics applies to our chief executive officer, chief financial officer and persons performing similar functions, as well as to our directors, other officers and employees. Our code of ethics is available on our web site at www.kt.com. If we amend the provisions of our code of ethics that apply to our chief executive officer, chief financial officer and persons performing similar functions, or if we grant any waiver of such provisions, we will disclose such amendment or waiver on our website.

Item 16C. Principal Accountant Fees and Services

Audit and Non-Audit Fees

The following table sets forth the fees billed to us by Deloitte Anjin for the fiscal year ended December 31, 2023.

	Year Ended December 31, 2023
	(In millions)
Audit fees ⁽¹⁾	₩ 6,679
Tax fees ⁽²⁾	22
All other fees	390
Total fees	<u>7,091</u>

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- (1) Audit fees consist of fees for the annual audit and quarterly review services engagement.
- (2) Tax fees consist of fee for tax services which are mainly the preparation of tax returns or non-recurring tax compliance review of original or amended tax returns.

The following table sets forth the fees billed to us by Samil PricewaterhouseCoopers for the fiscal year ended December 31, 2022.

	Year Ended December 31, 2022
	(In millions)
Audit fees ⁽¹⁾	₩ 5,808
Tax fees ⁽²⁾	97
All other fees	406
Total fees	<u>6,311</u>

- (1) Audit fees consist of fees for the annual audit and quarterly review services engagement and comfort letters.
- (2) Tax fees consist of fee for tax services which are mainly the preparation of tax returns or non-recurring tax compliance review of original or amended tax returns.

Audit Committee Pre-Approval Policies and Procedures

Our Audit Committee has established pre-approval policies and procedures to pre-approve all audit services to be provided by Deloitte Anjin, our independent registered public accounting firm. Our Audit Committee's policy regarding the pre-approval of non-audit services to be provided to us by our independent registered public accounting firm is that all such services shall be pre-approved by our Audit Committee. Non-audit services that are prohibited to be provided to us by our independent registered public accounting firm under the rules of the SEC and applicable law may not be pre-approved. In addition, prior to the granting of any pre-approval, our Audit Committee must be satisfied that the performance of the services in question will not compromise the independence of our independent registered public accounting firm and does not include delegation of the Audit Committee's responsibilities to the management under the Exchange Act.

Our Audit Committee did not pre-approve any non-audit services under the de minimis exception of Rule 2-01 (c)(7)(i)(C) of Regulation S-X as promulgated by the SEC.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

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Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table sets forth the repurchases of ordinary shares by us or any affiliated purchasers during 2023:

Period	Total Number of Shares Purchased	Average Price Paid per Share (In Won)	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Value of Shares that May Yet Be Purchased Under the Plans (In billions of Won)
January 1 to January 31	—	₩ —	—	₩ —
February 1 to February 29	1,100,000	31,987	1,100,000	265
March 1 to March 31	2,889,063	30,041	2,889,063	178
April 1 to April 30	2,400,000	30,495	2,400,000	105
May 1 to May 31	2,400,000	31,346	2,400,000	30
June 1 to June 30	966,889	30,709	966,889	—
July 1 to July 31	4,994	31,350	—	—
August 1 to August 31	—	—	—	—
September 1 to September 30	—	—	—	—
October 1 to October 31	—	—	—	—
November 1 to November 30	—	—	—	—
December 1 to December 31	—	—	—	—
Total	<u>9,760,946</u>	<u>₩ 30,760</u>	<u>9,755,952</u>	<u>₩ —</u>

Item 16F. Change in Registrant’s Certifying Accountant

The disclosure called for by paragraph (a) of this Item 16F was previously reported, as that term is defined in Rule 12b-2 under the Exchange Act, in our Annual Report on Form 20-F for the year ended December 31, 2022, filed on April 28, 2023.

Item 16G. Corporate Governance

The following is a summary of the significant differences between the New York Stock Exchange’s corporate governance standards and those that we follow under Korean law:

NYSE Corporate Governance Standards

Director Independence

Independent directors must comprise a majority of the board.

KT Corporation’s Corporate Governance Practice

The Commercial Code of Korea requires that our board of directors must comprise no less than a majority of outside directors. Our outside directors must meet the criteria for outside directorship set forth under the Commercial Code of Korea.

The majority of our board of directors is independent (as defined in accordance with the New York Stock Exchange’s standards), and 8 out of 10 directors are outside directors.

Nominating/Corporate Governance Committee

Listed companies must have a nominating/corporate governance committee composed entirely of independent directors.

We maintain a Director Candidate Recommendation Committee composed of all of our outside directors. We also maintain a Corporate Governance Committee comprised of four outside directors. The committee is responsible for the review of matters with respect to our Corporate Governance Guidelines and our performance under such guidelines to monitor effectiveness of our corporate governance.

Compensation Committee

Listed companies must have a compensation committee composed entirely of independent directors.

We maintain an Evaluation and Compensation Committee composed of four outside directors.

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Executive Session

Non-management directors must meet in regularly scheduled executive sessions without management.

Our outside directors hold meetings solely attended by outside directors in accordance with the charter of our board of directors.

Audit Committee

Listed companies must have an audit committee which has a minimum of three directors and satisfy the requirements of Rule 10A-3 under the Exchange Act.

We maintain an Audit Committee comprised of four outside directors who meet the applicable independence criteria set forth under Rule 10A-3 under the Exchange Act.

Shareholder Approval of Equity Compensation Plan

Listed companies must allow their shareholders to exercise their voting rights with respect to any material revision to the company's equity compensation plan.

We currently have three equity compensation plans: one providing for stock grants to officers and directors; another providing for performance bonuses to employees that are payable in cash or common shares based on election by the employees; and an employee stock ownership association program.

All material matters related to the granting stock options are provided in our articles of incorporation, and any amendments to the articles of incorporation are subject to shareholders' approval. Matters related to performance bonuses or the employee stock ownership association program are not subject to shareholders' approval under Korean law.

Shareholder Approval of Equity Offerings

Listed companies must allow its shareholders to exercise their voting rights with respect to equity offerings that do not qualify as public offerings for cash, and offerings of equity of related parties.

Voting rights are not separately provided for equity offerings that do not qualify as public offerings for cash, or offerings of equity of related parties.

Corporate Governance Guidelines

Listed companies must adopt and disclose corporate governance guidelines.

We have adopted Corporate Governance Guidelines in March 2007 setting forth our practices with respect to corporate governance matters. Our Corporate Governance Guidelines are in compliance with Korean law but do not meet all requirements established by the New York Stock Exchange for U.S. companies listed on the exchange. A copy of our Corporate Governance Guidelines in Korean is available on our website at www.kt.com.

Code of Business Conduct and Ethics

Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for executive officers.

We have adopted a Code of Ethics for all directors, officers and employees. A copy of our Code of Ethics in Korean is available on our website at www.kt.com.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

Not applicable.

Item 16K. Cybersecurity

Risk Management and Strategy

We maintain a comprehensive process for assessing, identifying and managing material risks from cybersecurity threats, including risks related to disruption of business operations and financial reporting systems and customer information protection, as part of our overall enterprise risk management system and processes. Our enterprise risk management program considers cybersecurity risks alongside other company risks, and our enterprise risk professionals consult with company subject matter experts to gather information necessary to identify cybersecurity risks, and evaluate their nature and severity, as well as identify mitigations and assess the impact of those mitigations on residual risk. Our cybersecurity risk management practices include development, implementation and improvement of policies and procedures to safeguard our network infrastructure and customer information and ensure availability of critical data and systems.

We understand the importance of protecting our network infrastructure and preserving trust and protecting personal information from cybersecurity threats including distributed denial-of-service (“DDoS”) attacks and advanced persistent threat (“APT”) attacks. To assist us, we have a cybersecurity governance framework in place, which is designed to protect network infrastructure and information systems from unauthorized access, use, disclosure, disruption, modification or destruction. Our cybersecurity program consists of controls designed to identify, protect against, detect, respond to and recover from, cybersecurity incidents. The program is built upon a foundation of advanced security technology and overseen by an experienced and trained team of experts with substantial knowledge of cybersecurity best practices.

We actively engage in various activities to protect our network infrastructure from cybersecurity threats and to ensure that our customers can use the Internet safely. We believe we are the first Korean telecommunications company to deploy security measures to all overseas interconnection network sections utilized by us in order to preemptively block abnormal traffic from both domestic and international sources. Our technical measures also include:

- operation of a comprehensive security control system to protect against and monitor suspected hacking and abnormal behaviors in real-time;
- operation of the IT/ Network Integrated Cyber Security Center, a non-stop comprehensive response system;
- digital rights management to control access to copyrighted materials; and
- encryption of personal information and control database commands.

When we adopt a new information system or change an existing system, we carry out a security approval process to review technical and administrative protection measures and make improvements if any issues are found. We conduct technical security review during the designing stage of our system development. We utilize policies, software, training programs and hardware solutions to protect and monitor our environment, including multifactor authentication on all critical systems, firewalls, intrusion detection and prevention systems, vulnerability and penetration testing and identity management systems. Our platform includes a host of encryption, antivirus, multi-factor authentication, firewall and patch-management technologies designed to protect and maintain the systems and computers across our business. We also conduct mock hackings of our websites and application services. To strengthen customer information protection, we engage in inspection of suppliers and other third parties that possess customer information as well as perform mock drills to prepare against infringement or leakage of personal information. We subscribe to liability insurance to ensure compensation for our customers in the unlikely event of any damage caused by information leakage.

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Our cybersecurity team regularly tests our controls through penetration testing, vulnerability scanning and attack simulation. We conduct risk assessments periodically to identify threats and vulnerabilities, and then determine the likelihood and impact for each risk using a qualitative risk assessment methodology. Risks are identified from various sources, including vulnerability scans, penetration tests, vendors risk assessments, product and services audits, internal compliance assessments and threat-hunting operations. We monitor our infrastructure and applications to identify evolving cyber threats, scan for vulnerabilities and mitigate risks.

We also maintain a robust cybersecurity incident response plan, which provides a framework for handling cybersecurity incidents based on the severity of the incident and facilitates cross-functional coordination across the company. Our incident response plan coordinates the activities we take to prepare for, detect, respond to and recover from cybersecurity incidents, which include processes to triage, assess the severity of, escalate, contain, investigate and remediate, the incident, as well as to comply with potentially applicable legal obligations and mitigate brand and reputational damage. In order to efficiently respond to company-wide crises, such as large-scale network infrastructure failures and personal information leaks, we regularly update our crisis response action manual and conduct annual mock drills.

We value collaboration with external evaluators, consultants, auditors and other third parties to strengthen and continually improve our cybersecurity risk management processes. In connection with our cybersecurity risk management processes, we engage external consultants from security companies to assist in the design and implementation of our cybersecurity risk assessment and management processes. In particular, they provide the expertise necessary to (i) identify and analyze new cybersecurity threats, (ii) identify and improve vulnerabilities through mock hacking and (iii) analyze and respond to new threats in real time through integrated security control.

Our cybersecurity risk management processes extend to the oversight and identification of threats associated with our use of third-party service providers. Our cybersecurity risk management program includes due diligence on service providers' information security programs. We review our service providers' cybersecurity practices before we enter into business transactions with them, and we seek to contractually obligate them to operate their environments in accordance with strict cybersecurity standards.

In the past, we have experienced cyber-attacks of varying degrees from time to time, including theft of personal information of our subscribers by third parties that have led to lawsuits and administrative actions against us alleging that the leak was related to our mismanagement of subscribers' personal information. Although our business, financial condition and results of operations have not been materially affected by such incidents, we cannot provide any assurance that we will not be materially affected in the future by risks from cybersecurity threats. See "Item 3.D. Risk Factors — Cybersecurity breaches may expose us to significant legal and financial exposure, damage to our reputation and a loss of confidence of our customers" for more information on risks from cybersecurity threats that are reasonably likely to materially affect our business, financial condition and results of operations.

Governance

Management

The cybersecurity risk management processes described above are managed by the Chief Information Security Officer who reports to our Chief Executive Officer. Our current Chief Information Security Officer has been serving in such capacity since December 2023. He has a masters degree in information security and technology, and he previously served as an executive officer of KT

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Corporation and other member companies of the KT Group from January 2017 to November 2023. Our Chief Information Security Officer is supported by the company at the highest levels and regularly engages with information security managers of each division.

Our Chief Information Security Officer heads the Information Security Department under the IT Division and serves as the chairperson of the Information Security Committee, which discusses the latest trends in cybersecurity, risks identified, security measures implemented, coordination of security protocols among various business divisions, and effectiveness of such security protocols. The Information Security Committee annually reviews and approves our cybersecurity risk management processes. In addition, starting in 2022, we have been strengthening our risk detection and response capabilities by consolidating the enterprise risk management of the KT Group through collaborative measures such as implementing a bi-weekly working council with regional headquarters, business divisions and member companies of the KT Group.

Board of Directors

Our Board of Directors is committed to mitigating data privacy and cybersecurity risks and recognizes the importance of these issues as part of our risk management framework. While the Board of Directors maintains ultimate responsibility for the oversight of our data privacy and cybersecurity program and risks, it has delegated certain responsibilities to the Audit Committee of the Board of Directors. This committee-level focus on data privacy and cybersecurity allows the board to further enhance its understanding of these issues. The Audit Committee assists the Board of Directors in its oversight of our data privacy and cybersecurity needs by staying apprised of our data privacy and information security programs, strategy, policies, standards, architecture, processes and material risks, and overseeing responses to security and data incidents.

Our Board of Directors and the Audit Committee's principal role is one of oversight, recognizing that management is responsible for the design, implementation and maintenance of an effective program for protecting against and mitigating data privacy and cybersecurity risks. The Chief Information Security Officer, as the chairperson of the Information Security Committee, provides updates to the Compliance Subcommittee operated by the Audit Committee on a periodic basis and, as necessary, to the Board of Directors. These regular reports include detailed updates on our performance preparing for, preventing, detecting, responding to and recovering from cyber incidents. The Chief Information Security Officer also promptly informs and updates the Compliance Subcommittee operated by the Audit Committee about any information security incidents that may pose significant risk to the KT Group. Members of the Board of Directors stay apprised of the rapidly evolving cyber threat landscape and provide guidance to management as appropriate in order to address the effectiveness of our overall data privacy and cybersecurity program.

PART III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF KT CORPORATION

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Item 19. Exhibits

1	Articles of Incorporation of KT Corporation (English translation)
2.1*	Deposit Agreement dated as of May 25, 1999 entered into among KT Corporation, Citibank, N.A., as depositary, and all Holders and Beneficial Owners of American Depositary Shares evidenced by the American Depositary Receipts issued thereunder, including the form of American depositary receipt (incorporated herein by reference to Exhibit (a)(i) of the Registrant's Registration Statement (Registration No. 333-13578) on Form F-6)
2.2*	Form of Amendment No. 1 to Deposit Agreement dated as of May 25, 1999 entered into among KT Corporation, Citibank, N.A., as depositary, and all Holders and Beneficial Owners of American Depositary Shares evidenced by the American Depositary Receipts issued thereunder, including the form of American depositary receipt (incorporated herein by reference to Exhibit (a)(ii) of the Registrant's Registration Statement (Registration No. 333-13578) on Form F-6)
2.3*	Letter from Citibank, N.A., as depositary, to the Registrant relating to the establishment of a direct registration system for ADSs and the issuance of uncertified ADSs as part of the direct registration system (incorporated herein by reference to Exhibit 2.4 of the Registrant's Annual Report on Form 20-F filed on June 30, 2008)
2.4	Description of common stock (see Item 10.B. Memorandum and Articles of Association)
2.5*	Description of American Depositary Shares (incorporated herein by reference to Exhibit 2.6 of the Registrant's Annual Report on Form 20-F filed on April 29, 2020)
8.1	List of subsidiaries of KT Corporation
12.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1	Regulation on Recovery of Erroneously Awarded Compensation to Executive Officers
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page for the Company's Annual Report on Form 20-F for the year ended December 31, 2023, has been formatted in Inline XBRL

* Filed previously.

(P) Paper filing.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of KT Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statement of financial position of KT Corporation and its subsidiaries (the “Company”) as of December 31, 2023, the related consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows, for the year ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting included in Item 15. Our responsibility is to express an opinion on the Company’s financial statements and an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audit of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for

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external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting 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 company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Mobile services revenue and handset revenue for mobile services ("Mobile revenue")—Refer to Notes 2 and 25 to the consolidated financial statements

Critical Audit Matter Description

As described in Note 2.25 to the financial statements, the Company recognizes handset revenue for mobile services at the point in time when control of the handset is transferred to the customer. The Company recognizes telecommunication services revenue over the estimated periods of each service by transferring promised services to customers. Due to the large volume of low-dollar transactions with customers, the Company needs complex and elaborate information technology systems to accurately record mobile revenue.

We identified the occurrence and accuracy of mobile revenue as a critical audit matter given the magnitude and complexity of mobile revenue recorded in the billing system of the Company, which required the involvement of professionals with expertise in information technology (IT) necessary for us to identify and test the Company's billing system used in processing the mobile revenue transactions.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's mobile revenue transactions included the following, among others:

- We obtained an understanding of the Company's information system and business processes, relevant to mobile revenue.
- With the assistance of our IT specialists, we identified the relevant systems used to process mobile revenue and tested the relevant general information technology controls.
- We reconciled the mobile revenue in the billing system with the revenue in the ledger.
- We developed an expectation of mobile services revenue amounts using historical service revenue and subscriber information and compared it to the recorded amount.

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- We tested the accuracy and completeness of the subscriber information used in our audit procedures by selecting a sample of the subscriber information and agreed the selected subscriber information to supporting documentation.
- To verify the occurrence and accuracy of handset revenue for mobile services, we selected transactions from the sub-ledger, reconciled the selection with contractual terms between the Company and customers of the Company, and compared the billed amounts to receipts.

/s/ Deloitte Anjin LLC

Seoul, Korea
April 29, 2024

We have served as the Company's auditor since 2023.

Report of Independent Registered Public Accounting Firm

To the shareholder and board of directors of KT Corporation

Opinion on the Financial Statements

We have audited the consolidated statement of financial position of KT Corporation, and its subsidiaries (the "Company") as of December 31, 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for each of the two years in the period ended December 31, 2022, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/Samil PricewaterhouseCoopers

Seoul, Korea
April 28, 2023

We served as the Company's auditor from 2010 to 2023.

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KT Corporation and Subsidiaries

**Consolidated Statements of Financial Position
As of December 31, 2022 and 2023**

(In millions of Korean won)

	Notes	December 31, 2022	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents	4,5,37	₩ 2,449,062	₩ 2,879,554
Trade and other receivables, net	4,6,37	6,098,072	7,170,289
Other financial assets	4,7,37	1,322,452	1,440,200
Current income tax assets		1,543	3,299
Inventories, net	8	717,673	988,351
Other current assets	9	2,101,212	2,112,553
Total current assets		<u>12,690,014</u>	<u>14,594,246</u>
Non-current assets			
Trade and other receivables, net	4,6,37	1,491,046	1,404,168
Other financial assets	4,7,37	2,501,484	2,724,761
Property and equipment, net	10	14,772,179	14,872,079
Right-of-use assets	20	1,280,334	1,304,963
Investment properties, net	11,37	1,933,358	2,198,135
Intangible assets, net	12	3,129,833	2,533,861
Investments in associates and joint ventures	13	1,480,722	1,556,889
Deferred income tax assets	29	579,090	614,500
Net defined benefit assets	17	311,142	160,748
Other non-current assets	9	820,608	827,297
Total non-current assets		<u>28,299,796</u>	<u>28,197,401</u>
Total assets		<u>₩40,989,810</u>	<u>₩42,791,647</u>

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KT Corporation and Subsidiaries

**Consolidated Statements of Financial Position (Continued)
As of December 31, 2022 and 2023**

(In millions of Korean won)

	Notes	December 31, 2022	December 31, 2023
Liabilities			
Current liabilities			
Trade and other payables	4,14,37	₩ 7,333,165	₩ 8,054,922
Borrowings	4,15,37	1,827,042	3,058,564
Other financial liabilities	4,7,37	8,791	322,099
Current income tax liabilities		232,382	236,463
Provisions	16	109,133	115,209
Deferred revenue	25	55,737	51,537
Other current liabilities	9	1,133,018	1,408,843
Total current liabilities		<u>10,699,268</u>	<u>13,247,637</u>
Non-current liabilities			
Trade and other payables	4,14,37	1,064,099	819,558
Borrowings	4,15,37	8,179,643	7,159,601
Other financial liabilities	4,7,37	412,650	753,739
Defined benefit liabilities, net	17	51,654	63,616
Provisions	16	91,233	107,014
Deferred revenue	25	165,186	153,563
Deferred income tax liabilities	29	967,650	994,330
Other non-current liabilities	9	945,731	950,015
Total non-current liabilities		<u>11,877,846</u>	<u>11,001,436</u>
Total liabilities		<u>22,577,114</u>	<u>24,249,073</u>
Equity			
Share capital	21	1,564,499	1,564,499
Share premium		1,440,258	1,440,258
Retained earnings	22	14,255,316	14,475,867
Accumulated other comprehensive income(loss)	23	(77,776)	52,407
Other components of equity	23	(572,152)	(802,418)
Equity attributable to owners of the Controlling Company		<u>16,610,145</u>	<u>16,730,614</u>
Non-controlling interest		<u>1,802,551</u>	<u>1,811,961</u>
Total equity		<u>18,412,696</u>	<u>18,542,575</u>
Total liabilities and equity		<u>₩40,989,810</u>	<u>₩42,791,647</u>

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

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KT Corporation and Subsidiaries

Consolidated Statements of Profit or Loss
Years ended December 31, 2021, 2022 and 2023

<i>(In millions of Korean won)</i>	Notes	2021	2022	2023
Operating revenue and other income	25	₩25,205,659	₩26,234,206	₩26,595,245
Revenue		24,898,005	25,638,855	26,287,201
Other income	26	307,654	595,351	308,044
Operating expenses	27	23,506,262	24,266,049	25,166,796
Operating profit		1,699,397	1,968,157	1,428,449
Finance income	28	726,283	690,428	486,277
Finance costs	28	(563,330)	(749,908)	(568,682)
Share of net profits of associates and joint ventures	13	116,061	(17,285)	(43,424)
Profit before income tax		1,978,411	1,891,392	1,302,620
Income tax expense	29	519,016	505,757	330,438
Profit for the year		₩ 1,459,395	₩ 1,385,635	₩ 972,182
Profit for the year attributable to:				
Owners of the Controlling Company		₩ 1,356,878	₩ 1,260,470	₩ 993,325
Non-controlling interest		₩ 102,517	₩ 125,165	₩ (21,143)
Earnings per share attributable to the equity holders of the Controlling Company during the year (in Korean won):				
Basic earnings per share	30	₩ 5,759	₩ 5,200	₩ 3,982
Diluted earnings per share	30	₩ 5,747	₩ 5,196	₩ 3,977

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

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KT Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income
Years ended December 31, 2021, 2022 and 2023

(In millions of Korean won)

	Notes	2021	2022	2023
Profit for the year		₩1,459,395	₩1,385,635	₩ 972,182
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurements of the net defined benefit liability	17	55,822	181,429	(137,465)
Shares of remeasurement gain (loss) of associates and joint ventures		(1,596)	(332)	(105)
Gain (loss) on valuation of equity instruments at fair value through other comprehensive income	4	144,890	(141,944)	121,271
Items that may be subsequently reclassified to profit or loss:				
Gain(loss) on valuation of debt instruments at fair value through other comprehensive income	4	(15,110)	(16,630)	534
Valuation gain (loss) on cash flow hedge	4,7	141,855	64,091	15,329
Other comprehensive income (loss) from cash flow hedges reclassified to profit (loss)	4	(136,583)	(95,421)	(37,942)
Share of other comprehensive income (loss) from associates and joint ventures		(24,216)	(10,851)	21,595
Exchange differences on translation of foreign operations		505	17,464	24,230
Total other comprehensive income		<u>165,567</u>	<u>(2,194)</u>	<u>7,447</u>
Total comprehensive income for the year		<u>₩1,624,962</u>	<u>₩1,383,441</u>	<u>₩ 979,629</u>
Total comprehensive income for the year attributable to:				
Owners of the Controlling Company		1,510,373	1,234,651	996,999
Non-controlling interest		114,589	148,790	(17,370)

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

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KT Corporation and Subsidiaries

Consolidated Statements of Changes in Equity
Years ended December 31, 2021, 2022 and 2023

(In millions of Korean won)	Notes	Attributable to owners of the Controlling Company					Total	Non-controlling interest	Total equity
		Share capital	Share premium	Retained earnings	Accumulated other comprehensive income	Other components of equity			
Balance as at January 1, 2021		₩ 1,564,499	₩ 1,440,258	₩ 12,155,420	₩ 86,051	₩ (1,234,784)	₩ 14,011,444	₩ 1,539,989	₩ 15,551,433
Comprehensive income									
Profit for the year		—	—	1,356,878	—	—	1,356,878	102,517	1,459,395
Remeasurements of net defined benefit liabilities	17,29	—	—	47,348	—	—	47,348	8,474	55,822
Share of gain on remeasurements of associates and joint ventures		—	—	(1,559)	—	—	(1,559)	(37)	(1,596)
Share of other comprehensive loss of associates and joint ventures		—	—	—	(19,718)	—	(19,718)	(4,498)	(24,216)
Valuation gain on cash flow hedge	4,29	—	—	—	5,222	—	5,222	50	5,272
Gain on valuation of financial instruments at fair value through other comprehensive income	4,29	—	—	76,288	47,247	—	123,535	6,245	129,780
Exchange differences on translation of foreign operations		—	—	—	(1,333)	—	(1,333)	1,838	505
Total comprehensive income for the year		—	—	1,478,955	31,418	—	1,510,373	114,589	1,624,962
Transactions with owners									
Dividends paid by the Controlling Company	31	—	—	(326,487)	—	—	(326,487)	—	(326,487)
Dividends paid to non-controlling interest of subsidiaries		—	—	—	—	—	—	(23,762)	(23,762)
Acquisition and disposition of businesses		—	—	—	—	—	—	(17,566)	(17,566)
Changes in ownership interest in subsidiaries		—	—	—	—	15,797	15,797	(22,620)	(6,823)
Appropriations of loss on disposal of treasury stock		—	—	(20,498)	—	20,498	—	—	—
Acquisition of treasury stock		—	—	—	—	(190,105)	(190,105)	—	(190,105)
Disposal of treasury stock		—	—	—	—	50,954	50,954	—	50,954
Recognition of the obligation to purchase its own equity		—	—	—	—	(101,829)	(101,829)	—	(101,829)
Others		—	—	—	—	6,389	6,389	(5)	6,384
Subtotal		—	—	(346,985)	—	(198,296)	(545,281)	(63,953)	(609,234)
Balance as at December 31, 2021		₩ 1,564,499	₩ 1,440,258	₩ 13,287,390	₩ 117,469	₩ (1,433,080)	₩ 14,976,536	₩ 1,590,625	₩ 16,567,161

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

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KT Corporation and Subsidiaries

Consolidated Statements of Changes in Equity (Continued)
Years ended December 31, 2021, 2022 and 2023

(In millions of Korean won)	Notes	Attributable to owners of the Controlling Company					Total	Non-controlling interest	Total equity
		Share capital	Share premium	Retained earnings	Accumulated other comprehensive income	Other components of equity			
Balance as at January 1, 2022		₩ 1,564,499	₩ 1,440,258	₩ 13,287,390	₩ 117,469	₩ (1,433,080)	₩ 14,976,536	₩ 1,590,625	₩ 16,567,161
Comprehensive income									
Profit for the year		—	—	1,260,470	—	—	1,260,470	125,165	1,385,635
Remeasurements of net defined benefit liabilities	17,29	—	—	165,524	—	—	165,524	15,905	181,429
Share of gain on remeasurements of associates and joint ventures		—	—	(189)	—	—	(189)	(143)	(332)
Share of other comprehensive loss of associates and joint ventures		—	—	—	(8,291)	—	(8,291)	(2,560)	(10,851)
Valuation loss on cash flow hedge	4,29	—	—	—	(32,140)	—	(32,140)	810	(31,330)
Loss on valuation of financial instruments at fair value through other comprehensive income(loss)	4,29	—	—	4,091	(160,785)	—	(156,694)	(1,880)	(158,574)
Exchange differences on translation of foreign operations		—	—	—	5,971	—	5,971	11,493	17,464
Total comprehensive income for the year		—	—	1,429,896	(195,245)	—	1,234,651	148,790	1,383,441
Transactions with owners									
Dividends paid by the Controlling Company	31	—	—	(450,393)	—	—	(450,393)	—	(450,393)
Dividends paid to non-controlling interest of subsidiaries		—	—	—	—	—	—	(26,407)	(26,407)
Acquisition and disposition of businesses		—	—	—	—	—	—	3,152	3,152
Changes in ownership interest in subsidiaries		—	—	—	—	88,924	88,924	32,695	121,619
Appropriations of loss on disposal of treasury stock		—	—	(11,577)	—	11,577	—	—	—
Disposal of treasury stock		—	—	—	—	763,081	763,081	—	763,081
Conversion of redeemable convertible preferred shares of subsidiaries to common shares		—	—	—	—	—	—	51,476	51,476
Others		—	—	—	—	(2,654)	(2,654)	2,220	(434)
Subtotal		—	—	(461,970)	—	860,928	398,958	63,136	462,094
Balance as at December 31, 2022		₩ 1,564,499	₩ 1,440,258	₩ 14,255,316	₩ (77,776)	₩ (572,152)	₩ 16,610,145	₩ 1,802,551	₩ 18,412,696

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

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KT Corporation and Subsidiaries

Consolidated Statements of Changes in Equity (Continued)
Years ended December 31, 2021, 2022 and 2023

(In millions of Korean won)	Notes	Attributable to owners of the Controlling Company					Total	Non-controlling interest	Total equity
		Share capital	Share premium	Retained earnings	Accumulated other comprehensive income	Other components of equity			
Balance as at January 1, 2023		₩ 1,564,499	₩ 1,440,258	₩ 14,255,316	₩ (77,776)	₩ (572,152)	₩ 16,610,145	₩ 1,802,551	₩ 18,412,696
Comprehensive income									
Profit for the year		—	—	993,325	—	—	993,325	(21,143)	972,182
Remeasurements of net defined benefit liabilities	17,29	—	—	(126,613)	—	—	(126,613)	(10,852)	(137,465)
Share of gain(loss) on remeasurements 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 loss on cash flow hedge	4,29	—	—	—	(22,252)	—	(22,252)	(361)	(22,613)
Gain(loss) on valuation of financial instruments at fair value through other comprehensive income	4,29	—	—	222	126,028	—	126,250	(4,445)	121,805
Exchange differences on translation of foreign operations		—	—	—	10,632	—	10,632	13,598	24,230
Total comprehensive income for the year		—	—	866,816	130,183	—	996,999	(17,370)	979,629
Transactions with owners									
Dividends paid by the Controlling Company	31	—	—	(501,844)	—	—	(501,844)	—	(501,844)
Dividends paid to non-controlling interest of subsidiaries		—	—	—	—	—	—	(24,964)	(24,964)
Acquisition and disposition of businesses		—	—	—	—	—	—	(79,134)	(79,134)
Changes in ownership interest in subsidiaries		—	—	—	—	216,841	216,841	128,526	345,367
Appropriations of 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 stock		—	—	(100,000)	—	100,000	—	—	—
Recognition of the obligation to purchase its own equity		—	—	—	—	(298,196)	(298,196)	—	(298,196)
Others		—	—	—	—	2,448	2,448	2,352	4,800
Subtotal		—	—	(646,265)	—	(230,266)	(876,531)	26,780	(849,751)
Balance as at December 31, 2023		₩ 1,564,499	₩ 1,440,258	₩ 14,475,867	₩ 52,407	₩ (802,418)	₩ 16,730,614	₩ 1,811,961	₩ 18,542,575

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

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KT Corporation and Subsidiaries

Consolidated Statements of Cash Flows
Years ended December 31, 2021, 2022 and 2023

(In millions of Korean won)

	Notes	2021	2022	2023
Cash flows from operating activities				
Cash generated from operations	32	₩ 5,829,607	₩ 3,835,879	₩ 5,747,195
Interest paid		(257,809)	(263,520)	(361,741)
Interest received		272,061	307,091	360,614
Dividends received		74,441	68,827	60,987
Income tax paid		(356,466)	(351,212)	(303,766)
Net cash inflow from operating activities		5,561,834	3,597,065	5,503,289
Cash flows from investing activities				
Collection of loans		54,934	44,287	53,885
Loans granted		(54,128)	(43,694)	(37,771)
Disposal of financial assets at fair value through profit or loss		609,849	1,298,621	90,487
Disposal of financial assets at amortized cost		690,457	1,046,115	1,543,663
Disposal of financial assets at fair value through other comprehensive income		244,994	97,932	306
Disposal of assets held-for-sale		—	4,600	—
Disposal of investments in associates and joint ventures		10,880	34,828	6,890
Acquisition of investments in associates and joint ventures		(487,828)	(280,988)	(106,389)
Disposal of property and equipment, and investment properties		174,413	178,063	100,348
Acquisition of property and equipment, and investment properties		(3,495,021)	(3,439,857)	(3,692,972)
Acquisition of financial assets at fair value through profit or loss		(753,907)	(1,317,175)	(220,989)
Acquisition of financial assets at amortized cost		(623,924)	(1,450,442)	(1,875,525)
Acquisition of financial assets at fair value through other comprehensive income		(131,674)	(449,504)	(10,267)
Disposal of intangible assets		11,624	20,088	7,078
Disposal of right-of-use assets		318	97	529
Settlement of derivative assets and liabilities		—	—	4,888
Acquisition of intangible assets		(752,181)	(545,190)	(478,685)
Acquisition of right-of-use assets		(4,261)	(2,090)	(1,065)
Acquisition of businesses		(671,359)	(41,088)	(51,561)
Disposal of businesses		39,340	6,754	46,642
Net cash outflow from investing activities		(5,137,474)	(4,838,643)	(4,620,508)
Cash flows from financing activities				
	33			
Proceeds from borrowings and debentures		2,899,567	4,234,570	5,381,231
Repayments of borrowings and debentures		(1,999,173)	(2,843,249)	(5,275,113)
Settlement of derivative assets and liabilities, net		(1,496)	35,083	48,183
Cash inflow from issuance of shares to NCI		67,693	125,066	632,776
Cash outflow from issuance of shares to NCI		(11,001)	(28,848)	(7,988)
Cash inflow from other financing activities		2,556	2,193	2,082
Dividends paid to shareholders		(350,334)	(476,800)	(526,826)
Acquisition of treasury stock		(193,626)	—	(300,086)
Cash outflow from other financing activities		(60,901)	—	—
Repayment of leases liabilities		(394,567)	(378,684)	(407,051)
Net cash outflow from financing activities		(41,282)	669,331	(452,792)
Effect of exchange rate change on cash and cash equivalents		1,890	1,717	503
Net increase (decrease) in cash and cash equivalents		384,968	(570,530)	430,492
Cash and cash equivalents				
Beginning of the year	5	2,634,624	3,019,592	2,449,062
End of the year	5	₩ 3,019,592	₩ 2,449,062	₩ 2,879,554

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

KT Corporation and Subsidiaries

**Notes to the Consolidated Financial Statements
December 31, 2021, 2022 and 2023**

1. General Information

The consolidated financial statements have been prepared by KT Corporation, the “Controlling company” as defined under IFRS 10 *Consolidated Financial Statements*, by consolidating 84 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 headquarters are located in Seongnam City, Gyeonggi Province, Republic of Korea, and the address of its registered head office is 90, Buljeong-ro, Bundang-gu, Seongnam City, Gyeonggi Province.

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 Depository 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 the entire government-owned shares in accordance with the Korean government’s privatization plan. As of December 31, 2023, the Korean government does not own any shares in the Controlling Company.

1.2 Consolidated Subsidiaries

(1) The consolidated subsidiaries as of December 31, 2022 and 2023, are as follows

Subsidiary	Type of business	Location	Controlling percentage ownership ¹ (%)		Closing month
			December 31, 2022	December 31, 2023	
KT Linkus Co., Ltd.	Public telephone maintenance	Korea	92.4%	92.4%	December
KT Telecop Co., Ltd.	Security service	Korea	86.8%	86.8%	December
KT Alpha Co., Ltd. ⁵	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

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KT Corporation and Subsidiaries

**Notes to the Consolidated Financial Statements
December 31, 2021, 2022 and 2023**

	Subsidiary	Type of business	Location	Controlling percentage ownership ¹ (%)		Closing month
				December 31, 2022	December 31, 2023	
	VP Inc. ⁵	Payment security service for credit card, others	Korea	69.7%	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. ⁵	Internet banking ASP and security solutions	Korea	61.3%	63.9%	December
	Smartro Co., Ltd.	VAN (Value Added Network) business	Korea	64.5%	64.5%	December
	KTDS Co., Ltd. ⁵	System integration and maintenance	Korea	95.6%	91.6%	December
	KT M&S Co., Ltd.	PCS distribution	Korea	100.0%	100.0%	December
	GENIE Music Corporation ²	Online music production and distribution	Korea	36.0%	36.0%	December
	KT MOS Bukbu Co., Ltd. ⁵	Telecommunication facility maintenance	Korea	100.0%	100.0%	December
	KT MOS Nambu Co., Ltd. ⁵	Telecommunication facility maintenance	Korea	98.4%	98.4%	December
	KT Skylife ⁵	Satellite TV	Korea	50.2%	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
	NEXR Co., Ltd.	Cloud system implementation	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. ^{2,5}	Solution provider and IPTV advertisement sales business	Korea	44.0%	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 ^{2,5}	Database and online information provider	Korea	34.1%	34.1%	December
	KTIS Corporation ^{2,5}	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 installation and 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

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KT Corporation and Subsidiaries

**Notes to the Consolidated Financial Statements
December 31, 2021, 2022 and 2023**

Subsidiary	Type of business	Location	Controlling percentage ownership ¹ (%)		Closing month
			December 31, 2022	December 31, 2023	
East Telecom LLC	Wireless/fixed line internet business	Uzbekistan	91.6%	91.6%	December
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
Lolab Co., Ltd.	Truck transportation and trucking arrangement business	Korea	79.8%	79.8%	December
HCN Co., Ltd.	Cable television service	Korea	100.0%	100.0%	December
Millie Seojae ²	Book contents service	Korea	38.6%	30.2%	December
KT ES Pte. Ltd.	Foreign investment business	Singapore	57.6%	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. (formerly Alticast B.V.)	Software development and delivery	Netherlands	100.0%	100.0%	December

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KT Corporation and Subsidiaries

**Notes to the Consolidated Financial Statements
December 31, 2021, 2022 and 2023**

Subsidiary	Type of business	Location	Controlling percentage ownership ¹ (%)		Closing month
			December 31, 2022	December 31, 2023	
Altimedia Vietnam (formerly Alticast Company Limited)	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	100.0%	92.7%	December
Pocheon Jeonggyori Development Co., Ltd.	Residential building development	Korea	80.9%	80.9%	December
PT CRANIUM ROYAL ADITAMA	Software development	Indonesia	67.0%	67.0%	December
Juice Inc. ^{3,5}	Online information provider/Software development and delivery	Korea	41.2%	42.6%	December
open cloud lab Co., Ltd (formerly SPARK AND ASSOCIATES INC.)	IT consulting service and telecommunication equipment sales	Korea	100.0%	100.0%	December
KD Living, Inc.	Residential building management	Korea	—	100.0%	December
KT HEALTHCARE VINA COMPANY LIMITED	Medical service	Vietnam	—	100.0%	December
K-Realty Qualified Private Real Estate Investment Trust No. 1 ⁴	Real estate management	Korea	—	6.5%	December
AQUA RETAIL VIETNAM COMPANY LIMITED	E-voucher issuance and trading business	Vietnam	—	100.0%	December
K-Realty Qualified Private Real Estate Investment Trust No. 4	Real estate management	Korea	—	93.9%	December

- 1 Sum of the interests owned by the Controlling Company and subsidiaries.
- 2 Although the Controlling Company owns less than 50% 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 the voting rights in its decision-making process at all times considering voting patterns at previous shareholders' meetings.
- 3 Although the Controlling Company owns less than 50% interest in, Juice Inc., this entity is consolidated as the Controlling Company holds the majority of the voting right based on an agreement with other investors.
- 4 Although the Controlling Company owns less than 50% interest in K-Realty Qualified Private Real Estate Investment Trust No. 1, these entities are 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 company.
- 5 The number of treasury stocks held by subsidiaries are deducted from the total number of shares when calculating the controlling percentage interest.

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KT Corporation and Subsidiaries

**Notes to the Consolidated Financial Statements
December 31, 2021, 2022 and 2023**

(2) Changes in Scope of Consolidation

Subsidiaries newly included and excluded in the consolidation during the year ended December 31, 2023:

<u>Changes</u>	<u>Location</u>	<u>Name of subsidiary</u>	<u>Reason</u>
Included	Korea	KD Living, Inc.	Transferred ¹
Included	Vietnam	KT HEALTHCARE VINA COMPANY LIMITED	Newly established
Included	Korea	K-Realty Qualified Private Real Estate Investment Trust No. 1	Transferred ²
Included	Vietnam	AQUA RETAIL VIETNAM COMPANY LIMITED	Newly established
Included	Korea	K-Realty Qualified Private Real Estate Investment Trust No. 4	Newly established
Excluded	United Arab Emirates	Epsilon M E A General Trading LLC	Liquidated
Excluded	Korea	Alpha DX Solution Co., Ltd.	Merged
Excluded	Korea	KT Strategic Investment Fund No.2	Liquidated
Excluded	Korea	LS Marine Solution Co., Ltd. (formerly KT Submarine Co., Ltd.)	Excluded ³
Excluded	Korea	KT-Michigan Global Contents Fund	Liquidated
Excluded	Russia	KT Primorye IDC LLC	Liquidated

1 The entity has been reclassified from a joint venture to a consolidated entity.

2 Although the Controlling Company owns less than 50% interest in K-Realty Qualified Private Real Estate Investment Trust No. 1, these entities are 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 company.

3 Due to the loss of control by the parent company, the entity has been reclassified from a subsidiary to an associate company.

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KT Corporation and Subsidiaries

**Notes to the Consolidated Financial Statements
December 31, 2021, 2022 and 2023**

(3) Summarized information for consolidated subsidiaries as at and for the years ended December 31, 2021, 2022 and 2023 is as follows

(In millions of Korean won)

	December 31, 2021 ³			
	Total assets	Total liabilities	Operating revenues ³	Profit (loss) for the year ³
KT Linkus Co., Ltd	₩ 54,219	₩ 53,316	₩ 81,434	₩ (3,095)
KT Submarine Co., Ltd.	110,390	10,736	31,374	(3,183)
KT Telecop Co., Ltd.	363,224	233,797	515,456	3,985
KT Alpha Co., Ltd. (KT Hitel Co., Ltd.)	390,671	172,767	471,870	(8,692)
KT Service Bukbu Inc.	59,341	54,070	231,602	1,128
KT Service Nambu Inc.	62,513	52,695	271,174	1,430
BC Card Co., Ltd. ¹	3,933,427	2,481,004	3,580,970	120,308
H&C Network Co., Ltd. ¹	88,616	4,993	227,604	11,995
Nasmedia Co., Ltd. ¹	490,394	268,618	125,876	27,120
KTDS Co., Ltd. ¹	341,358	199,831	632,899	21,464
KT M&S Co., Ltd.	241,377	203,051	710,634	3,496
KT MOS Bukbu Co., Ltd.	32,511	25,402	70,212	1,637
KT MOS Nambu Co., Ltd.	36,741	26,053	71,940	2,016
KT Skylife Co., Ltd. ¹	1,275,645	469,694	772,950	62,309
KT Estate Inc. ¹	2,370,940	791,884	577,578	213,203
KTGDH Co., Ltd.	11,464	1,560	4,423	553
KT Sat Inc.	593,616	34,169	174,750	20,830
KT Sports Inc.	29,524	19,740	67,612	(2,039)
KT Music Contents Fund No.2	14,985	278	253	(30)
KT-Michigan Global Contents Fund	3,552	112	13,592	10,032
KT M Mobile Inc.	144,175	40,749	204,641	5,918
KT Investment Co., Ltd. ¹	87,366	66,108	21,040	(697)
KTCS Corporation ¹	416,750	234,172	968,499	19,034
KTIS Corporation	369,361	177,619	487,801	24,944
Next Connect PFV Inc.	518,441	167,963	—	(6,519)
KT Japan Co., Ltd. ¹	1,474	2,633	1,298	(142)
KT America, Inc.	4,884	101	6,508	201
KT Rwanda Networks Ltd. ²	125,860	236,389	23,328	(28,770)
AOS Ltd. ²	11,539	2,812	6,942	823
KT Hong Kong Telecommunications Co., Ltd.	6,613	1,346	18,825	1,313
KT Hopemate ¹	6,311	2,978	12,538	116
KT Engineering Co., Ltd. (KT ENGCORE Co., Ltd.)	185,850	144,832	284,998	366
KT Studio Genie Co., Ltd. ¹	648,534	276,933	90,047	(16,443)
Lolab Co., Ltd.	26,726	897	2,107	(134)
East Telecom LLC ¹	35,904	22,088	11,960	2,487
KT ES Pte. Ltd. ¹	240,331	80,597	15,157	(6,355)
KT Philippines	3,641	1,243	—	—
Altimedia Corporation ¹	32,338	9,742	6,968	1,037

- 1 These companies are the intermediate controlling companies of other subsidiaries and the above financial information is from their consolidated financial statements.
- 2 Convertible preferred stock issued by subsidiaries as of the end of the reporting period is included in liabilities.
- 3 Profit or loss is included from the date of acquisition of control to the end of the reporting period.

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(in millions of Korean won)

	December 31, 2022³			
	Total assets	Total liabilities	Operating revenues³	Profit (loss) for the year³
KT Linkus Co., Ltd.	₩ 47,734	₩ 47,498	₩ 76,135	₩ (614)
KT Submarine Co., Ltd.	120,255	7,884	42,848	(12,126)
KT Telecop Co., Ltd.	370,004	230,965	517,406	4,267
KT Alpha Co., Ltd. ¹ (KT Hitel Co., Ltd.)	406,236	172,211	516,737	13,115
KT Service Bukbu Co., Ltd.	74,673	65,820	252,304	3,227
KT Service Nambu Co., Ltd.	80,450	66,479	301,720	3,067
BC Card Co., Ltd. ¹	5,666,075	4,109,200	3,897,090	148,341
H&C Network	82,737	6,640	27,392	992
Nasmedia Co., Ltd. ¹	516,945	275,730	153,210	27,691
KTDS Co., Ltd. ¹	401,932	228,474	723,161	30,941
KT M&S Co., Ltd.	255,310	204,336	730,802	8,105
KT MOS Bukbu Co., Ltd.	38,684	22,553	83,085	4,607
KT MOS Nambu Co., Ltd.	42,011	25,416	83,330	5,035
KT Skylife Co., Ltd. ¹	1,359,166	503,679	1,038,468	20,941
KT Estate Inc. ¹	2,480,333	833,842	478,188	58,780
KT GDH Co., Ltd.	12,059	1,596	4,323	451
KT Sat Co., Ltd.	677,980	89,644	185,313	28,073
KT Sports Co., Ltd.	28,220	15,461	65,350	(7,302)
KT Music Contents Fund No.2	15,718	277	1,040	735
KT-Michigan Global Content Fund	2,371	27	33	(1,095)
KT M Mobile Co., Ltd.	152,114	49,816	262,918	4,731
KT Investment Co., Ltd. ¹	103,354	79,182	15,136	2,840
KTCS Corporation ¹	419,726	228,618	1,031,010	17,634
KTIS Corporation	396,208	199,204	536,229	15,917
Next Connect PFV	624,734	277,967	3	(3,712)
KT Japan Co., Ltd. ¹	1,888	3,141	3,263	226
KT America, Inc.	5,945	843	8,070	37
KT Rwanda Networks Ltd. ²	126,721	267,369	30,834	(27,467)
AOS Ltd. ²	10,972	905	8,049	1,274
KT Hong Kong Telecommunications Co., Ltd.	10,505	4,768	20,413	51
KT Huimangjjeum ¹	6,984	2,582	22,860	494
KT Engineering Co., Ltd. (KT ENGCORE Co., Ltd.)	141,463	89,853	258,435	10,302
KT Studio Genie Co., Ltd. ¹	987,270	268,911	723,580	189,498
Lolab Co., Ltd.	35,091	17,247	74,881	(7,985)
East Telecom LLC ¹	42,691	21,645	27,030	6,419
KT ES Pte. Ltd. ¹	240,721	88,640	78,815	(23,957)
KTP SERVICES INC.	3,832	2,044	776	(255)
Altimedia Corporation ¹	44,861	15,777	47,203	6,035
KT RUS LLC ¹	967	16	5	(871)
KT DX Vietnam Company Limited	1,815	6	—	26
kt cloud Co., Ltd. ¹	1,348,684	245,872	432,118	14,712

1 These companies are the intermediate controlling companies of other subsidiaries and the above financial information is from their consolidated financial statements.

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(in millions of Korean won)

	December 31, 2023 ³			
	Total assets	Total liabilities	Operating revenues	Profit (loss) for the year
KT Linkus Co., Ltd.	₩ 64,178	₩ 63,452	₩ 81,645	₩ 821
KT Telecop Co., Ltd.				
	375,596	235,947	527,015	5,728
KT Alpha Co., Ltd.	443,639	191,254	437,308	19,352
KT Service Bukbu Co., Ltd.	63,760	55,360	242,119	1,212
KT Service Nambu Co., Ltd.	71,576	58,745	291,170	1,354
BC Card Co., Ltd. ¹	6,352,878	4,722,432	4,027,450	76,545
H&C Network	81,107	4,863	27,205	1,814
Nasmedia Co., Ltd. ¹	513,311	262,336	147,934	17,703
KTDS Co., Ltd. ¹				
	393,667	202,067	727,477	33,971
KT M&S Co., Ltd.	258,477	209,075	695,856	3,783
KT MOS Bukbu Co., Ltd.	50,750	28,431	101,428	8,457
KT MOS Nambu Co., Ltd.	46,839	26,012	101,422	5,749
KT Skylife Co., Ltd. ¹	1,220,842	479,369	1,034,342	(109,407)
KT Estate Inc. ¹	2,746,546	1,121,970	511,018	871
KT GDH Co., Ltd.	7,760	1,501	4,346	648
KT Sat Co., Ltd.	699,607	88,524	182,274	30,502
KT Sports Co., Ltd.	26,615	11,299	66,309	(12,386)
KT Music Contents Fund No.2	5,558	1,772	534	(992)
KT M Mobile Co., Ltd.	176,838	69,317	301,049	5,605
KT Investment Co., Ltd. ¹	83,638	57,420	24,976	2,180
KTCS Corporation ¹	434,900	234,850	1,035,911	15,804
KTIS Corporation	447,609	243,519	593,162	13,922
Next Connect PFV	946,687	629,809	—	(29,889)
KT Japan Co., Ltd. ¹	2,015	3,341	2,793	(110)
KT America, Inc.	6,013	701	8,928	133
KT Rwanda Networks Ltd. ²	134,847	313,787	26,788	(57,628)
AOS Ltd. ²	10,763	1,983	8,287	128
KT Hong Kong Telecommunications Co., Ltd.	11,142	5,121	19,373	143
KT Huimangjjeum ¹	8,073	2,715	17,687	1,012
KT Engineering Co., Ltd.	160,243	104,005	262,063	5,327
KT Studio Genie Co., Ltd. ¹	989,187	259,413	542,955	13,507
Lolab Co., Ltd.	42,744	37,838	173,035	(12,938)
East Telecom LLC ¹	48,483	22,632	30,350	7,723
KT ES Pte. Ltd. ¹	117,009	90,392	87,865	(124,850)
KTP SERVICES INC.	2,967	919	671	235
Altimedia Corporation ¹	48,381	12,374	45,035	7,352
KT RUS LLC	501	10	1	(378)
KT DX Vietnam Company Limited	1,694	102	82	(207)
KT Cloud Co., Ltd. ¹	1,983,972	503,241	679,825	63,956
KT Healthcare Vina Co., Ltd.	12,730	439	—	(721)
K-Realty Qualified Private Real Estate Investment Trust No. 1	80,266	50,693	4,682	(1,037)
AQUA RETAIL VIETNAM COMPANY LIMITED	1,202	62	16	(248)

- 1 These companies are the intermediate controlling companies of other subsidiaries and the above financial information is from their consolidated financial statements.
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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 consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

(a) New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and interpretations for the first time for their annual reporting period commencing January 1, 2023.

- IFRS 17 'Insurance Contract' (Amendment)

IFRS 17, which replaces IFRS 4 "Insurance Contracts," establishes principles for recognition, measurement, and disclosure of insurance contracts, and is mainly characterized by measuring the current cost of insurance liabilities, recognizing insurance returns based on accrual accounting assumption, and marking the distinction between insurance gains and losses on investment.

The Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

- IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements* – Disclosure of Accounting Policies (Amendment)

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

- IAS 1 *Presentation of Financial Statements* – Disclosure of financial liabilities with condition to adjust exercise price (Amendment)

The amendments require disclosure of valuation gains or losses (limited to those recognized in the profit or loss) of the conversion options or warrants (or financial liabilities including them), if all or part of the financial instrument with exercise price that is adjusted depending on the issuer’s share price change is classified as financial liability as defined in paragraph of IAS 32 – Financial Instrument: Presentation.

- IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates (Amendment)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

- IAS 12 *Income Taxes* – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment)

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

- IAS 12 *Income Taxes* – International Tax Reform: Pillar 2 Best Regulations (Amendment)

The amendment clarifies that IAS 12 *Income Taxes* is applied to corporations arising from tax laws enacted or practically enacted to implement the Pillar 2 best rules issued by the Organization for Economic Cooperation and Development (OECD).

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However, by introducing a temporary exception to the deferred tax accounting requirements of IAS 12 *Income Taxes*, the group does not recognize deferred tax assets and liabilities associated with Pillar 2 Income Taxes and do not disclose information about them. The group also discloses that the exception has been applied in accordance with this amendment, and that the current income tax expense (revenue) related to Pillar 2 corporate tax is disclosed separately.

There is no significant impact of the amendments listed above on the consolidated financial statements.

(b) New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations that have been published are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group.

- IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-current (Amendment to 2020)

The amendments clarify that the classification of liabilities as current and non-current is based on rights that are existing 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.

- IAS 1 *Presentation of Financial Statements* – Non-current liabilities with agreements (Amendment to 2023)

The amendments regulate that only certain conditions in the borrowing arrangement (referred to as the "Agreement") that must be observed before the end of the reporting period affect the right of the entity to defer repayment of the liability for at least 12 months after the reporting period. Even if compliance with the agreement is assessed only after the reporting period, these arrangements affect the existence of the right as of the end of the reporting period.

It also regulates that arrangements that must be observed only after the reporting period do not affect the right to defer settlement. However, if the Group's right to defer settlement of a liability depends on the agreement that complies with within 12 months of the reporting period, disclosing the information to help users of financial statements understand the risk that the liability could be repaid within 12 months of the reporting period. This information includes information about the agreements (including the nature of the agreements, when the Group is required to comply), the carrying amount of the relevant liabilities, and the facts and circumstances indicating that they may be difficult to satisfying with.

The above amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

- IAS 7 'Cash Flow Statement' and 'Financial Instruments Disclosure'- Supplier Financial Agreement(Amendment)

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The amendment adds the purpose of disclosure in IAS 7 'Cash Flow Statement', users of financial statements should disclose information about supplier financial agreements so that they can assess the affect of them on the Group's liabilities and cash flows. In addition, supplier financial agreements were added as an example of the requirement to amend IAS 7 to disclose information about exposure to liquidity risk concentration.

The term 'supplier financial agreements' is not defined; instead, the amendment presents the nature of the arrangement that should be informed.

For achieving the purpose of disclosure, the following information on supplier financial agreements must be disclosed in an integrated manner.

- the terms and conditions of an agreement
- The carrying amount of financial liabilities corresponding to the supplier's financial agreement and the items displayed in the statement of financial position in relation to the financial liabilities
- The carrying amount corresponding to the portion of the financial liabilities that the supplier has already received from the financial provider and the items displayed in the statement of financial position in relation to the financial liabilities
- The scope of payment date for financial liabilities corresponding to supplier financial agreements and the scope of payment date for comparable purchase liabilities not corresponding to supplier financial agreements
- Types of non-cash changes in the carrying amount of financial liabilities corresponding to supplier financial agreements and their impact
- Liquidity risk information

The above amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

- IFRS 16 'Lease' – Lease liabilities arising from leaseback (Amendment)

The amendment adds a follow-up measurement requirement for leaseback that is accounted for as sales by applying IFRS 15 'revenue from contracts with customers'. The amendment requires the seller to calculate a 'lease fee' or an 'modified lease fee' in such a way that the seller-less user does not recognize any difference or gain for the right to use that the seller-less user continues to hold after the lease commencement date.

The above amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

- IAS 1 Presentation of Financial Statements (revised in 2023) – Disclosure of Virtual Assets

The amendments, in addition to the disclosure requirements required by other Standards for transactions related to virtual assets, define the requirements for disclosure in each case: 1) holding virtual assets; 2) holding virtual assets on behalf of customers; and 3) issuing virtual assets.

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If a virtual asset is held, information on the general information of the virtual asset, the applied accounting policy, the acquisition path, acquisition cost, and fair value of each virtual asset should be disclosed. In addition, when a virtual asset is issued, the performance status related to the issued virtual asset, the moment and the exposure of revenue recognition of the sold virtual asset, the quantity of virtual assets held after issuance, and important contract details should be disclosed.

The above amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

- IFRS 18 Presentation and Disclosure in financial statements (Amendment)

The purpose of the amendment is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 applies to all financial statements that are prepared and presented in accordance with International Financial Reporting Standards and replaces IAS 1 Presentation of Financial Statements. The key changes included in the amendments include (1) an introduction of a defined structure for the statement of profit or loss including categories for classifying incomes and expenses, subtotals for operating profit and profit before financing and income taxes, (2) an introduction of specific disclosure requirements related to the statement of profit or loss which include but are not limited to management-defined performance measures, (3) enhanced guidance on the principles of aggregation and disaggregation which focus on grouping items based on their shared characteristics and (4) some other limited changes to presentation and disclosures in the financial statements.

The above amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2027, with early application permitted.

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

2.3 Consolidation

The Group has prepared the consolidated financial statements in accordance with IFRS 10 *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

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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.

(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,

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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.

2.5 Foreign Currency Translation

(a) Functional and presentation currency

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

(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.

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

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- 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.

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'

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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.

(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.

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(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 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.

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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 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:

	Useful Life
Buildings	5 – 40 years
Structures	5 – 40 years
Machinery and equipment (Telecommunications equipment and others)	2 – 40 years
Vehicles	4 – 10 years
Tools	2 – 6 years
Office equipment	2 – 8 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.

2.11 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.

2.12 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

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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 ¹	1 – 50 years

¹ 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.

2.13 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.

2.14 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'.

2.15 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

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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.

2.16 Trade and Other Payables

These 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.

2.17 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 payables and other payables', 'borrowings' and 'other financial liabilities' in the statement of financial position.

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.

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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 designed as at fair value through profit or loss are structured financial liabilities containing embedded derivatives issued by the Group.

2.18 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 IFRS 9 *Financial Instruments*
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with IFRS 15 *Revenue from Contracts with Customers*

2.19 Compound Financial Instruments

Compound financial instruments are convertible notes that can be converted into equity instruments at the option of the holder.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option, and subsequently measured at amortized cost until extinguished on conversion or maturity of the bonds. The equity component is recognized initially on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

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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.

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.

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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.

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

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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 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

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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 services by transferring promised services to customers.

(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 allocate the transaction price in proportion to those stand-alone selling price. 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.

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(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.

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 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.

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2.28 Approval on Issuance of the Consolidated Financial Statements

The consolidated financial statements of 2023 were approved for issuance by the Board of Directors on April 11, 2024 and are subject to change with the approval of shareholders at their Annual General Meeting.

3 Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the actual results, it poses significant risk of resulting in a material adjustment.

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 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).

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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).

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 IFRS 15 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, 2022 and 2023, are as follows:

(in millions of Korean won)

	December 31, 2022				
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivatives used for hedging	Total
Financial assets					
Cash and cash equivalents	₩2,449,062	₩ —	₩ —	₩ —	₩2,449,062
Trade and other receivables	7,459,994	—	129,124	—	7,589,118
Other financial assets	1,060,058	1,064,856	1,508,192	190,830	3,823,936

(in millions of Korean won)

	December 31, 2022				
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit and loss	Derivatives used for hedging	Others	Total
Financial liabilities					
Trade and other payables ¹	₩ 8,397,264	₩ —	₩ —	₩ —	₩ 8,397,264
Borrowings	10,006,685	—	—	—	10,006,685
Other financial liabilities	246,606	141,280	33,555	—	421,441
Lease liabilities	—	—	—	1,172,038	1,172,038

1 Amounts related to employee benefit plans are included in Trade and other payables.

(in millions of Korean won)

	December 31, 2023				
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivatives used for hedging	Total
Financial assets					
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)

	December 31, 2023				
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit and loss	Derivatives used for hedging	Others	Total
Financial liabilities					
Trade and other payables	₩ 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

(2) Gains or losses arising from financial instruments by category for the years ended December 31, 2021, 2022 and 2023, are as follows:

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<i>(in millions of Korean won)</i>	2021	2022	2023
Financial assets at amortized cost			
Interest income ¹	₩ 74,937	₩ 144,505	₩ 360,134
Gain on foreign currency transactions ⁴	12,826	23,824	22,782
Gain (loss) on foreign currency translation	2,911	(2,151)	5,741
Gain (loss) on disposal	35	(81)	(3,409)
Loss on valuation	(110,286)	(132,102)	(172,966)
Financial assets at fair value through profit or loss			
Interest income ¹	3,673	6,008	13,480
Dividend income ⁵	21,499	4,600	6,918
Gain (loss) on valuation ⁶	64,659	(29,282)	(31,965)
Gain on disposal	29,974	2,347	14,237
Gain on foreign currency transactions ⁴	—	1,100	—
Gain on foreign currency translation	17,794	13,711	3,396
Financial assets at fair value through other comprehensive income			
Interest income ¹	222,290	190,281	18,966
Dividend income ⁵	1,365	9,522	52,813
Loss on valuation	—	(61)	—
Loss on disposal	(22,712)	(62,183)	(11,193)
Other comprehensive income (loss) for the year ²	129,780	(158,574)	121,805
Derivatives used for hedging			
Gain on transactions	—	27,628	10,192
Gain on valuation ⁷	203,961	150,699	34,092
Other comprehensive income for the year ²	144,967	88,048	7,772
<i>(in millions of Korean won)</i>	2021	2022	2023
Reclassified to profit or loss from other comprehensive gain (loss) for the year ^{2,3}	(143,305)	(110,616)	(29,178)
Financial liabilities at amortized cost			
Interest expense ¹	(232,197)	(275,302)	(358,486)
Gain on valuation ⁸	—	—	3,411
Loss on foreign currency transactions ⁴	(3,580)	(34,574)	(24,054)
Loss on foreign currency translation	(201,623)	(168,577)	(93,004)
Financial liabilities at fair value through profit or loss			
Gain (loss) on valuation	42,447	30,031	(7,394)
Gain on disposal	2,136	—	4,788
Interest expense ¹	—	(4,046)	(44)
Gain (loss) on foreign currency transactions ⁴	(2)	24	(5)
Derivatives used for hedging			
Loss on transactions	(6,208)	(1,291)	—
Gain (loss) on valuation	(7,206)	(17,237)	11,503
Other comprehensive income (loss) for the year ²	(3,112)	(23,957)	7,557
Reclassified to profit or loss from other comprehensive income for the year ^{2,3}	6,722	15,195	(8,764)
Lease liabilities			
Interest expense ¹	(36,650)	(41,469)	(52,035)
Total	₩ 215,095	₩ (353,980)	₩ (92,910)

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- 1 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 ₩112,973 million (2021: ₩27,440 million, 2022: ₩68,869 million) and related interest expense recognized as operating expense is ₩55,677 million (2021: ₩5,458 million, 2022: ₩27,060 million) for the year ended December 31, 2023.
- 2 The amounts directly reflected in equity after adjustments of deferred income tax.
- 3 During the years ended December 31, 2022 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.
- 4 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 ₩5,597 million (2021 foreign exchange gain and loss: ₩2,373, 2022 foreign exchange gain and loss: ₩3,569 million), respectively, for the year ended December 31, 2023.
- 5 BC Card Co., Ltd., a subsidiary of the Group, recognized dividend income as operating revenue. Related dividend income recognized as operating revenue is ₩1,759 million (2021: ₩1,340 million, 2022: ₩2,299 million) for the year ended December 31, 2023.
- 6 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 ₩11,112 million (2021 valuation loss: ₩15,459 million, 2022 valuation loss: ₩7,860 million), for the year ended December 31, 2023.
- 7 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 ₩48 million (2022 valuation loss: ₩418 million), for the year ended December 31, 2023.
- 8 KT Cloud Co., Ltd., a subsidiary of the Group, recognized gain on valuation as convertible preferred stock of ₩311,312 million for the year ended December 31, 2023.

5 Cash and Cash Equivalents

Restricted cash and cash equivalents as of December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2023	Description
Bank deposits	₩29,874	₩49,555	Deposit restricted for government project and others

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6 Trade and Other Receivables

(1) Trade and other receivables as of December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022			
	Total amounts	Provision for impairment	Present value discount	Carrying amount
Current assets				
Trade receivables	₩3,439,542	₩(342,539)	₩ (6,926)	₩3,090,077
Other receivables	3,092,261	(82,243)	(2,023)	3,007,995
Total	<u>₩6,531,803</u>	<u>₩(424,782)</u>	<u>₩ (8,949)</u>	<u>₩6,098,072</u>
Non-current assets				
Trade receivables	₩ 408,098	₩ (1,199)	₩(11,540)	₩ 395,359
Other receivables	1,249,096	(136,300)	(17,109)	1,095,687
Total	<u>₩1,657,194</u>	<u>₩(137,499)</u>	<u>₩(28,649)</u>	<u>₩1,491,046</u>
	December 31, 2023			
	Total amounts	Provision for impairment	Present value discount	Carrying amount
Current assets				
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>
Non-current assets				
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>

(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.

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(3) Details of changes in provision for impairment for the years ended December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2022		2023	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning balance	₩349,725	₩201,387	₩343,738	₩218,543
Provision	64,522	65,941	69,972	114,501
Reversal	—	(850)	—	(14,941)
Write-off/transfer	(69,430)	(49,904)	(69,246)	(129,108)
Acquisition and disposition of businesses	(43)	—	(310)	(17)
Others	(1,036)	1,969	(12,864)	(5,342)
Ending balance	<u>₩343,738</u>	<u>₩218,543</u>	<u>₩331,290</u>	<u>₩183,636</u>

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

(4) Details of other receivables as of December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2023
Loans	₩98,953	₩51,854
Receivables ¹	2,668,545	3,539,742
Accrued income	32,218	43,920
Refundable deposits	339,450	299,935
Loans receivable	1,013,428	1,067,005
Finance lease receivables	105,690	141,883
Others	63,941	58,357
Less: Provision for impairment	(218,543)	(183,636)
	<u>₩4,103,682</u>	<u>₩5,019,060</u>

1 As of December 31, 2023, credit sales asset of ₩2,696,505 million (December 31, 2022: ₩1,960,579 million) held by BC Card Co., Ltd. are included.

(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, 2023.

(6) For trade receivables that meet certain criteria, the Group sells those on a periodic basis to an Special Purpose Company(SPC) and records them at financial assets as fair value through other comprehensive income considering the trade receivables business model for managing the asset and the cash flow characteristics of the contract.

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7 Other Financial Assets and Liabilities

(1) Details of other financial assets and liabilities as of December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2023
Other financial assets		
Financial assets at amortized cost ¹	₩ 1,060,058	₩ 1,385,921
Financial assets at fair value through profit or loss ^{1,2}	1,064,856	939,661
Financial assets at fair value through other comprehensive income	1,508,192	1,680,168
Derivatives used for hedging	190,830	159,211
Less: Non-current	(2,501,484)	(2,724,761)
Current	<u>₩ 1,322,452</u>	<u>₩ 1,440,200</u>
Other financial liabilities		
Financial liabilities at amortized cost ³	₩ 246,606	₩ 915,185
Financial liabilities at fair value through profit or loss	141,280	136,106
Derivatives used for hedging	33,555	24,547
Less: Non-current	(412,650)	(753,739)
Current	<u>₩ 8,791</u>	<u>₩ 322,099</u>

- 1 As of December 31, 2023, the Group's other financial assets amounting to ₩98,309 million (December 31, 2022: ₩102,215 million), which consist of checking account deposits, time deposits and others, are subject to withdrawal restrictions.
- 2 As of December 31, 2023, the Group provided investments in Korea Software Financial Cooperative amounting to ₩9,016 million as a collateral for the payment guarantee provided by the Cooperative.
- 3 The amount includes liabilities related to the obligation to acquire additional shares in Epsilon Global Communications Pte. Ltd. and MILLIE Co., Ltd and KT Cloud Co., Ltd. (Note 19).

(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, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2023
Equity Instruments (Listed)	₩ 26,647	₩ 13,911
Equity Instruments (Unlisted)	72,517	42,185
Debt securities	942,274	880,549
Derivatives held for trading ¹	23,418	3,016
Total	1,064,856	939,661
Less: non-current	(609,887)	(782,143)
Current	<u>₩ 454,969</u>	<u>₩ 157,518</u>

- 1 According to a derivative arrangement with LS Marine Solution Co., Ltd. (formerly KT Submarine Co., Ltd.), derivative assets amounting to ₩1,015 million is included as of December 31, 2023. (Note 19).

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2) The maximum exposure of debt instruments of financial assets recognized at fair value through profit or loss to credit risk is the carrying amount as of December 31, 2023.

(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, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2023
Equity Instruments (Listed)	₩ 1,006,476	₩ 1,231,188
Equity Instruments (Unlisted)	496,284	443,067
Debt securities	5,432	5,913
Total	1,508,192	1,680,168
Less: non-current	(1,508,192)	(1,680,168)
Current	₩ —	₩ —

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

(4) Derivatives used for hedging

1) Details of valuation of derivatives used for hedging as of December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022		December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
Interest rate swap	₩ 4,236	₩ —	₩ 1,530	₩ 191
Currency swap ¹	186,594	33,555	157,681	24,356
Total	190,830	33,555	159,211	24,547
Less: non-current	(147,141)	(33,555)	(107,802)	(23,696)
Current	₩ 43,689	₩ —	₩ 51,409	₩ 851

1 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 is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

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2) The valuation gains and losses on the derivatives contracts for the years ended December 31, 2021, 2022 and 2023, are as follows:

(in millions of Korean won)

Type of Transaction	2021			2022			2023		
	Valuation gain	Valuation loss	Other comprehensive income ¹	Valuation gain	Valuation loss	Other comprehensive income ¹	Valuation gain	Valuation Loss	Other comprehensive income ¹
Interest rate swap	₩ —	₩ —	₩ 1	₩ 63	₩ 490	₩ 4,666	₩ 48	₩ —	₩ (2,945)
Currency swap	203,961	7,206	191,569	154,611	20,723	79,781	45,709	162	(27,273)
Currency forwards	—	—	—	—	—	754	—	—	—
Total	<u>₩203,961</u>	<u>₩ 7,206</u>	<u>₩ 191,570</u>	<u>₩154,674</u>	<u>₩21,213</u>	<u>₩ 85,201</u>	<u>₩45,757</u>	<u>₩ 162</u>	<u>₩ (30,218)</u>

1 The amounts directly reflected in equity are before adjustments of deferred income tax and allocation to the non-controlling interest.

3) The ineffective portion recognized in profit or loss on the cash flow hedges are valuation loss of ₩41 million for the year ended December 31, 2023 (2021: valuation gain of ₩11,825 million, 2022: valuation gain of ₩2,707 million).

4) The unsettled amount of derivative instruments for the years ended December 31, 2022 and 2023, are as follows:

(i) Hedging instruments

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

Currency	2022				
	Foreign currency	Contract amount	Book value of hedging instruments		Changes in fair value to calculate the ineffective portion of hedges
			Assets	Liabilities	
USD	2,111,509	₩2,527,626	₩160,243	₩32,936	₩ 170,856
JPY	400,000	4,357	—	409	(308)
SGD	284,000	245,208	26,351	—	20,511
EUR	7,700	10,283	—	210	129
KRW	—	170,000	4,236	—	4,717
Total		<u>₩2,957,474</u>	<u>₩190,830</u>	<u>₩33,555</u>	<u>₩ 195,905</u>

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

Currency	2023				
	Foreign currency	Contract amount	Book value of hedging instruments		Changes in fair value to calculate the ineffective portion of hedges
			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		<u>₩2,672,113</u>	<u>₩ 159,211</u>	<u>₩24,547</u>	<u>₩ 45,339</u>

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(ii) Hedged item

(in millions of Korean won)

Currency	2022			2023		
	Book value of hedged items	Changes in fair value to calculate the ineffective portion of hedges	Cash flow hedge reserves ¹	Book value of hedged items	Changes in fair value to calculate the ineffective portion of hedges	Cash flow hedge reserves ¹
USD	₩2,675,885	₩ (170,010)	₩(13,947)	₩2,593,707	₩ (44,365)	₩(30,415)
JPY	3,813	308	116	3,651	162	49
SGD	267,843	(18,720)	3,406	—	—	—
EUR	10,404	(121)	582	10,985	(581)	158
KRW	101,035	(4,655)	4,385	239,944	(596)	1,315
Total	<u>₩3,058,980</u>	<u>₩ (193,198)</u>	<u>₩ (5,458)</u>	<u>₩2,848,287</u>	<u>₩ (45,380)</u>	<u>₩(28,893)</u>

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

(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, 2022 and 2023, are as follows:

(in millions of Korean won)

	December 31, 2022	December 31, 2023
Derivatives held for trading ^{1,2}	<u>₩ 141,280</u>	<u>₩ 136,106</u>

1 In relation to the additional acquisition of shares of the equity method investee K Bank Inc in 2021, the Group has entered into a shareholder agreement with the shareholders of K Bank Inc. According to the shareholder agreement, if K Bank Inc fails to be listed on the terms agreed in the shareholder agreement, the shareholders of K Bank Inc may exercise their Drag-Along right to the Group and require the Group to sell all the shares owned by such shareholders in K Bank to third parties based on the guaranteed return agreed in the shareholder agreement. The shareholder agreement also includes a call option where, if the shareholders exercise their Drag-Along rights, the Group has an option to purchase the shares held by those shareholders. As of December 31, 2023, the derivative financial liability in accordance with IFRS 9 associated with the rights prescribed in the shareholders agreement was ₩133,293 million(₩134,881 million as of December 31 2022).

2 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, 2021, 2022 and 2023, are as follows:

(in millions of Korean won)	2021		2022		2023	
	Valuation gain	Valuation loss	Valuation gain	Valuation loss	Valuation gain	Valuation loss
Derivatives liabilities held for trading	<u>₩ 51,187</u>	<u>₩ 8,741</u>	<u>₩24,683</u>	<u>₩ 1,800</u>	<u>₩ 3,316</u>	<u>₩10,710</u>

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8. Inventories

Inventories as at December 31, 2022 and 2023, are as follows:

(in millions of Korean won)	December 31, 2022			December 31, 2023		
	Acquisition cost	Valuation allowance	Book amount	Acquisition cost	Valuation Allowance	Book amount
Merchandise	₩768,748	₩(96,010)	₩672,738	₩ 981,127	₩(102,215)	₩ 878,912
Others	44,935	—	44,935	109,439	—	109,439
Total	₩813,683	₩(96,010)	₩717,673	₩1,090,566	₩(102,215)	₩988,351

Cost of inventories recognized as expenses for the year ended December 31, 2023 amounts to ₩3,386,069 million (2021: ₩3,787,203 million, 2022: ₩3,485,288 million) and valuation loss on inventory amounts to ₩6,205 million for the year ended December 31, 2023 (2021: reversal valuation loss on inventory amounts to ₩12,920 million, 2022: reversal valuation loss on inventory amounts to ₩24,294 million).

9. Other Assets and Liabilities

Other assets and liabilities as at December 31, 2022 and 2023, are as follows:

(in millions of Korean won)	December 31, 2022	December 31, 2023
Other assets		
Advance payments	₩ 181,150	₩ 217,997
Prepaid expenses	107,775	146,628
Contract cost	1,817,678	1,727,468
Contract assets	802,253	832,520
Others	12,964	15,237
Less: Non-current	(820,608)	(827,297)
Current	₩ 2,101,212	₩ 2,112,553
Other liabilities		
Advances received ¹	₩ 387,986	₩ 682,880
Withholdings	155,017	159,080
Unearned revenue ¹	46,493	27,392
Lease liabilities	1,172,038	1,179,909
Contract liabilities	284,107	278,749
Others	33,108	30,848
Less: Non-current	(945,731)	(950,015)
Current	₩ 1,133,018	₩ 1,408,843

1 The amounts include adjustments arising from adoption of IFRS 15 *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, 2022 and 2023, are as follows:

	2022					
<i>(in millions of Korean won)</i>	Land	Buildings and structures	Machinery and equipment	Others	Construction-in-progress	Total
Acquisition cost	₩ 1,315,929	₩ 4,707,250	₩ 40,270,005	₩ 1,607,853	₩ 1,094,479	₩ 48,995,516
Less: Accumulated depreciation (including accumulated impairment loss and others)	(132)	(2,189,828)	(30,953,434)	(1,386,615)	(621)	(34,530,630)
Beginning, net	1,315,797	2,517,422	9,316,571	221,238	1,093,858	14,464,886
Acquisition and capital expenditure	11,392	32,030	129,754	67,921	3,105,283	3,346,380
Disposal and termination	(2,556)	(4,338)	(76,608)	(4,695)	(3,926)	(92,123)
Depreciation	—	(147,620)	(2,413,191)	(79,376)	—	(2,640,187)
Impairment	—	—	(6,084)	(7,825)	(2,247)	(16,156)
Transfer in (out) ¹	24,647	230,955	2,660,753	31,036	(3,010,193)	(62,802)
Transfer from (to) investment properties	(63,278)	(140,229)	—	—	(2,676)	(206,183)
Acquisition and disposition of businesses	—	—	(4,386)	(481)	(3,720)	(8,587)
Others	(13,194)	66,341	7,020	(4,382)	(68,834)	(13,049)
Ending, net	₩ 1,272,808	₩ 2,554,561	₩ 9,613,829	₩ 223,436	₩ 1,107,545	₩ 14,772,179
Acquisition cost	₩ 1,272,940	₩ 4,830,853	₩ 42,091,573	₩ 1,276,779	₩ 1,108,043	₩ 50,580,188
Less: Accumulated depreciation (including accumulated impairment loss and others)	(132)	(2,276,292)	(32,477,744)	(1,053,343)	(498)	(35,808,009)

1 The amounts include the transferred amount to Intangible Assets account.

	2023					
<i>(in millions of Korean won)</i>	Land	Buildings and structures	Machinery and equipment	Others	Construction-in-progress	Total
Acquisition cost	₩ 1,272,940	₩ 4,830,853	₩ 42,091,573	₩ 1,276,779	₩ 1,108,043	₩ 50,580,188
Less: Accumulated depreciation (including accumulated 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 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	—	—	(6,577)	(1)	(1,294)	(7,872)
Transfer in (out) ¹	58,790	151,157	2,706,444	16,407	(3,092,670)	(159,872)
Transfer from (to) investment properties	(37,725)	(88,336)	—	—	(189)	(126,250)
Acquisition and disposition of businesses	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 (including accumulated impairment loss and others)	(132)	(2,384,943)	(33,804,601)	(993,798)	(650)	(37,184,124)

1 The amounts include the transferred amount to Intangible Assets account.

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(2) Details of property and equipment and investment properties provided as collateral as of December 31, 2022 and 2023, are as follows:

(in millions of Korean won)

	December 31, 2022				
	Carrying amount	Secured amount	Related line item	Related amount	Secured party
Land and Buildings	₩ 13,899	₩19,100	Borrowings	₩ 6,000	Industrial Bank of Korea, etc.
Land and Buildings	₩460,166	₩61,733	Deposits	₩52,662	Lessee

(in millions of Korean won)

	December 31, 2023				
	Carrying amount	Secured amount	Related line item	Related amount	Secured party
Land and Buildings	₩ 81,057	₩64,680	Borrowings	₩54,900	Industrial Bank of Korea, etc.
Land and Buildings	₩555,921	₩64,877	Deposits	₩55,965	Lessee

(3) The borrowing costs capitalized for qualifying assets amount to ₩17,671 million (2021: ₩5,360 million, 2022: ₩9,954 million), for the year ended December 31, 2023. The range of interest rate applied to calculate the capitalized borrowing costs, for the year ended December 31, 2023, is 1.86%~7.28% (2021: 1.85% ~ 2.45%, 2022: 1.85%~7.42%).

11. Investment Properties

(1) Changes in investment properties for the years ended December 31, 2022 and 2023, are as follows:

	2022			
	Land	Buildings	Construction-in-progress	Total
(in millions of Korean won)				
Acquisition cost	₩815,331	₩1,424,066	₩ 66,801	₩2,306,198
Less: Accumulated depreciation	(1,568)	(583,976)	—	(585,544)
Beginning, net	813,763	840,090	66,801	1,720,654
Acquisition	14,569	17,351	55,478	87,398
Disposal and termination	(14,725)	(5,858)	(17)	(20,600)
Depreciation	—	(47,004)	—	(47,004)
Transfer from(to) property and equipment	63,278	140,229	2,676	206,183
Transfer and others	2,907	(28,350)	12,170	(13,273)
Ending, net	₩879,792	₩ 916,458	₩ 137,108	₩1,933,358
Acquisition cost	₩881,360	₩1,577,736	₩ 137,108	₩2,596,204
Less: Accumulated depreciation	(1,568)	(661,278)	—	(662,846)

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	2023			
	Land	Buildings	Construction- in-progress	Total
<i>(in millions of Korean won)</i>				
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 and termination	(8,167)	(9,323)	—	(17,490)
Depreciation	—	(52,869)	—	(52,869)
Transfer from(to) 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 investment properties is ₩5,276,169 million as of December 31, 2023 (December 31, 2022: ₩5,370,047 million). The fair value of investment properties is estimated based on the expected cash flow.

(3) Rental income from investment properties is ₩224,016 million in 2023 (2021: ₩185,877 million, 2022: ₩206,127 million). The direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period are recognized as operating expenses.

(4) As of December 31, 2023, 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 ₩101,738 million for one year or less, ₩130,707 million more than one year and less than five years, ₩18,817 million over five years, and ₩251,262 million in total.

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12. Intangible Assets

(1) Changes in intangible assets for the years ended December 31, 2022 and 2023, are as follows:

	2022					
<i>(in millions of Korean won)</i>	Goodwill	Development costs	Software	Frequency usage rights	Others	Total
Acquisition cost	₩ 1,002,530	₩ 1,812,377	₩ 1,083,426	₩ 2,617,647	₩ 1,426,576	₩ 7,942,556
Less: Accumulated amortization (including accumulated impairment loss and others)	(305,658)	(1,584,004)	(944,001)	(778,516)	(883,044)	(4,495,223)
Beginning, net	₩ 696,872	₩ 228,373	₩ 139,425	₩ 1,839,131	₩ 543,532	₩ 3,447,333
Acquisition and capital expenditure	19,455	45,997	55,651	—	225,886	346,989
Disposal and termination	—	(5,503)	(48)	—	(20,117)	(25,668)
Amortization	—	(93,374)	(54,748)	(350,265)	(128,874)	(627,261)
Impairment	(24,006)	(744)	(508)	—	(5,416)	(30,674)
Acquisition and disposition of businesses	—	(2,320)	(802)	—	(7,144)	(10,266)
Others	15,902	(573)	16,106	(610)	(1,445)	29,380
Ending, net	₩ 708,223	₩ 171,856	₩ 155,076	₩ 1,488,256	₩ 606,422	₩ 3,129,833
Acquisition cost	1,037,887	1,803,687	1,156,951	2,617,707	1,532,061	8,148,293
Less: Accumulated amortization (including accumulated impairment loss and others)	(329,664)	(1,631,831)	(1,001,875)	(1,129,451)	(925,639)	(5,018,460)

	2023					
<i>(in millions of Korean won)</i>	Goodwill	Development costs	Software	Frequency usage rights	Others	Total
Acquisition cost	₩ 1,037,887	₩ 1,803,687	₩ 1,156,951	₩ 2,617,707	₩ 1,532,061	₩ 8,148,293
Less: Accumulated amortization (including accumulated 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 expenditure ¹	—	33,078	38,603	37	238,019	309,737
Disposal and termination	—	(4,812)	(397)	—	(6,431)	(11,640)
Amortization ²	—	(63,052)	(52,265)	(350,276)	(226,316)	(691,909)
Impairment	(230,352)	(128)	(16)	—	(5,711)	(236,207)
Acquisition and disposition of businesses	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 (including accumulated impairment loss and others)	(547,927)	(1,651,846)	(1,043,667)	(1,277,051)	(1,109,107)	(5,629,598)

1 The amounts include the transferred amount from Property and Equipment account.

2 Amounts include ₩52,179 million which is the changed effect of useful life from Media Contents asset.

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(2) Goodwill, amounting to ₩ 212,910 million, is not subject to amortization as of December 31, 2023 (December 31, 2022: ₩ 210,114 million).

(3) Goodwill is allocated to the Group's cash-generating unit which is identified by operating segments. As of December 31, 2023, goodwill allocated to each cash-generating unit is as follows:

<i>(in millions of Korean won)</i> Cash generating Unit	Amount
Mobile services ^{1,9}	₩ 65,057
BC Card Co., Ltd. ²	41,234
HCN Co., Ltd. ³	130,242
GENIE Music Corporation ⁴	50,214
MILLIE Co., Ltd. ⁵	54,725
PlayD Co., Ltd. ⁶	40,068
KT Telecop Co., Ltd. ⁷	15,418
Epsilon Global Communications Pte. Ltd. ⁸	45,670
KT MOS Bukbu Co., Ltd and others	45,799
Total	₩488,427

1 The recoverable amounts of mobile services business are calculated based on value-in use calculations. These calculations use discounted cash flow projections for the next five years based on financial budgets. A terminal growth rate of 0.0% was applied for the cash flows expected to be incurred after five years. This growth rate does not exceed the average growth rate of the industry which the cash-generating unit belongs in. The Group estimated its revenue growth rate 0.56% based on past performance and its expectation of future market changes. In addition, management estimated the cash flow based on past performance and its expectation of market growth, and the discount rates 6.68% used reflected specific risks relating to the relevant CGU. As a result of the impairment test, the Group concluded that the carrying amount of CGU does not exceed the recoverable amount. Accordingly, the Group did not recognize an impairment loss on goodwill on mobile business for the years ended December 31, 2021, 2022 and 2023.

2 The recoverable amounts of BC Card Co., Ltd. are calculated based on value-in use calculations. These calculations use discounted cash flow projections for the next five years based on financial budgets. A terminal growth rate of 0.0% was applied for the cash flows expected to be incurred after five years. This growth rate does not exceed the average growth rate of the industry which the cash-generating unit belongs in. The Group estimated its revenue growth rate 0.04% based on past performance and its expectation of future market changes. In addition, management estimated the cash flow based on past performance and its expectation of market growth, and the discount rates 5.22% used reflected specific risks relating to the relevant CGU. As a result of the impairment test, the Group concluded that the carrying amount of CGU does not exceed the recoverable amount. Accordingly, the Group did not recognize an impairment loss on goodwill on BC Card Co., Ltd. for the years ended December 31, 2021, 2022 and 2023.

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- 3 The recoverable amounts of HCN Co., Ltd. are calculated based on value-in use calculations. These calculations use discounted cash flow projections for the next five years based on financial budgets. A terminal growth rate of 0.0% was applied for the cash flows expected to be incurred after five years. This growth rate does not exceed the average growth rate of the industry which the cash-generating unit belongs in. The Group estimated its revenue growth rate 2.21% based on past performance and its expectation of future market changes. In addition, management estimated the cash flow based on past performance and its expectation of market growth, and the discount rates 11.37% used reflected specific risks relating to the relevant CGU. As a result of the impairment test, HCN's recoverable amount was KRW 130,242 million, which was less than the carrying amount, and KRW 98,432 million of the impairment loss was recorded as goodwill in full and reflected in operating expenses.
- 4 The recoverable amounts of GENIE Music Corporation are calculated based on value-in use calculations. These calculations use discounted cash flow projections for the next five years based on financial budgets. A terminal growth rate of 0.0% was applied for the cash flows expected to be incurred after five years. This growth rate does not exceed the average growth rate of the industry which the cash-generating unit belongs in. The Group estimated its revenue growth rate 4.51% based on past performance and its expectation of future market changes. In addition, management estimated the cash flow based on past performance and its expectation of market growth, and the discount rates 16.73% used reflected specific risks relating to the relevant CGU. As a result of the impairment test, the Group concluded that the carrying amount of CGU does not exceed the recoverable amount. Accordingly, the Group did not recognize an impairment loss on goodwill on GENIE Music Corporation for the years ended December 31, 2023.
- 5 The recoverable amounts of MILLIE Co., Ltd. are calculated based on value-in use calculations. These calculations use discounted cash flow projections for the next four years based on financial budgets. A terminal growth rate of 1.0% was applied for the cash flows expected to be incurred after four years. This growth rate does not exceed the average growth rate of the industry which the cash-generating unit belongs in. The Group estimated its revenue growth rate 9.96% based on past performance and its expectation of future market changes. In addition, management estimated the cash flow based on past performance and its expectation of market growth, and the discount rates 22.48% used reflected specific risks relating to the relevant CGU. As a result of the impairment test, the Group concluded that the carrying amount of CGU does not exceed the recoverable amount. Accordingly, the Group did not recognize an impairment loss on goodwill on MILLIE Co., Ltd. for the years ended December 31, 2023.
- 6 The recoverable amount of PlayD Co., Ltd is calculated based on fair value less cost to sell.
- 7 The recoverable amounts of KT Telecop Co., Ltd. are calculated based on value-in use calculations. These calculations use discounted cash flow projections for the next five years based on financial budgets. A terminal growth rate of 1.0% was applied for the cash flows expected to be incurred after five years. This growth rate does not exceed the average growth rate of the industry which the cash-generating unit belongs in. The Group estimated its revenue growth rate 3.54% based on past performance and its expectation of future market changes. In addition, management estimated the cash flow based on past performance and its expectation of market growth, and the discount rates 9.04% used reflected specific risks relating to the relevant CGUs. As a result of the impairment test, the Group concluded that the carrying amount of CGU does not exceed the recoverable amount. Accordingly, the Group did not recognize an impairment loss on goodwill on KT Telecop Co., Ltd. for the years ended December 31, 2021, 2022 and 2023.

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- 8 The recoverable amounts of Epsilon Global Communications Pte. Ltd. are calculated based on value-in use calculations. These calculations use discounted cash flow projections for the next nine years based on financial budgets. A terminal growth rate of 1.0% was applied for the cash flows expected to be incurred after nine years. This growth rate does not exceed the average growth rate of the industry which the cash-generating unit belongs in. The Group estimated its revenue growth rate 10.57% based on past performance and its expectation of future market changes. In addition, management estimated the cash flow based on past performance and its expectation of market growth, and the discount rates 8.84% used reflected specific risks relating to the relevant CGU. As a result of the impairment test, Epsilon Global Communications's recoverable amount was KRW 45,670 million, which was less than the carrying amount, and KRW 118,609 million of the impairment loss was recorded as goodwill in full and reflected in operating expenses.
- 9 The Group performed its impairment assessment for long-lived assets attributed to the Information and Communication Technology ("ICT") reporting segment, which includes the Cash-Generating Units of Mobile, Fixed line, and Corporate Services (the "CGUs"). The Group compared the carrying value of each CGU to the estimated recoverable amount. The recoverable amounts of ICT reporting segment are calculated based on value-in use calculations. These calculations use discounted cash flow projections for the next five years based on financial budgets. A terminal growth rate of 0.0% was applied for the cash flows expected to be incurred after five years. This growth rate does not exceed the average growth rate of the industry which the cash-generating unit belongs in. The Group estimated its revenue growth rate 0.56% ~ 9.14% based on past performance and its expectation of future market changes. In addition, management estimated the cash flow based on past performance and its expectation of market growth, and the discount rate 6.68%. Accordingly, the Group did not recognize an impairment loss on ICT reporting segment for the years ended December 31, 2021, 2022 and 2023.

13. Investments in Associates and Joint Ventures

(1) Details of associates as of December 31, 2022 and 2023, are as follows:

	Percentage of ownership (%)		Location	Closing month
	December 31, 2022	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. (formerly Hyundai Robotics Co., Ltd.) ¹	10.0%	10.0%	Korea	December
Megazone Cloud Corporation ¹	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 Professional Investors Private Investment Real Estate Investment LLCNo 395	35.3%	35.3%	Korea	December
LS Marine Solution Co., Ltd (formerly KT Submarine Co., Ltd.) ^{1,2}	32.9%	7.3%	Korea	December

- 1 As of December 31, 2023, although the Group has less than 20% ownership in ordinary share, this entity is included in investments in associates as the Group has significant influence in determining the operational and financial policies.

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2 As of December 31, 2023, due to the loss of control of an entity, it is now accounted as an associate.

(2) Changes in investments in associates and joint ventures for the years ended December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2022				
	Beginning	Acquisition (Disposal)	Share of net profit (loss) from associates and joint ventures	Others	Ending
KIF Investment Fund	₩ 178,935	₩ —	₩ 2,502	₩ (10,458)	₩ 170,979
K Bank Inc.	831,737	—	29,010	(7,991)	852,756
HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	48,725	—	798	(151)	49,372
Megazone Cloud Corporation	—	130,001	(22,555)	28,753	136,199
IGIS No. 468-1 General Private Real Estate Investment Company	—	25,000	(1,411)	—	23,589
KT-DSC Creative Economy Youth Start- up Investment Fund	22,138	—	(13)	(2)	22,123
IGIS Professional Investors Private Investment Real Estate Investment LLC No. 395	17,084	—	(464)	—	16,620
Others	189,810	100,040	(24,688)	(56,078)	209,084
	<u>₩1,288,429</u>	<u>₩255,041</u>	<u>₩ (16,821)</u>	<u>₩(45,927)</u>	<u>₩1,480,722</u>

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<i>(in millions of Korean won)</i>	2023				
	Beginning	Acquisition (Disposal)	Share of net profit (loss) from associates and joint ventures ¹	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. (formerly 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 Real Estate Investment Company	23,589	—	(105)	—	23,484
KT-DSC Creative Economy Youth Start-up Investment Fund	22,123	(500)	3,494	—	25,117
IGIS Professional Investors Private Investment Real Estate Investment LLC No 395	16,620	—	(4,678)	—	11,942
LS Marine Solution Co., Ltd (formerly KT Submarine Co., Ltd.)	—	—	255	23,237 ¹	23,492
Others	209,084	101,887	(34,912)	(32,568)	243,491
	<u>₩1,480,722</u>	<u>₩101,387</u>	<u>₩ (35,634)</u>	<u>₩ 10,414</u>	<u>₩1,556,889</u>

1 The amount represents the fair value of investment at the time the Company lost control (Refer to note above).

(3) Summarized financial information of associates and joint ventures as at and for the years ended December 31, 2022 and 2023, is as follows:

<i>(in millions of Korean won)</i>	December 31, 2022			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities
KIF Investment Fund	₩ 98,132	₩414,804	₩ —	₩ —
K Bank Inc.	16,562,742	71,265	14,830,983	2,168
HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	278,413	135,380	63,009	64,335
Megazone Cloud Corporation	857,089	202,767	330,619	94,202
IGIS No. 468-1 General Private Real Estate Investment Company	52,851	—	12	—
KT-DSC Creative Economy Youth Start-up Investment Fund	908	76,884	362	—
IGIS Professional Investors Private Investment Real Estate Investment LLC No. 395	9,344	127,321	90,545	—

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	December 31, 2023			
	Current assets	Non-current assets	Current liabilities	Non-current liabilities
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. (formerly 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 Professional Investors Private Investment Real Estate Investment LLC No 395	5,690	145,769	107,553	—
LS Marine Solution Co., Ltd. (formerly KT Submarine Co., Ltd.)	66,767	80,307	23,906	207

(in millions of Korean won)

	2022				
	Operating revenue	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends received from associates
KIF Investment Fund	₩ 19,916	₩ 7,505	₩ (11,779)	₩ (4,274)	₩ 6,531
K Bank Inc.	558,872	86,498	(24,888)	61,610	—
HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	181,944	9,332	(49)	9,283	—
Megazone Cloud Corporation	1,261,228	(293,186)	(6,609)	(299,795)	—
IGIS No. 468-1 General Private Real Estate Investment Company	9	(3,161)	—	(3,161)	—
KT-DSC Creative Economy Youth Start-up Investment Fund	19,931	(53)	—	(53)	—
IGIS Professional Investors Private Investment Real Estate Investment LLC No. 395	—	(474)	—	(474)	—

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	2023				
	Operating revenue	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends received from associates
KIF Investment Fund	₩ 33,017	₩ 16,330	₩ —	₩ 16,330	₩ 1,139
K Bank Inc.	946,559	10,560	56,609	67,169	—
HD Hyundai Robotics Co., Ltd. (formerly 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 Professional Investors Private Investment Real Estate Investment LLC No 395	—	(406)	—	(406)	—
LS Marine Solution Co., Ltd. (formerly KT Submarine 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, 2022 and 2023, are as follows:

(in millions of Korean won)

	2022				
	Net assets (a)	Percentage of ownership (b)	Share in net assets (c)=(a)x(b)	Intercompany transaction and others (d)	Book amount (c)+(d)
KIF Investment Fund	₩ 512,936	33.33%	₩ 170,979	₩ —	₩ 170,979
K Bank Inc.	1,800,856	33.72%	607,276	245,480	852,756
HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	286,449	10.00%	28,645	20,727	49,372
Megazone Cloud Corporation	635,035	6.83%	43,360	92,839	136,199
IGIS No. 468-1 General Private Real Estate Investment Company	52,839	44.64%	23,589	—	23,589
KT-DSC Creative Economy Youth Start-up Investment Fund	77,430	28.57%	22,123	—	22,123
IGIS Professional Investors Private Investment Real Estate Investment LLC No. 395	46,120	35.29%	16,278	342	16,620

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	2023				
	Net assets (a)	Percentage of ownership (b)	Share in net assets (c)=(a)x(b)	Intercompany transaction and others (d)	Book amount (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
HD Hyundai Robotics Co., Ltd. (formerly 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 Estate Investment Company	52,605	44.64%	23,484	—	23,484
KT-DSC Creative Economy Youth Start-up Investment Fund	87,908	28.57%	25,117	—	25,117
IGIS Professional Investors Private Investment Real Estate Investment LLC No 395	43,905	35.29%	15,496	(3,554)	11,942
LS Marine Solution Co., Ltd (formerly KT Submarine 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 ₩833 million for the year ended December 31, 2023 (2021: ₩717 million, 2022: ₩909 million). The unrecognized accumulated comprehensive loss of associates and joint ventures as of December 31, 2023 is ₩10,748 million (2022: ₩9,915 million).

14. Trade and Other Payables

(1) Details of trade and other payables as of December 31, 2022 and 2023, are as follows:

	December 31, 2022	December 31, 2023
<i>(in millions of Korean won)</i>		
Current liabilities		
Trade payables	₩1,150,515	₩1,297,752
Other payables	6,182,650	6,757,170
Total	<u>₩7,333,165</u>	<u>₩8,054,922</u>
Non-current liabilities		
Trade payables	₩ —	₩ 3,202
Other payables	1,064,099	816,356
Total	<u>₩1,064,099</u>	<u>₩ 819,558</u>

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(2) Details of other payables as of December 31, 2022 and 2023 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2023
Non-trade payables ¹	₩ 4,981,300	₩5,207,165
Accrued expenses	1,234,023	1,267,700
Operating deposits	818,603	880,810
Others	212,823	217,851
Less: non-current	(1,064,099)	(816,356)
Current	<u>₩ 6,182,650</u>	<u>₩6,757,170</u>

1 As of December 31, 2023, credit sale liabilities amounting to ₩2,314,077 million (December 31, 2022: ₩1,754,075 million) held by BC Card Co., Ltd. (a subsidiary of the Group) are included.

15. Borrowings

(1) Details of borrowings as of December 31, 2022 and 2023, are as follows:

1) Debentures

<i>(in millions of Korean won and foreign currencies in thousands)</i>			December 31, 2022		December 31, 2023	
Type	Maturity	Annual interest rates	Foreign currency	Korean won	Foreign currency	Korean won
MTNP notes ¹	Sep. 7, 2034	6.500%	USD 100,000	₩ 126,730	USD 100,000	₩ 128,940
MTNP notes	Jul. 18, 2026	2.500%	USD 400,000	506,920	USD 400,000	515,760
MTNP notes	Aug. 23, 2023	—	USD 100,000	126,730	—	—
MTNP notes	Jul. 19, 2024	0.330%	JPY 400,000	3,813	JPY 400,000	3,651
MTNP notes	Sep. 1, 2025	1.000%	USD 400,000	506,920	USD 400,000	515,760
FR notes ²	Nov. 1, 2024	Compounded SOFR+1.210%	USD 350,000	443,555	USD 350,000	451,290
FR notes	Jun. 19, 2023	—	SGD 284,000	267,843	—	—
MTNP notes	Jan. 21, 2027	1.375%	USD 300,000	380,190	USD 300,000	386,820
MTNP notes	Aug. 08, 2025	4.000%	USD 500,000	633,650	USD 500,000	644,700
The 183-3rd Public bond	Dec. 22, 2031	4.270%	—	160,000	—	160,000
The 184-2nd Public bond	Apr. 10, 2023	—	—	190,000	—	—
The 184-3rd Public bond	Apr. 10, 2033	3.170%	—	100,000	—	100,000
The 186-3rd Public bond	Jun. 26, 2024	3.418%	—	110,000	—	110,000
The 186-4th Public bond	Jun. 26, 2034	3.695%	—	100,000	—	100,000
The 187-3rd Public bond	Sep. 2, 2024	3.314%	—	170,000	—	170,000
The 187-4th Public bond	Sep. 2, 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 190-2nd Public bond	Jan. 30, 2023	—	—	150,000	—	—
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	2.088%	—	80,000	—	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	1.578%	—	100,000	—	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 193-1st Public bond	Jun. 16, 2023	—	—	150,000	—	—
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

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Type	Maturity	Annual interest rates	December 31, 2022		December 31, 2023	
			Foreign currency	Korean won	Foreign currency	Korean won
The 194-1st Public bond	Jan. 26, 2024	1.127%	—	130,000	—	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	1.387%	—	180,000	—	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
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
The 198-2nd Public bond	Jan. 12, 2026	3.869%	—	—	—	150,000
The 198-3rd Public bond	Jan. 12, 2028	3.971%	—	—	—	80,000
The 199-1st Public bond	Jul. 11, 2025	4.028%	—	—	—	85,000
The 199-2nd Public bond	Jul. 10, 2026	4.146%	—	—	—	160,000
The 199-3rd Public bond	Jul. 12, 2028	4.221%	—	—	—	155,000
The 18-1st unsecured bond	Jul. 2, 2024	1.844%	—	100,000	—	100,000
The 18-2nd unsecured bond	Jul. 2, 2026	2.224%	—	50,000	—	50,000
The 148th Won-denominated unsecured bond	Jun. 23, 2023	—	—	100,000	—	—
The 149-1st Won-denominated unsecured bond	Mar. 8, 2024	1.440%	—	70,000	—	70,000
The 149-2nd Won-denominated unsecured bond	Mar. 10, 2026	1.756%	—	30,000	—	30,000
The 150-1st Won-denominated unsecured bond	Apr. 7, 2023	—	—	20,000	—	—
The 150-2nd Won-denominated unsecured bond	Apr. 8, 2024	1.462%	—	30,000	—	30,000
The 151-1st Won-denominated unsecured bond	May 12, 2023	—	—	10,000	—	—
The 151-2nd Won-denominated unsecured bond	May 14, 2024	1.432%	—	40,000	—	40,000
The 152-1st Won-denominated unsecured bond	Aug. 30, 2024	1.813%	—	80,000	—	80,000
The 152-2nd Won-denominated unsecured bond	Aug. 28, 2026	1.982%	—	20,000	—	20,000
The 153-1st Won-denominated unsecured bond	Nov. 10, 2023	—	—	30,000	—	—
The 153-2nd Won-denominated unsecured bond	Nov. 11, 2024	2.425%	—	70,000	—	70,000
The 154th Won-denominated unsecured bond	Jan. 23, 2025	2.511%	—	40,000	—	40,000
The 155-1st Won-denominated unsecured bond	Feb. 29, 2024	2.615%	—	50,000	—	50,000
The 155-2nd Won-denominated unsecured bond	Sep. 2, 2024	2.745%	—	20,000	—	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 ³	Mar. 25, 2025	5Y CMS+0.404%	—	60,000	—	60,000

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Type	Maturity	Annual interest rates	December 31, 2022		December 31, 2023	
			Foreign currency	Korean won	Foreign currency	Korean won
The 156-2nd Won-denominated unsecured bond ³	Mar. 25, 2032	10Y CMS+0.965%	—	40,000	—	40,000
The 157-1st Won-denominated unsecured bond	Apr. 28, 2023	—	—	30,000	—	—
The 157-2nd Won-denominated unsecured bond	Oct. 27, 2023	—	—	30,000	—	—
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	4.267%	—	30,000	—	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	5.615%	—	20,000	—	20,000
The 160-2nd Won-denominated unsecured bond	Dec. 13, 2024	5.667%	—	20,000	—	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	5.527%	—	10,000	—	10,000
The 161-2nd Won-denominated unsecured bond	Dec. 20, 2024	5.557%	—	20,000	—	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 162-1st Won-denominated unsecured bond	Dec. 27, 2023	—	—	50,000	—	—
The 162-2nd Won-denominated unsecured bond	Jan. 26, 2024	5.069%	—	40,000	—	40,000
The 162-3rd Won-denominated unsecured bond	Apr. 26, 2024	5.080%	—	10,000	—	10,000
The 163-1st Won-denominated unsecured bond	Feb. 20, 2026	4.059%	—	—	—	20,000
The 163-2nd Won-denominated unsecured bond	Feb. 22, 2028	4.311%	—	—	—	80,000
The 164-1st Won-denominated unsecured bond	Apr. 12, 2024	3.778%	—	—	—	10,000
The 164-2nd Won-denominated unsecured bond	Oct. 24, 2024	3.821%	—	—	—	30,000
The 164-3rd Won-denominated unsecured bond	Apr. 14, 2028	4.220%	—	—	—	30,000
The 165-1st Won-denominated unsecured bond	May. 09, 2025	3.870%	—	—	—	30,000
The 165-2nd Won-denominated unsecured bond	Nov. 09, 2026	3.932%	—	—	—	10,000
The 165-3rd Won-denominated unsecured bond	May. 07, 2027	3.972%	—	—	—	30,000
The 166-1st Won-denominated unsecured bond	Nov. 22, 2024	4.205%	—	—	—	20,000
The 166-2nd Won-denominated unsecured bond	Apr. 22, 2025	4.310%	—	—	—	40,000
The 166-3rd Won-denominated unsecured bond	May. 21, 2025	4.332%	—	—	—	10,000
The 166-4th Won-denominated unsecured bond	May. 22, 2025	4.332%	—	—	—	40,000
The 167-1st Won-denominated unsecured bond	Dec. 20, 2024	3.865%	—	—	—	30,000
The 167-2nd Won-denominated unsecured bond	Jan. 22, 2025	3.864%	—	—	—	50,000
The 167-3rd Won-denominated unsecured bond	Feb. 21, 2025	3.864%	—	—	—	10,000
The 167-4th Won-denominated unsecured bond	Dec. 22, 2025	3.858%	—	—	—	10,000
Subtotal				8,406,351		8,446,921
Less: Current portion				(1,154,101)		(1,924,523)
Discount on bonds				(23,728)		(19,248)
Total				<u>₩ 7,228,522</u>		<u>₩ 6,503,150</u>

- As of December 31, 2023, the Controlling Company has outstanding notes in the amount of USD 100 million with fixed interest rates under Medium Term Note Program ("MTNP") registered in the Singapore Stock Exchange, which allowed issuance of notes of up to USD 2,000 million. However, the MTNP has been terminated since 2007.
- The Daily SOFR is approximately 5.380% as of December 31, 2023. Due to the recent suspension of LIBOR calculation, the Group changed the alternative indicator interest rate to Compounded SOFR+1.210%.
- The CMS (5Y) and CMS (10Y) is approximately 2.993% and 2.990%, respectively as of December 31, 2023.

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2) Convertible bonds

(in millions of Korean won)

Type	Issuance Date	Maturity	Annual interest Rate	December 31, 2022	December 31, 2023
The 1st CB (Private) ¹	Jun. 5, 2020	Jun. 5, 2025	2	₩ 8,000	₩ 8,000
The 1st unsecured CB ³	Jul. 25, 2022	Jan. 25, 2025	—	30,000	—
Redemption premium				4,565	2,267
Bond discount issuance				(7,206)	(1,811)
Subtotal				35,359	8,456
Current portion				—	(8,456)
Total				₩ 35,359	₩ —

- 1 Common shares of Storywiz are subject to conversion (appraisal period: June 5, 2021~May 4, 2025).
- 2 Nominal interest rate and maturity yield is approximately 0% and 5%, respectively, and will be settled on maturity.
- 3 During the current period, bonds of kt cloud are converted to 73,800 of Common shares and 73,800 of preference shares.

3) Borrowings

a. Short-term borrowings

(in millions of Korean won)

Type	Financial institution	Annual interest rates	December 31, 2022		December 31, 2023	
			Foreign currency	Korean won	Foreign currency	Korean won
Operational	Shinhan Bank	3.840%~6.430%	—	₩ 105,000	—	₩ 151,500
			—	30,000	—	—
	Woori Bank ¹	—	—	50,000	—	—
		4.400%	—	—	—	70,000
		CD(91D)+1.960%	—	—	—	20,000
	Korea Development Bank	3.230%~4.950%	—	27,201	—	34,900
	Industrial Bank of Korea	4.862%	—	6,000	—	6,000
	Hana Bank ¹	CD(91D)+0.126%	—	5,000	—	4,800
	KB SECURITIES	4.110%~4.910%	—	94,822	—	69,635
	NH INVESTMENT & SECURITIES	—	—	20,000	—	—
	HSBC ²	Compounded SOFR +2.100%	USD 18,500	23,451	USD 23,600	30,450
	NongHyup Bank	4.880%	—	9,000	—	8,500
	IBK Securities	—	—	15,000	—	—
	Hi Investment & Securities	—	—	20,000	—	—
	Korea Investment	4.910%	—	99,524	—	—
						30,000
			Total		₩ 504,998	₩ 425,785

- 1 CD (91D) is approximately 3.820% as of December 31, 2023.
- 2 The Daily SOFR is approximately 5.380% as of December 31, 2023.

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b. Long-term borrowings

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

Financial institution	Type	Annual interest rates	December 31, 2022		December 31, 2023	
			Foreign currency	Korean won	Foreign currency	Korean won
Export-Import Bank of Korea	Inter-Korean Cooperation Fund ¹	1.00%	—	₩ 1,974	—	₩ 1,480
CA-CIB	General loans	3.380%~4.150%	—	200,000	—	200,000
JPM	General loans	2.700%~4.480%	—	100,000	—	200,000
DBS	General loans	4.079%	—	100,000	—	100,000
Shinhan Bank	General loans ²	Term SOFR(3M)+1.100%	USD 8,910	11,292	USD 8,910	11,489
	General loans	—	USD 38,000	48,158	—	—
	General loans	1.900%~3.200%	USD 31,472	39,855	31,472	40,655
	General loans ³	4.490%	—	62,398	—	62,398
	General loans ²	Term SOFR(3M)+1.300%	USD 21,127	26,774	21,127	27,241
	General loans ²	Term SOFR(3M)+1.940%	—	—	USD 35,000	45,129
	General loans ²	CD(91D)+1.800%	—	—	—	16,900
	General loans ²	EURIBOR(3M)+0.900%	EUR 7,700	10,404	EUR 7,700	10,985
Woori Bank	General loans	3.320%~5.800%	—	15,000	—	41,526
	PF loans	—	—	40,682	—	—
Hi Investment & Securities	CP	2.302%	—	90,724	—	92,994
Bookook Investment	CP	3.490%~3.603%	—	18,806	—	19,525
Korea Investment	CP	3.622%	—	73,039	—	75,928
Korea Development Bank	General loans	3.000%~4.870%	—	38,000	—	137,000
NH Jayang	PF loans ²	CD(91D)+1.150%	—	59,066	—	53,033
Kyobo Life Insurance	PF loans ²	CD(91D)+1.150%~CD(91D)+3.450%	—	66,390	—	84,586
Standard Chartered Bank Korea	PF loans ²	CD(91D)+1.150%~CD(91D)+3.450%	—	44,260	—	56,390
	General loans ²	CD(91D)+0.750%	—	—	—	32,000
Samsung Life Insurance	PF loans	1.860%~4.160%	—	36,883	—	46,992
	Subtotal			1,083,705		1,356,251
	Less: Current portion			(167,943)		(699,800)
				₩ 915,762		₩ 656,451

1 The above Inter-Korean Cooperation Fund is repayable in installments over 13 years after a seven-year grace period.

2 EURIBOR (3M), Term SOFR (3M) and CD (91D) are approximately 3.909%, 5.331%, 3.820% respectively, as of December 31, 2023.

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

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- (2) Repayment schedule of the Group's debentures and borrowings including the portion of current liabilities as of December 31, 2023, 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, 2024 ~ Dec. 31, 2024	₩1,478,000	₩ 454,941	₩1,932,941	₩1,016,254	₩109,331	₩1,125,585	₩ 3,058,526
Jan. 1, 2025 ~ Dec. 31, 2025	1,445,000	1,160,460	2,605,460	421,322	56,618	477,940	3,083,400
Jan. 1, 2026 ~ Dec. 31, 2026	760,000	515,760	1,275,760	109,087	—	109,087	1,384,847
Jan. 1, 2027 ~ Dec. 31, 2027	280,000	386,820	666,820	15,600	—	15,600	682,420
After Jan. 1, 2028	1,845,000	128,940	1,973,940	53,825	—	53,825	2,027,765
Total	₩5,808,000	₩2,646,921	₩8,454,921	₩1,616,088	₩165,949	₩1,782,037	₩10,236,958

16. Provisions

Changes in provisions for the years ended December 31, 2022 and 2023, are as follows:

(in millions of Korean won)

	2022			
	Litigation	Restoration cost	Others	Total
Beginning balance	₩ 80,165	₩ 107,358	₩ 69,874	₩257,397
Increase (Transfer)	6,005	13,027	5,847	24,879
Usage	(6,155)	(8,143)	(15,783)	(30,081)
Reversal	(43,686)	(3,685)	(4,418)	(51,789)
Others	—	405	(445)	(40)
Ending balance	₩ 36,329	₩ 108,962	₩ 55,075	₩200,366
Current	34,730	19,918	54,485	109,133
Non-current	₩ 1,599	₩ 89,044	₩ 590	₩ 91,233

(in millions of Korean won)

	2023			
	Litigation	Restoration cost	Others	Total
Beginning balance	₩ 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)
Scope change	—	—	(177)	(177)
Others	—	(393)	2,290	1,897
Ending balance	₩ 29,707	₩ 133,159	₩ 59,357	₩222,223
Current	₩ 29,130	₩ 26,945	₩ 59,134	₩ 115,209
Non-current	577	106,214	223	107,014

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17. Net Defined Benefit Liabilities (Assets)

- (1) The amounts recognized in the statements of financial position as of December 31, 2022 and 2023, are determined as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2023
Present value of defined benefit obligations	₩ 2,218,655	₩ 2,365,793
Fair value of plan assets	(2,478,143)	(2,462,925)
Liabilities	₩ 51,654	₩ 63,616
Assets	₩ 311,142	₩ 160,748

- (2) Changes in the defined benefit obligations for the years ended December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2022	2023
Beginning	₩ 2,494,930	₩ 2,218,655
Current service cost	238,068	213,489
Interest expense	59,041	103,874
Benefit paid	(316,047)	(358,298)
Changes due to settlements of plan & Past Service Cost	(701)	1
Remeasurements:		
Actuarial gains (losses) arising from changes in demographic assumptions	(13,048)	1,903
Actuarial gains (losses) arising from changes in financial assumptions	(323,501)	138,462
Actuarial gains arising from experience adjustments	80,845	48,174
Acquisition and disposition of businesses, etc.	(932)	(467)
Ending	₩ 2,218,655	₩ 2,365,793

- (3) Changes in the fair value of plan assets for the years ended December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2022	2023
Beginning	₩ 2,314,632	₩ 2,478,143
Interest income	55,902	121,336
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	(8,542)	9,410
Benefits paid	(287,419)	(307,762)
Employer contributions	401,358	165,128
Acquisition and disposition of businesses, etc.	2,212	(3,330)
Ending	₩ 2,478,143	₩ 2,462,925

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- (4) Amounts recognized in the consolidated statements of profit or loss for the years ended December 31, 2021, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2021	2022	2023
Current service cost	₩249,125	₩238,068	₩213,922
Net Interest cost	5,047	3,139	(17,462)
Changes due to settlements of plan & Past Service Cost	(681)	(701)	1
Transfer out	(16,660)	(15,102)	(13,435)
Total expenses	₩236,831	₩225,404	₩183,026

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

	December 31, 2021	December 31, 2022	December 31, 2023
Discount rate	2.1%~3.70%	2.4%~6.29%	3.67%~5.51%
Salary growth rate	1%~6.97%	1.82%~8.9%	1.7%~8.96%

- (6) The sensitivity of the defined benefit obligations as of December 31, 2023, to changes in the principal assumptions is:

<i>(In percentage, in millions of Korean won)</i>	Effect on defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5% point	₩(139,461)	₩ 150,568
Salary growth rate	0.5% point	145,687	(135,431)

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 an 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.

- (7) Effect of defined benefit plan on future cash flows

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, 2023, are ₩273,503 million.

The expected maturity analysis of undiscounted pension benefits as of December 31, 2023, is as follows:

<i>(in millions of Korean won)</i>	Less than 1 year	Between 1- 2 years	Between 2- 5 years	Over 5 years	Total
Pension benefits	₩257,315	₩376,352	₩910,076	₩2,013,167	₩3,556,910

The weighted average duration of the defined benefit obligations is 6.2 years.

18. Defined Contribution Plan

Recognized expense related to the defined contribution plan for the year ended December 31, 2023, is ₩85,174 million (2021: ₩71,068 million, 2022: ₩72,576 million).

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19. Commitments and Contingencies

(1) As of December 31, 2023, major commitments with local financial institutions are as follows:

<i>(in millions of Korean won and foreign currencies in thousands)</i>	Financial institution	Limit	Used amount
Bank overdraft	Kookmin Bank and others	374,000	—
Inter-Korean Cooperation Fund	Export-Import Bank of Korea	37,700	1,480
Economic Cooperation Business Insurance	Export-Import Bank of Korea	3,240	1,732
Collateralized loan on electronic accounts receivable-trade	Kookmin Bank and others	545,350	42,822
Plus electronic notes payable	Industrial Bank of Korea	50,000	885
Working capital loan	Korea Development Bank and others	1,562,800	142,700
	Shinhan Bank	USD 76,509	USD 76,509
	Woori Bank	EUR 7,700	EUR 7,700
Facility loans	Shinhan Bank and others	924,000	429,924
Derivatives transaction limit	Korea Development Bank and others	USD 1,970,000	USD 1,970,000
Citi Bank		JPY 400,000	JPY 400,000
Total	KRW	3,497,090	619,543
	USD	2,046,509	2,046,509
	EUR	7,700	7,700
	JPY	400,000	400,000

(2) As of December 31, 2023, guarantees received from financial institutions are as follows:

<i>(in millions of Korean won and foreign currencies in thousands)</i>	Financial institution	Limit
Hana Bank	Guarantee for payment in Korean currency	4,000
	Comprehensive credit line and others	3,100
	Guarantee for payment in foreign currency	USD 59
	Comprehensive credit line and others	USD 10,300
Kookmin Bank	Guarantee for payment in foreign currency	USD 3,186
Shinhan Bank	Guarantee for payment in Korean currency and others	USD 94,517
	Guarantee for payment in foreign currency and others	VND 211,262
Woori Bank	Guarantee for payment in Korean currency	5,200
	Guarantee for payment in foreign currency	USD 7,000
Korea Development Bank	Refund guarantee for advances received	USD 6,811
HSBC	Guarantees for depositions	USD 816
Seoul Guarantee Insurance Company	Performance guarantee and others	366,395
Korea Software Financial Cooperative	Performance guarantee and others	1,556,979
Korea Specialty Contractor Financial Cooperative	Performance guarantee and others	135
Korea Housing Finance Corporation	Performance guarantee and others	44,000

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<i>(in millions of Korean won and foreign currencies in thousands)</i>		Financial institution	Limit
Korea Housing & Urban Guarantee Corporation ¹	Performance guarantee and others		691,530
Information & Communication Financial Cooperative	Performance guarantee and others		78,183
Total	KRW		2,749,522
	USD		122,689
	VND		211,262

1 Inventory assets(₩278,031 million) and investment properties(₩283,688 million) are provided as collateral with commitment respectively, as of December 31, 2023.

(3) As of December 31, 2023, guarantees provided by the Group to a third party, are as follows:

<i>(in millions of Korean won)</i>	Subject to payment guarantees	Creditor	Limit	Used amount	Period
KT Estate Inc	Wonju Bando U-bora Mark Bridge Buyer	Hana Bank	103,000	55,314	Aug. 5, 2022 ~ Feb. 28, 2025
KT Engineering Co., Ltd. ¹	Gasan Solar Power Plant Inc.	Shinhan Bank	4,700	364	Jan. 7, 2010 ~ Jan. 8, 2025
KT Engineering Co., Ltd. ¹	Korea Cell Inc.	Suhyup Bank	3,250	50	Feb. 17, 2014 ~ Feb. 16, 2024
KT Engineering Co., Ltd. ¹	San-Ya Agricultural Association Corporation	Suhyup Bank	3,250	51	Feb. 17, 2014 ~ Feb. 16, 2024
KT Alpha Co., Ltd.	Cash payers	T-commerce cash payers	821	—	Apr. 14, 2023 ~ Apr. 12, 2024
Nasmedia Co., Ltd.	Stockholders Association Members	Korea Securities Finance Corp	1,104	610	—

1 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, 2023, the Controlling Company and KT Sat Co., Ltd. are jointly and severally liable for reimbursement of ₩595 million.

(5) For the year ended December 31, 2023, the Group entered into agreements with the Securitization Specialty Companies (2023: First 5G 67th to 72th Securitization Specialty Co., Ltd., 2022: First 5G 61st to 66th 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, 2023, the Group is a defendant in 177 lawsuits with the total claimed amount of ₩167,834 million (2022: ₩80,279 million). As of December 31, 2023, litigation provisions of ₩29,707 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, 2023.

(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

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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, 2023, the Group participates in Algerie Sidi Abdela new town development consortium (percentage of ownership: 2.5%) and has joint liability with other consortium participants.
- (9) As of December 31, 2023, contract amount of property and equipment acquisition agreement made but not yet recognized amounts to ₩489,231 million (2022: ₩1,294,823 million).
- (10) As of December 31, 2023, there are derivatives generated by the Group granting Drag-Along Right to financial investors participating in paid-in capital increase of K Bank (Note 7).
- (11) The Group has an agreement with a transferor participated in share transfer agreement of MILLE Co., Ltd. As per the conditions of the agreement, the transferor may exercise Put Option for the ordinary shares it owns (Note 7).
- (12) The Group entered into an agreement with financial investors of Epsilon Global Communications Pte. 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 it owns (Note 7).
- (13) The Group has an obligation for additional contributions as per agreement to Future Innovation Private Equity Fund No.3 and others. As of December 31, 2023, remaining amount of ₩4,132 million and USD 30,350 thousand will be invested through the Capital Call method in the future.
- (14) 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.
- (15) During the prior period, the Group entered into a stock sale contract with HYUNDAI MOBIS and HYUNDAI MOTOR COMPANY. If a certain period of time has elapsed from the date of the contract and the acquired stocks are to be disposed to a third party, HYUNDAI MOBIS and HYUNDAI MOTOR COMPANY may exercise a preferential purchase right to designate a buyer with priority.
- (16) During the prior period, the Group entered into an agreement with LS Cable & System Ltd., which participated in the stock acquisition contract of KT Submarine Co., Ltd. (formerly KT Submarine Co., Ltd.). As per the agreement, the Group may exercise a put-option to LS Cable & System Ltd in the future (Note 7).
- (17) During the period, the Group entered into an agreement with equity investors which participated in the stock acquisition contract of KT cloud Co., Ltd., Under the agreement, in specific occasion, equity investors may exercise a Tag-along or put-option to the Group in the future.
- (18) The Group has the obligation of paying Minimum Guarantee as utilizing product bundling of Tving Co.,Ltd. and the right to be paid certain proportion of the excess as per 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 statements of financial position

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

<i>(in millions of Korean won)</i>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Right-of-use assets		
Property and building	₩1,081,067	₩1,019,537
Machinery and communication line facilities	50,794	89,150
Others	148,473	196,276
Total	<u>₩1,280,334</u>	<u>₩1,304,963</u>
<i>(in millions of Korean won)</i>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Lease liabilities¹		
Current	₩ 315,892	₩ 307,868
Non-Current	856,146	872,042
Total	<u>₩1,172,038</u>	<u>₩1,179,910</u>

1 Included in the line items 'Other current liabilities and other non-current liabilities' in the consolidated statements of financial position (Notes 9).

For the years ended December 31, 2022 and 2023, Right-of-use assets related to leases increased by ₩405,453 million and ₩440,552 million, respectively.

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

The consolidated statement of profit or loss relating to leases for the year ended December 31, 2021, 2022 and 2023 are as follows:

<i>(in millions of Korean won)</i>	<u>December 31, 2021</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Depreciation of Right-of-use assets			
Property and building	₩ 303,984	₩ 305,120	₩ 297,571
Machinery and communication line facilities	41,794	31,140	32,794
Others	52,938	59,954	72,372
Total	<u>₩ 398,716</u>	<u>₩ 396,214</u>	<u>₩ 402,737</u>
Depreciation of Investment Properties	₩ 1,794	₩ 15	₩ —
Interest expense relating to lease liabilities	36,651	41,469	52,035
Expense relating to short-term leases	7,984	12,876	8,804
Expense relating to leases of low-value assets that are not short-term leases	26,033	26,813	26,290
Expense relating to variable lease payments not included in lease liabilities	8,400	4,827	9,288

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The total cash outflow for leases for the year ended December 31, 2023 amounts to ₩500,392 million (2021: ₩468,360 million, 2022: ₩464,337 million).

21. Share Capital

As of December 31, 2022 and 2023, the Group has 1,000,000,000 shares authorized to issue and details are as follows:

	December 31, 2022			December 31, 2023		
	Number of issued shares	Par value per share (Korean won)	Ordinary Shares (in millions of Korean won)	Number of issued shares	Par value per share (Korean won)	Ordinary Shares (in millions of Korean won)
Ordinary shares ¹	261,111,808	₩5,000	₩1,564,499	257,860,760	₩5,000	₩1,564,499

- 1 The Group retired 55,039,007 treasury shares against retained earnings. Based on the local regulations in Korea, upon retirement of shares, the Company has decreased the number of shares issued but has not decreased the ordinary shares capital.

22. Retained Earnings

Details of retained earnings as at December 31, 2022 and 2023, are as follows:

(in millions of Korean won)	December 31, 2022	December 31, 2023
Legal reserve ¹	₩ 782,249	₩ 782,249
Voluntary reserves ²	4,651,362	4,651,362
Unappropriated retained earnings	8,821,705	9,042,256
Total	<u>₩ 14,255,316</u>	<u>₩ 14,475,867</u>

- 1 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.
- 2 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, 2022 and 2023, the details of the Controlling Company's accumulated other comprehensive income are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2023
Changes in investments in associates and joint ventures	₩ (11,752)	₩ 4,023
Gain (loss) on derivatives valuation	(7,109)	(29,361)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(52,100)	73,928
Exchange differences on translation for foreign operations	(6,815)	3,817
Total	<u>₩ (77,776)</u>	<u>₩ 52,407</u>

- (2) Changes in accumulated other comprehensive income for the years ended December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2022			
	Beginning	Increase/ decrease	Reclassification to gain or loss	Ending
Changes in investments in associates and joint ventures	₩ (3,461)	₩ (8,291)	₩ —	₩ (11,752)
Gain (loss) on derivatives valuation	25,031	63,281	(95,421)	(7,109)
Gain on valuation of financial assets at fair value through other comprehensive income	108,685	(160,785)	—	(52,100)
Exchange differences on translation for foreign operations	(12,786)	5,971	—	(6,815)
Total	<u>₩ 117,469</u>	<u>₩ (99,824)</u>	<u>₩ (95,421)</u>	<u>₩ (77,776)</u>

<i>(in millions of Korean won)</i>	2023			
	Beginning	Increase (decrease)	Reclassification to gain or loss	Ending
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
Total	<u>₩ (77,776)</u>	<u>₩ 168,125</u>	<u>₩ (37,942)</u>	<u>₩ 52,407</u>

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(3) The Group's other components of equity as at December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2023
Treasury stock	₩ (202,295)	₩ (398,075)
Gain or loss on disposal of treasury stock ¹	(41,503)	3,220
Share-based payments	6,222	8,773
Equity transactions within consolidated entities ²	(334,576)	(416,336)
Total	₩ (572,152)	₩ (802,418)

1 The amount directly reflected in equity is ₩101 million for the year ended December 31, 2023 (2022: ₩14,886 million).

2 Profit or loss incurred from transactions with non-controlling interest and investment difference incurred from changes in ownership of subsidiaries are included.

(4) As of December 31, 2022 and 2023, the details of treasury stock are as follows:

	December 31, 2022	December 31, 2023
Number of shares <i>(in shares)</i>	5,069,130	11,447,338
Amounts <i>(in millions of Korean won)</i>	₩ 202,295	₩ 398,075

Treasury stocks held as of December 31, 2023, are expected to be used for stock compensation for the Group's directors, employees, and other purposes.

24. Share-based Payments

(1) Details of share-based payments 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, 2022 and 2023, are as follows:

	2022
<i>(in share)</i>	16th grant
Grant date	June 9, 2022
Grantee	CEO, internal directors, external directors, executives
Vesting conditions	Service condition: 1 year Non-market performance condition: achievement of performance
Fair value per option <i>(in Korean won)</i>	₩36,941
Total compensation costs <i>(in Korean won)</i>	₩9,442 million
Exercise date	July 17, 2023
Valuation method	Fair value method

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	2023
(in share)	
Grant date	17th grant June 15, 2023, Oct 17, 2023
Grantee	CEO, internal directors, external directors, executives
Vesting conditions	Service condition: 1 year Non-market performance condition: achievement of performance
Fair value per option (in Korean won)	₩30,205
Total compensation costs (in Korean won)	₩7,262 million
Estimated exercise date (exercise date)	During 2024
Valuation method	Fair value method

(2) Changes in the number of stock options and the weighted-average exercise price as at December 31, 2022 and 2023, are as follows:

(in share)	2022					
	Beginning	Grant	Expired	Exercised ¹	Ending	Number of shares exercisable
15th grant	284,209	—	(155,286)	(128,923)	—	—
16th grant	—	258,509	—	—	258,509	—
Total	<u>284,209</u>	<u>258,509</u>	<u>(155,286)</u>	<u>(128,923)</u>	<u>258,509</u>	<u>—</u>
(in share)	2023					
	Beginning	Grant	Expired	Exercised ¹	Ending	Number of shares exercisable
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>	<u>—</u>

1 The weighted average price of ordinary shares at the time of exercise, during the year ended December 31, 2023 is ₩29,550 (2022: ₩35,450).

25. Revenue from Contracts with Customers, Other Income and Relevant Contract Assets and Liabilities

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

(in millions of Korean won)	2021	2022	2023
Revenue from contracts with customers	₩24,712,128	₩25,432,727	₩26,063,185
Revenue from other sources	185,877	206,128	224,016
Other income (Note 26)	307,654	595,351	308,044
Total revenue and other income	<u>₩25,205,659</u>	<u>₩26,234,206</u>	<u>₩26,595,245</u>

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(2) Operating revenues and other income for the years ended December 31, 2021, 2022 and 2023 are as follows:

<i>(in millions of Korean won)</i>	2021	2022	2023
Mobile services	₩ 6,936,485	₩ 7,013,889	₩ 7,140,333
Fixed-line services	4,960,338	5,056,513	5,142,359
Fixed-line and VoIP telephone services	1,465,059	1,378,265	1,249,024
Broadband Internet access services	2,343,591	2,504,833	2,578,558
Data communication services	1,151,689	1,173,415	1,314,777
Media and content	2,800,630	3,099,776	3,206,521
Financial services	3,661,896	3,836,589	3,967,763
Sale of goods	3,532,973	3,393,646	3,292,514
Others	3,313,337	3,833,793	3,845,755
Total	<u>₩25,205,659</u>	<u>₩26,234,206</u>	<u>₩26,595,245</u>

Mobile and fixed-line service

Telecommunication service revenues include mobile and fixed-line (e.g., fixed-line and VoIP telephone, broadband internet access services and data communication services). These services represent a series of distinct services that are considered a separate performance obligation. Service revenue is recognized when services are provided, based upon either usage (e.g., minutes of traffic/bytes of data processed) or period of time (e.g., monthly service fees).

Media and content services

Revenue from media and content services primarily consists of installation fees and basic monthly charges of IPTV and satellite TV services, as well as revenue from digital content distribution, digital music streaming and downloading. Media and contents services revenue are recognized when services are provided, based upon either usage or period of time.

Financial services

Financial services primarily include commissions for merchant fees paid by merchants to credit card companies for processing transactions. Revenue from the commission is recognized when the service obligation is performed.

Sale of goods

Revenue from sale of goods, primarily handsets related to our mobile services is recognized when a performance obligation is satisfied by transferring promised goods to customers.

(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>	December 31, 2022	December 31, 2023
Contract assets ¹	₩ 963,133	₩ 1,130,745
Contract liabilities ¹	344,869	311,023
Deferred revenue ²	₩ 81,653	₩ 81,067

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- 1 The Group recognized contract assets of ₩308,821million and contract liabilities of ₩32,274 million for long-term construction contract as of December 31, 2023 (2022: contract assets of ₩160,880 million and contract liabilities of ₩60,762 million). The Group recognizes contract assets as trade receivables and other receivables, and contract liabilities as other current liabilities.
- 2 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>	2021	2022	2023
Incremental cost of contract establishment	₩1,726,401	₩1,744,096	₩1,656,711
Cost of Contract performance	74,843	73,582	70,757

As at December 31, 2023, the Group recognized ₩1,759,586 million (2021: ₩1,842,621 million, 2022: ₩1,793,013 million) of operating expenses related to contract cost assets.

- (5) The recognized revenue arising from carried-forward contract liabilities from prior year is as follows:

<i>(in millions of Korean won)</i>	2021	2022	2023
Revenue recognized that was included in the contract liabilities balance at the beginning of the year			
Allocation of the transaction price	₩275,965	₩246,843	₩213,609
Deferred revenue of joining/installment fee	42,100	44,204	41,824
Total	<u>₩318,065</u>	<u>₩291,047</u>	<u>₩255,433</u>

26. Other Income

Other income for the years ended December 31, 2021, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2021	2022	2023
Gains on disposal of property and equipment and investment properties	₩ 54,007	₩ 52,603	₩ 22,447
Gains on disposal of intangible assets	1,726	622	1,727
Gain on disposal of right-of-use assets	3,138	3,326	3,580
Property and Equipment loss recovery income	148,927	159,849	152,712
Income from government subsidies	43,822	44,473	40,725
Gain on disposal of investments in associates	5	38,319	6,982
Gain on disposal of investments in subsidiaries	244	216,591	28,825
Others ¹	55,785	79,568	51,046
Total	<u>₩307,654</u>	<u>₩595,351</u>	<u>₩308,044</u>

- 1 Certain amounts that were previously reported in the table above have been grouped as Others.

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27. Operating Expenses

(1) Operating expenses for the years ended December 31, 2021, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2021	2022	2023
Employee benefit cost	₩ 4,215,810	₩ 4,495,885	₩ 4,556,832
Depreciation	2,605,594	2,637,463	2,723,610
Depreciation of right-of-use assets	398,716	396,214	402,737
Amortization of intangible assets	603,327	622,202	683,784
Commissions	1,125,944	1,295,434	1,264,729
Interconnection charges	507,567	479,500	436,598
International interconnection fee	192,008	186,253	140,433
Purchase of inventories	3,753,792	3,656,040	3,595,345
Changes of inventories	20,491	(195,046)	(203,071)
Sales commission	2,343,375	2,353,909	2,353,318
Service cost ¹	2,296,324	2,334,386	2,229,709
Utilities	364,373	368,348	544,675
Taxes and dues	268,651	276,962	250,651
Rent	123,246	160,848	167,576
Insurance premium	66,717	68,245	66,737
Installation fee	154,542	150,140	174,238
Advertising expenses	171,400	195,519	153,750
Allowance for bad debts	82,329	115,358	150,549
Card service cost	3,114,047	3,127,673	3,189,376
Loss on disposal of property and equipment	71,417	81,415	72,710
Loss on disposal of intangible assets	3,885	7,015	5,328
Loss on disposal of right-of-use assets	11,457	2,348	2,115
Loss on disposal of investments in subsidiaries	13,727	—	—
Impairment loss on property and equipment	2,115	16,094	7,871
Impairment loss on intangible assets	3,747	30,965	236,206
Donations	10,981	15,642	24,664
Other allowance for bad debts	28,066	17,551	34,112
Others	952,614	1,369,686	1,902,214
Total	₩23,506,262	₩24,266,049	₩25,166,796

1 Service cost is mainly recorded by purchase of service for system implementation and contents service.

(2) Details of employee benefit cost for the years ended December 31, 2021, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2021	2022	2023
Salaries & Wages	₩ 3,837,359	₩ 4,161,874	₩ 4,231,781
Post-employment benefits(Defined benefit plan)	236,831	225,404	183,026
Post-employment benefits(Defined contribution plan)	71,068	72,576	85,174
Share-based payment	47,415	16,799	15,450
Others	23,137	19,232	41,401
Total	₩ 4,215,810	₩ 4,495,885	₩ 4,556,832

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28. Financial Income and Costs

(1) Details of financial income for the years ended December 31, 2021, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2021	2022	2023
Interest income	₩273,460	₩271,925	₩279,607
Gain on foreign currency transactions	19,976	67,976	27,407
Gain on foreign currency translation	32,768	43,092	11,944
Gain on derivative transactions	2,215	50,668	12,304
Gain on valuation of derivatives	255,149	182,998	49,881
Gain on disposal of trade receivables	—	—	3,441
Gain on valuation of financial instruments	90,653	31,032	32,477
Others	52,062	42,737	69,216
Total	<u>₩726,283</u>	<u>₩690,428</u>	<u>₩486,277</u>

(2) Details of financial costs for the years ended December 31, 2021, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2021	2022	2023
Interest expenses	₩263,389	₩293,854	₩356,345
Loss on foreign currency transactions	13,105	81,171	34,281
Loss on foreign currency translation	213,689	200,109	95,730
Loss on derivative transactions	6,287	24,331	417
Loss on valuation of derivatives	15,947	21,601	6,598
Loss on disposal of trade receivables	22,712	62,697	17,980
Loss on valuation of financial instruments	25,994	65,660	55,049
Others	2,207	485	2,282
Total	<u>₩563,330</u>	<u>₩749,908</u>	<u>₩568,682</u>

29. Deferred Income Tax and income Tax Expense

(1) The analysis of deferred tax assets and deferred tax liabilities as at December 31, 2022 and 2023, is as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2023
Deferred tax assets		
Deferred tax assets to be recovered within 12 months	₩ 398,710	₩ 404,234
Deferred tax assets to be recovered after more than 12 months	1,907,690	1,824,099
Deferred tax assets before offsetting	<u>2,306,400</u>	<u>2,228,333</u>
Deferred tax liabilities		
Deferred tax liabilities to be recovered within 12 months	(586,522)	(491,817)
Deferred tax liabilities to be recovered after more than 12 months	(2,108,438)	(2,116,346)
Deferred tax liabilities before offsetting	<u>(2,694,960)</u>	<u>(2,608,163)</u>
Deferred tax assets after offsetting	₩ 579,090	₩ 614,500
Deferred tax liabilities after offsetting	<u>₩ 967,650</u>	<u>₩ 994,330</u>

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- (2) The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(in millions of Korean won)

	2022			
	Beginning	Statement of profit or loss	Other comprehensive income	Ending
Deferred tax liabilities				
Investments in subsidiaries, associates and joint ventures	(240,633)	(18,299)	3,748	(255,184)
Depreciation and impairment loss	(88,588)	(62,845)	—	(151,433)
Plan assets	(538,928)	(5,294)	1,322	(542,900)
Advanced depreciation provision	(339,005)	(182,934)	—	(521,939)
Contract assets	(493,917)	69,615	—	(424,302)
Financial assets at fair value through profit or loss	(336)	(73)	(11)	(420)
Financial assets at fair value through other comprehensive income	(47,521)	(71,396)	58,288	(60,629)
Others	(623,744)	(111,135)	(3,274)	(738,153)
Total	<u>₩(2,372,672)</u>	<u>₩ (382,361)</u>	<u>₩ 60,073</u>	<u>₩(2,694,960)</u>
Deferred tax assets				
Depreciation and impairment loss	225,821	(36,989)	—	188,832
Contract liabilities	148,454	(27,165)	—	121,289
Defined benefit liabilities	571,336	(22,423)	(67,055)	481,858
Provisions	172,871	(20,894)	(22)	151,955
Others	899,543	351,317	8,635	1,259,495
Total	<u>₩ 2,018,025</u>	<u>₩ 243,846</u>	<u>₩ (58,442)</u>	<u>₩ 2,203,429</u>
Temporary difference, net	(354,647)	(138,515)	1,631	(491,531)
Tax credit carryforwards	134,417	(31,446)	—	102,971
Total net balance	<u>₩ (220,230)</u>	<u>₩ (169,961)</u>	<u>₩ 1,631</u>	<u>₩ (388,560)</u>

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(in millions of Korean won)

	2023			
	Beginning	Statement of profit or loss	Other comprehensive income	Ending
Deferred tax liabilities				
Investments in subsidiaries, associates and joint ventures	(255,184)	(7,821)	(7,225)	(270,230)
Depreciation and impairment loss	(151,433)	39,309	—	(112,124)
Plan assets	(542,900)	8,367	826	(533,707)
Advanced depreciation provision	(521,939)	3,859	—	(518,080)
Contract assets	(424,302)	2,478	—	(421,824)
Financial assets at fair value through profit or loss	(420)	461	43	84
Financial assets at fair value through other 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)
Deferred tax assets				
Depreciation and impairment 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	1,259,495	(53,459)	2,141	1,208,177
Total	₩ 2,203,429	₩ (146,948)	₩ 42,582	₩ 2,099,063
Temporary difference, net	(491,531)	(9,472)	(8,097)	(509,100)
Tax credit carryforwards	102,971	26,299	—	129,270
Total net balance	₩ (388,560)	₩ 16,827	₩ (8,097)	₩ (379,830)

(3) The tax impacts recognized directly to equity as of December 31, 2021, 2022, and 2023, are as follows:

	December 31, 2021			December 31, 2022			December 31, 2023		
	Before recognition	Tax effect	After recognition	Before recognition	Tax effect	After recognition	Before recognition	Tax effect	After recognition
(in millions of Korean won)									
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 163,892	₩ (34,112)	₩ 129,780	₩ (216,862)	₩ 58,288	₩ (158,574)	₩ 163,750	₩ (41,945)	₩ 121,805
Gain (loss) on valuation of hedge instruments	6,916	(1,644)	5,272	(42,510)	11,180	(31,330)	(30,168)	7,555	(22,613)
Remeasurements of net defined benefit liabilities	74,518	(18,696)	55,822	247,162	(65,733)	181,429	(179,129)	41,664	(137,465)
Share of gain (loss) of associates and joint ventures, and others	(34,909)	9,097	(25,812)	(14,931)	3,748	(11,183)	28,715	(7,225)	21,490
Exchange differences on translation for foreign operations	683	(178)	505	23,316	(5,852)	17,464	32,376	(8,146)	24,230
Gain or loss on disposal of treasury stock	(15,657)	4,080	(11,577)	(59,308)	14,886	(44,422)	402	(101)	301
Total	₩ 195,443	₩ (41,453)	₩ 153,990	₩ (63,133)	₩ 16,517	₩ (46,616)	₩ 15,946	₩ (8,198)	₩ 7,748

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(4) Details of income tax expense for the years ended December 31, 2021, 2022 and 2023, are calculated as follows:

<i>(in millions of Korean won)</i>	2021	2022	2023
Current income tax expense	₩289,471	₩335,796	₩347,265
Impact of change in deferred taxes	229,545	169,961	(16,827)
Income tax expense	<u>₩519,016</u>	<u>₩505,757</u>	<u>₩330,438</u>

(5) The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the entities as follows:

<i>(in millions of Korean won)</i>	2021	2022	2023
Profit before income tax expense	₩1,978,411	₩1,891,392	₩1,302,620
Statutory income tax expense	₩ 533,701	₩ 509,771	₩ 333,530
Tax effect			
Income not taxable for taxation purposes	(4,307)	(47,550)	(30,106)
Non-deductible expenses	20,570	53,398	26,723
Tax credit	(31,517)	(54,895)	(78,459)
Additional payment of income taxes	(221)	11,744	(4,991)
Adjustments in deferred tax from changes in tax rate	—	(41,545)	564
Tax effect and adjustment on consolidation			
Goodwill impairment	—	5,809	106,010
Eliminated dividend income from subsidiaries	7,264	—	—
Changes of out-side tax effect	4,738	29,922	4,436
Intangible Asset impairment and amortization	796	5,276	5,892
Reversal expenses of contract cost assets	(2,932)	(4,800)	9,281
Acquisition and disposition of businesses	(5,128)	—	—
Others	(3,948)	38,627	(42,442)
Income tax expense	<u>₩ 519,016</u>	<u>₩ 505,757</u>	<u>₩ 330,438</u>

(6) Details of deferred tax assets and liabilities that are not recognized as at December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2022	2023
Deductible temporary differences		
Investment in subsidiaries, associates, and joint ventures	₩3,384,295	₩3,520,173
Unused tax loss	103,326	203,200
Unused Tax credit	1,988	2,338
Others	387,084	437,238
Total	<u>₩3,876,693</u>	<u>₩4,162,949</u>
Taxable temporary differences		
Investment in subsidiaries, associates, and joint ventures	₩ 857,076	₩ 903,394
Others	216,660	211,201
Total	<u>₩1,073,736</u>	<u>₩ 1,114,595</u>

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- (7) The expected period of expiry for unused tax losses not recognized in deferred tax assets as of December 31, 2022 and 2023, is as follows:

<i>(in millions of Korean won)</i>	2022	2023
2023	₩ 72,512	₩ 4,484
2024	5,011	2,836
2025	3,701	2,086
2026	2,112	4,541
2027	2,534	2,473
2028	396	6,533
2029	617	743
2030	2,198	713
2031	1,360	756
2032	7,450	—
After 2033	5,435	178,035
Total	<u>₩ 103,326</u>	<u>₩ 203,200</u>

30. Earnings per Share

- (1) Basic Earnings per Share

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

Basic earnings per share from operations for the years ended December 31, 2021, 2022 and 2023, is calculated as follows:

	2021	2022	2023
<i>Profit attributable to ordinary shares of owners of the Controlling Company (in millions of Korean won)</i>	₩ 1,354,537	₩ 1,259,686	₩ 993,325
<i>Weighted average number of ordinary shares outstanding (in number of shares)</i>	235,201,782	242,235,332	249,470,072
Basic earnings per share <i>(in Korean won)</i>	₩ 5,759	₩ 5,200	₩ 3,982

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.

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(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 and other share-based payments:

	2021	2022	2023
Profit attributable to ordinary shares of owners of the Controlling Company (in millions of Korean won)	₩ 1,354,537	₩ 1,259,686	₩ 993,325
Adjustment to net income attributable to ordinary shares (in millions of Korean won)	—	(496)	(827)
Diluted profit attributable to ordinary shares (in millions of Korean won)	1,354,537	1,259,190	992,498
Number of dilutive potential ordinary shares outstanding (in number of shares)	483,760	91,931	119,263
Weighted average number of ordinary shares outstanding (in number of shares)	235,685,542	242,327,263	249,589,335
Diluted earnings per share (in Korean won)	₩ 5,747	₩ 5,196	₩ 3,977

Diluted earnings per share is earnings per outstanding of ordinary shares and dilutive potential ordinary shares. Diluted earnings per share is calculated by dividing adjusted profit for the year 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 Parent in 2021, 2022 and 2023 were ₩326,487 million (₩1,350 per share), ₩450,394 million (₩1,910 per share), ₩501,844 million (₩1,960 per share), respectively. A dividend in respect of the year ended December 31, 2023, of ₩1,960 per share, amounting to a total dividend of ₩482,970 million, is to be proposed at the shareholders' meeting on March 28, 2024.

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32. Cash Generated from Operations

(1) Cash flows from operating activities for the years ended December 31, 2021, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2021	2022	2023
1. Profit for the year	₩ 1,459,395	₩ 1,385,635	₩ 972,182
2. Adjustments to reconcile net income			
Income tax expense	519,016	505,757	335,367
Interest income ¹	(300,900)	(340,794)	(392,580)
Interest expense ¹	268,847	320,914	410,566
Dividends income ²	(21,525)	(14,121)	(59,758)
Depreciation	2,643,894	2,687,191	2,773,152
Amortization of intangible assets	604,744	627,261	691,909
Depreciation of right-of-use assets	398,716	396,214	402,737
Provision for severance benefits (defined benefits)	253,491	240,506	196,027
Impairment losses on trade receivables	105,344	132,102	175,244
Share of net profit or loss of associates and joint ventures	(116,061)	16,821	44,323
Loss(gain) on disposal of associates and joint ventures	1	(38,024)	(6,982)
Loss(gain) on the disposal of subsidiaries	13,483	(216,591)	(28,825)
Loss(gain) on disposal of right-of-use assets	8,319	(978)	(1,465)
Impairment losses on assets held for sale	11	—	—
Impairment loss on property and equipment and investment in properties	2,115	16,094	7,871
Loss(gain) on disposal of property and equipment and investment in properties ³	17,410	(66,317)	511
Loss on disposal of intangible assets	2,159	6,393	3,601
Loss on impairment of intangible assets	3,747	30,674	236,106
Loss on foreign currency translation	180,921	157,017	83,899
Gain on valuation and settlement of derivatives, net	(235,130)	(205,381)	(37,249)
Gain on disposal of financial assets at fair value through profit or loss	(29,974)	(2,347)	(2,225)
Loss(Gain) on valuation of financial assets at fair value through profit or loss	(64,660)	44,833	13,920
Loss(gain) on disposal of financial assets at amortized cost ⁴	(35)	3	1
Others	84,625	(49,891)	158,820
3. Change in operating assets and liabilities, net of effects from purchase of controlled entity and sale of engineering division			
Decrease(increase) in trade receivables	327,031	(43,787)	(124,023)
Increase in other receivables	(328,610)	(1,598,216)	(1,085,527)
Decrease(increase) in other current assets	(89,230)	(101,947)	250,569
Increase in other non-current assets	(143,087)	(120,054)	(86,030)
Decrease(increase) in inventories	32,798	(179,255)	(317,531)
Increase(decrease) in trade payables	289,044	(368,355)	121,515
Increase in other payables	207,583	1,103,113	829,220
Increase(decrease) in other current liabilities	107,993	(30,375)	414,436
Decrease in other non-current liabilities	(14,915)	(1,015)	(14,272)
Decrease in provisions	(4,668)	(22,115)	(5,083)
Increase(decrease) in deferred revenue	3,696	(384)	905
Decrease(increase) in plan assets	(114,631)	(90,771)	115,725
Payment of post-employment benefits	(241,350)	(343,931)	(329,861)
4. Cash generated from operations (1+2+3)	<u>₩ 5,829,607</u>	<u>₩ 3,835,879</u>	<u>₩ 5,747,195</u>

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- 1 BC Card CO., Ltd. and other subsidiaries of the Group recognize interest income and expense as operating revenue and expense, respectively, including interest income of ₩112,973 million (2021: ₩27,440 million, 2022: ₩68,869 million) and interest expense of ₩55,677 million that are recognized as operating revenue and expense, respectively, for the year ended December 31, 2023 (2021: ₩5,458 million, 2022: ₩27,060 million).
- 2 BC Card Co., Ltd. Recognized dividend income as operating revenue, including dividend income of ₩1,759 million that is recognized as operating revenue for the year ended December 31, 2023 (2021: ₩1,340 million, 2022: ₩2,299 million).
- 3 KT Estate Inc. recognized gain and loss on disposal of investment properties as operating revenue and expense, respectively, including gain on disposal of investment properties of ₩49,752 million that is recognized as operating revenue for the year ended December 31, 2023.
- 4 KT Investment CO., Ltd. and other subsidiaries of the Group recognized gain and loss on valuation of financial assets at fair value through profit or loss as operating revenue and expense, respectively, including loss on valuation of financial assets at fair value through profit or loss of ₩11,112 million that is recognized as operating expense for the year ended December 31, 2023.

(2) Significant transactions not affecting cash flows for the years ended December 31, 2021, 2022 and 2023, are as follows:

(in millions of Korean won)

	2021	2022	2023
Reclassification of the current portion of borrowings	₩1,303,543	₩1,004,818	₩1,731,998
Reclassification of construction-in-progress to property and equipment	2,916,888	3,167,965	3,123,611
Reclassification of accounts payable from property and equipment	(149,512)	(7,055)	(293,448)
Reclassification of accounts payable from intangible assets	524,040	(197,389)	(276,491)
Reclassification of payable from defined benefit liabilities	69,415	(32,417)	26,246
Reclassification of payable from plan assets	(60,320)	28,532	(24,821)
Disposal of treasury stock related to acquisition of financial assets	—	747,161	—
Acquisition of financial assets related to disposal of a subsidiary	—	250,000	—

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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, 2021, 2022 and 2023, are as follows:

		2021						
		Non-cash						
<i>(in millions of Korean won)</i>	Beginning	Cash flows	Newly acquired	Changes in FX rate	Fair Value changes	Acquisition and disposition of businesses	Others	Ending
Borrowing	₩7,316,298	₩ 900,394	₩ 52,782	₩ 196,890	₩ —	₩ 15,994	₩(44,655)	₩8,437,703
Lease liabilities	1,143,640	(394,567)	403,451	3	90	36,840	(30,088)	1,159,369
Derivative liabilities	130,573	(1,712)	2,637	(4,311)	(4,892)	—	(47,119)	75,176
Derivative assets	(7,606)	216	—	(189,700)	(17,251)	—	114,888	(99,453)
Total	₩8,582,905	₩ 504,331	₩458,870	₩ 2,882	₩(22,053)	₩ 52,834	₩ (6,974)	₩9,572,795

		2022						
		Non-cash						
<i>(in millions of Korean won)</i>	Beginning	Cash flows	Newly acquired	Changes in FX rate	Fair Value changes	Acquisition and disposition of businesses	Others	Ending
Borrowing	₩8,437,703	₩1,391,321	₩ —	₩ 146,108	₩ 939	₩ —	₩ 30,614	₩10,006,685
Lease liabilities	1,159,369	(378,684)	427,398	—	—	—	(36,045)	1,172,038
Derivative liabilities	75,176	(41,197)	—	19,858	12,941	—	(33,223)	33,555
Derivative assets	(99,453)	76,280	(754)	(147,161)	30,341	—	(50,083)	(190,830)
Total	₩9,572,795	₩1,047,720	₩426,644	₩ 18,805	₩ 44,221	₩ —	₩(88,737)	₩11,021,448

		2023						
		Non-cash						
<i>(in millions of Korean won)</i>	Beginning	Cash flows	Newly acquired	Changes in FX rate	Fair value changes	Acquisition and disposition of businesses	Others	Ending
Borrowing	₩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	₩11,021,448	₩(252,750)	₩460,617	₩ 88,745	₩ 13,174	₩ —	₩(67,824)	₩11,263,410

34. Segment Information

(1) The management of the Group determines the operating and reporting 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	Cable television service, IT, facility security and global business, and others

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(2) Details of each segment for the years ended December 31, 2021, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2021		
	Operating revenues	Operating Income	Depreciation and Amortization¹
ICT	₩18,734,342	₩1,170,920	₩ 3,217,643
Finance	3,526,743	104,511	46,223
Satellite TV	665,081	61,398	60,980
Real estate	336,218	27,498	60,459
Others	6,474,858	390,903	327,202
Total	29,737,242	1,755,230	3,712,507
Elimination ²	(4,531,583)	(55,833)	(104,869)
Consolidated amount	<u>₩25,205,659</u>	<u>₩1,699,397</u>	<u>₩ 3,607,638</u>

<i>(in millions of Korean won)</i>	2022		
	Operating revenues	Operating Income	Depreciation and Amortization¹
ICT	₩18,697,269	₩1,347,405	₩ 3,105,807
Finance	3,615,307	119,805	47,638
Satellite TV	709,160	19,797	58,413
Real estate	474,954	113,134	65,457
Others	7,960,143	473,276	575,035
Total	31,456,833	2,073,417	3,852,350
Elimination ²	(5,222,627)	(105,260)	(196,471)
Consolidated amount	<u>₩26,234,206</u>	<u>₩1,968,157</u>	<u>₩ 3,655,879</u>

<i>(in millions of Korean won)</i>	2023		
	Operating revenues	Operating Income	Depreciation and Amortization¹
ICT	₩18,698,964	₩1,193,333	₩ 3,183,408
Finance	3,723,286	91,591	37,150
Satellite TV	714,574	(70,170)	52,871
Real estate	499,997	73,496	70,653
Others	8,145,272	97,568	584,738
Total	31,782,093	1,385,818	3,928,820
Elimination ²	(5,186,848)	42,631	(118,689)
Consolidated amount	<u>₩26,595,245</u>	<u>₩1,428,449</u>	<u>₩ 3,810,131</u>

- 1 Sum of the amortization of tangible assets, intangible assets, investment properties, and right-of-use assets.
- 2 Elimination for operating revenues is the difference between operating revenue included in the CODM report, which is based on Korean IFRS and operating revenue based on IFRS. Elimination for depreciation and amortization and operating revenues also included consolidated adjustments due to intercompany transactions with the group.

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(3) Operating revenues for the years ended December 31, 2021, 2022 and 2023 and non-current assets as at December 31, 2022 and 2023 by geographical regions, are as follows:

<i>(In millions of Korean won)</i> Location	Operating revenues			Non-current assets ¹	
	2021	2022	2023	2022.12.31	2023.12.31
Domestic	₩25,114,719	₩26,074,349	₩26,425,735	₩20,845,214	₩20,725,694
Overseas	90,940	159,857	169,510	270,490	183,344
Total	<u>₩25,205,659</u>	<u>₩26,234,206</u>	<u>₩26,595,245</u>	<u>₩21,115,704</u>	<u>₩20,909,038</u>

1 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, 2023, is as follows:

Relationship	Name of Entity
Associates and joint ventures	There are 54 Associates and joint ventures, and entities listed on the table below has Related Party Transactions
Others ¹	Goody Studio Co., Ltd., Rebellion Inc., Digital Pharm Co., Ltd., Mastern No.127 Logispoint Daegu Co., Ltd., KORAMKO No. 143 General Private Real Estate Investment Company

1 The investment in preferred shares in these entities are accounted for under IFRS 9. Given the Company's significant influence in the investees, those are included in the list of related parties.

(2) Outstanding balances of receivables and payables in relations to transactions with related parties as of December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i> Associates and joint ventures		December 31, 2022				
		Receivables		Payables		
		Trade receivables	Other receivables	Trade payables	Other payables	Lease liabilities
	K Bank, Inc.	₩ 682	₩258,999	₩ —	₩ 299	₩ —
	Little Big Pictures	1,454	7,645	—	9	—
	K-Realty 11th Real Estate Investment Trust Company	151	1,283	—	—	8,824
	Others	2,285	2	3,235	2,932	—
Total		<u>₩ 4,572</u>	<u>₩267,929</u>	<u>₩3,235</u>	<u>₩3,240</u>	<u>₩8,824</u>

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		December 31, 2023					
		Receivables			Payables		
		Trade receivables	Other receivables	Lease receivables	Trade payables	Other payables	Lease liabilities
<i>(in millions of Korean won)</i>							
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 Company	4,576	—	—	—	—	—
	Others	2,044	162	—	2,900	3,029	—
Total		<u>₩ 7,824</u>	<u>₩330,924</u>	<u>₩ 769</u>	<u>₩2,909</u>	<u>₩3,334</u>	<u>₩6,732</u>

(3) Significant transactions with related parties for the years ended December 31, 2021, 2022 and 2023, are as follows:

		2021	
		Sales	Purchases ¹
<i>(in millions of Korean won)</i>			
Associates and joint ventures	K- Realty CR-REITs No.1	₩238,847	₩ 1,308
	IGIS Professional Investors Private Investment Real Estate Investment LLC No. 395	5,000	—
	K Bank, Inc.	24,247	15,164
	Others ^{2,3}	28,092	21,302
Total		<u>296,186</u>	<u>37,774</u>

		2021		
		Interest income	Interest expense	Dividend income
<i>(in millions of Korean won)</i>				
Associates and joint ventures	K- Realty CR-REITs No.1	₩—	₩205	₩40,142
	Korea Information & Technology Investment Fund (KIF Investment Fund)	223	—	—
	K Bank, Inc.	—	—	—
	Others ^{2,3}	—	—	8,637
Total		<u>₩ 223</u>	<u>₩ 205</u>	<u>₩ 48,779</u>

1 Amounts include acquisition of property and equipment, and others.

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- 2 Transaction amount before OSKENT Co., Ltd., Mission Culture Industry Limited, Sweet and Sour Culture Industry Limited, Alma Mater Culture Industry Limited, and KT Philippines are excluded from associates and joint ventures.
- 3 Includes transactions of Oscar Ent. before it was excluded as associates and joint ventures of the Group.

		2022	
		Operating Revenue	Purchases ¹
<i>(in millions of Korean won)</i>			
Associates and joint ventures	K- Realty CR-REITs No.1 ²	₩ —	₩ —
	K Bank, Inc.	29,536	11,007
	Hyundai Robotics Co., Ltd. ¹	94	3,799
	K-Realty 11th Real Estate Investment Trust Company	330	1,674
	Others ³	11,964	37,742
Others	Digital Pharm Co., Ltd.	1	—
Total		<u>41,925</u>	<u>54,222</u>

		2022			
		Acquisition of right-of-use assets	Interest income	Interest expense	Dividend income
<i>(in millions of Korean won)</i>					
Associates and joint ventures	K- Realty CR-REITs No.1 ²	₩ —	₩ —	₩ —	₩45,549
	K Bank, Inc.	—	3,052	—	—
	Hyundai Robotics Co., Ltd. ¹	—	—	—	—
	K-Realty 11th Real Estate Investment Trust Company	1,966	—	260	162
	Others ³	—	—	—	9,158
Total		<u>₩ 1,966</u>	<u>₩3,052</u>	<u>₩ 260</u>	<u>₩54,869</u>

- 1 Amounts include acquisition of property and equipment, and others.
- 2 Includes transactions of the entity before it was excluded as an associate and joint venture of the Group.
- 3 Includes transactions of StorySoop Inc. before it was excluded as associates and joint ventures of the Group.

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(in millions of Korean won)		2023	
		Operating Revenue	Purchases ¹
Associates and joint ventures	K Bank, Inc.	₩22,701	₩ 13,429
	HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	78	182
	K-Realty 11th Real Estate Investment Trust Company	346	2,559
	K-Realty No.3 Real Estate General Private Placement Investment Company	6,216	—
	Others ^{2,3}	21,308	42,169
Others	Digital Pharm Co., Ltd.	1	—
Total		<u>50,650</u>	<u>58,339</u>

(in millions of Korean won)		2023			
		Acquisition of right-of-use assets	Interest income	Interest expense	Dividend income
Associates and joint ventures	K Bank, Inc.	₩ —	₩8,264	₩ —	₩ —
	HD Hyundai Robotics Co., Ltd.(formerly Hyundai Robotics Co., Ltd.)	—	—	—	—
	K-Realty 11th Real Estate Investment Trust Company	7	—	261	507
	Others ^{2,3}	—	—	—	1,279
Total		<u>₩ 7</u>	<u>₩8,264</u>	<u>₩ 261</u>	<u>₩1,786</u>

1 Amounts include acquisition of property and equipment, and others.

2 Includes transactions of KD Living Co., Ltd. before it was included as a subsidiary.

3 Includes transactions of FUNDA Co., Ltd, Maruee Limited Company Specializing in the Cultural Industry, Mastern No.127 Logispoint Daegu Co., Ltd. before it was excluded as associates and joint ventures of the Group.

(4) Key management compensation for the years ended December 31, 2021, 2022 and 2023, consists of:

(in millions of Korean won)	2021	2022	2023
Salaries and other short-term benefits	₩2,189	₩1,855	₩1,494
Post-employment benefits	412	294	153
Share-based compensation	669	976	569
Total	<u>₩3,270</u>	<u>₩3,125</u>	<u>₩2,216</u>

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(5) Fund transactions with related parties for the years ended December 31, 2021, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	2021		Equity contributions in cash
	Borrowing transactions¹		
Associates and joint ventures	Borrowings	Repayments	
K- REALTY CR REIT ¹	₩ —	₩ 15,964	₩ —
K Bank, Inc.	—	—	424,957
Pacific Professional Investors Private Investment Real Estate Investment LLC No. 55	—	—	11,000
KT Young Entrepreneurs DNA Investment Fund	—	—	8,400
Mastern KT Multi-Family Real Estate Private Equity Investment Fund ¹	—	—	6,055
KT-IBKC Future Investment Fund ¹	—	—	(5,700)
Others ²	—	—	18,176
Total	₩ —	₩ 15,964	₩ 462,888

1 Borrowing transactions include lease transactions.

2 Others include transactions before exclusion as associates and joint ventures of the Group.

<i>(in millions of Korean won)</i>	2022		Equity contributions in cash
	Borrowing transactions¹		
Associates and joint ventures	Borrowings	Repayments	
Megazone Cloud Corporation	₩ 30,000	₩ —	₩ 130,001
IBK-KT Emerging Digital Industry Investment Fund	—	—	10,800
Mastern KT Multi-Family Real Estate Private Equity Investment Fund ¹	—	—	18,859
IGIS No. 468-1 General Private Real Estate Investment Company	—	—	25,000
K-Realty 11th Real Estate Investment Trust Company	1,916	771	—
Others	—	—	93,478
Total	₩ 31,916	₩ 771	₩ 278,138

1 Lease transactions are included in borrowing transactions.

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<i>(in millions of Korean won)</i> Associates and joint ventures	2023		Equity contributions in cash
	Borrowing transactions¹		
	Borrowings	Repayments	
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 ²	—	—	31,107
Others			
Rebellions Co.,Ltd.	—	—	19,998
Total	₩ —	₩ 1,037	₩ 122,535

1 Lease transactions are included in borrowing transactions.

2 Includes transaction details before Daemuga Limited Company Specializing in the Cultural Industry, Maruee Limited Company Specializing in the Cultural Industry were excluded from the associates company.

(6) Provision of collateral and investment agreement and others

Provision of collateral and investment agreement The Group has an obligation to invest in Kiamco Data Center Blind Fund, a related party, and others according to the agreement. As of December 31, 2023 the Company is planning make an additional investment of ₩107,774 million

(7) As of December 31, 2023, the limit of the credit card contract provided by the Group to K Bank, Inc. is ₩1,050 million (December 31, 2022: ₩1,000 million).

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.

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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'.

(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) unaffected the Group's cash flows is not hedged but can be hedged at a particular situation.

As of December 31, 2021, 2022 and 2023, if the foreign exchange rate had strengthened/weakened by 10% with all other variables held constant, the effects on profit before income tax and shareholders' equity would have been as follows:

<i>(in millions of Korean won)</i>	Fluctuation of foreign exchange rate	Impact on profit before income tax¹	Impact on equity
2021.12.31	10%	₩ (3,433)	₩ 8,692
	-10%	3,433	(8,692)
2022.12.31	10%	₩ (5,841)	₩ (15,836)
	-10%	5,841	15,836
2023.12.31	10%	₩ (10,313)	₩ (18,460)
	-10%	10,313	18,460

1 Computed with considering derivatives hedging effect applied by the Group to hedge foreign exchange risk of liabilities in foreign currencies.

The above analysis 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 the management's decision to decrease the risk.

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Details of financial assets and liabilities in foreign currencies as at December 31, 2021, 2022 and 2023, are as follows:

<i>(In thousands of foreign currencies)</i>	2021		2022		2023	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Financial assets	Financial liabilities
USD	245,759	2,302,642	106,426	2,336,607	139,807	2,271,673
SDR ¹	255	722	255	722	254	722
JPY	29,227	30,000,763	32,801	400,002	17,496	400,002
GBP	—	1,005	30	83	—	—
EUR	3,943	10,801	185	7,832	304	7,810
RWF ²	586	—	15,521	13,025	402	—
THB ³	2,160	—	265	—	244	—
TZS ⁴	1,644	—	1,464	—	21,958	—
BWP ⁵	93	—	183	—	680	—
HKD ⁶	—	105	37	—	—	—
VND ⁷	257,895	—	280,226	—	380,629	—
SGD ⁸	13	284,000	448	284,000	1,375	—
TWD ⁹	—	226	—	—	1,685	—
CHF ¹⁰	—	161	—	—	—	25
MYR ¹¹	—	—	1	—	—	—
BGN ¹²	—	—	62	—	—	—
PKR ¹³	—	—	—	—	114,025	—

- 1 Special Drawing Rights.
- 2 Rwanda Franc.
- 3 Thailand Bhat.
- 4 Tanzanian Shilling.
- 5 Botswana Pula.
- 6 Hong Kong Dollar.
- 7 Vietnam Dong.
- 8 Singapore Dollar.
- 9 Taiwan Dollar.
- 10 Swiss Franc.
- 11 Ringgit Malaysia.
- 12 Bulgarian Lev.
- 13 Pakistani rupee

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(iii) Price risk

As of December 31, 2021, 2022 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 market prices had increased/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>	Fluctuation of price	Impact on profit before income tax	Impact on equity
2021.12.31	10%	₩ 2,000	₩ 4,588
	-10%	(2,000)	(4,588)
2022.12.31	10%	₩ 2,660	₩ 113,948
	-10%	(2,660)	(113,948)
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 had increased/decreased by 10% with all other variables held constant and all the Group's marketable equity instruments had moved according to the historical correlation with the index. 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 can increase or decrease equity.

(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 the changes in interest rates and financial costs.

As of December 31, 2021, 2022 and 2023, if the market interest rate had increased/decreased by 100 bp with other variables held constant, the effects on profit before income tax and shareholders' equity would be as follows:

<i>(in millions of Korean won)</i>	Fluctuation of interest rate	Impact on profit before income tax	Impact on equity
2021.12.31	+ 100 bp	₩ 753	₩ 5,549
	- 100 bp	(731)	(5,675)
2022.12.31	+ 100 bp	₩ 635	₩ (2,045)
	- 100 bp	(669)	2,100
2023.12.31	+ 100 bp	₩ (2,693)	₩ (4,718)
	- 100 bp	2,696	5,037

The above analysis 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 the management's decision to decrease the risk.

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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 the 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 is in default 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 was immaterial.

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The maximum exposure to credit risk of the Group's financial instruments without considering value of collaterals as of December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2023
Cash and cash equivalents (except for cash on hand)	₩ 2,437,629	₩ 2,869,285
Trade and other receivables		
Financial assets at amortized costs	7,459,994	8,458,259
Financial assets at fair value through other comprehensive income	129,124	116,198
Contract assets	802,253	832,520
Other financial assets		
Derivatives financial assets for hedging	190,830	159,211
Financial assets at fair value through profit or loss	942,274	880,549
Financial assets at fair value through other comprehensive income	5,432	5,913
Financial assets at amortized costs	1,060,058	1,385,921
Total	₩ 13,027,594	₩ 14,707,856

The Group is exposed to credit risk for financial guarantee contracts. As of December 31, 2023, the Group's maximum exposure amount is ₩116,719 million (2022: ₩26,206 million).

(i) Trade receivables and contract assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The Group measures the expected credit loss by considering the future unrecoverable 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, 2023. 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.

The expected credit losses reflect forward-looking information. Provision for impairment as of December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022			
	Less than 6 months	7-12 months	More than 1 years	Total
Expected credit loss rate	5.57%	25.84%	67.16%	—
Total carrying amounts	₩3,443,163	₩ 49,491	₩ 207,396	₩3,700,050
Provision for impairment	₩ (191,668)	₩ (12,789)	₩(139,281)	₩ (343,738)

<i>(in millions of Korean won)</i>	December 31, 2023			
	Less than 6 months	7-12 months	More than 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)

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Details of changes in provisions for impairment of trade receivables the years ended December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<u>2022</u>	<u>2023</u>
Beginning balance	₩349,725	₩343,738
Provision	64,522	69,972
Written-off	(68,298)	(80,126)
Others	(2,211)	(2,294)
Ending balance	<u>₩343,738</u>	<u>₩331,290</u>

As of December 31, 2023, the maximum exposure of the trade receivables carrying amount to credit risk is ₩3,439,199 million (2022: ₩3,356,312 million).

Impairment of trade receivable for the years ended December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<u>2022</u>	<u>2023</u>
Impairment loss Bad debt expenses	₩64,522	₩69,972

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

The Group is also exposed to credit risk in relation cash equivalents. The maximum exposure at the end of the reporting period 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, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<u>2022</u>	<u>2023</u>
Beginning balance	₩201,387	₩ 218,543
Provision	65,941	114,501
Written-off	(51,383)	(150,014)
Reversal	(850)	(14,941)
Others	3,448	15,547
Ending balance	<u>₩218,543</u>	<u>₩ 183,636</u>

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

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. 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 at the end of the reporting period 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.

<i>(in millions of Korean won)</i>	December 31, 2022			
	Less than 1 year	1-5 years	More than 5 years	Total
Trade and other payables	₩ 7,386,703	₩1,009,559	₩ 86,848	₩ 8,483,110
Borrowings (including debentures)	2,028,207	6,972,077	2,016,472	11,016,756
Lease liabilities	313,162	615,766	407,833	1,336,761
Other non-derivative financial liabilities	33,279	209,155	93,744	336,178
Financial guarantee contracts ¹	21,618	—	4,588	26,206
Total	<u>₩ 9,782,969</u>	<u>₩8,806,557</u>	<u>₩2,609,485</u>	<u>₩21,199,011</u>

1 It is 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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<i>(in millions of Korean won)</i>	December 31, 2023			
	Less than 1 year	1-5 years	More than 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 ¹	13,719	103,000	—	116,719
Total	<u>₩ 11,806,486</u>	<u>₩8,225,445</u>	<u>₩2,171,129</u>	<u>₩22,203,060</u>

1 It is 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.

At the end of the reporting period, the cash outflows and inflows by maturity of the Group's derivatives held for trading and gross-settled derivatives are as follows:

<i>(in millions of Korean won)</i>	December 31, 2021			
	Less than 1 year	1-5 years	More than 5 years	Total
Derivatives held for trading¹				
Outflows	₩ —	₩ 158,284	₩ —	₩ 158,284
Derivatives settled gross²				
Outflows	₩ 843,489	₩1,857,942	₩377,302	₩3,078,733
Inflows	856,508	1,917,236	394,134	3,167,878

<i>(in millions of Korean won)</i>	December 31, 2022			
	Less than 1 year	1-5 years	More than 5 years	Total
Derivatives held for trading¹				
Outflows	₩ —	₩ 101,994	₩ 930	₩ 102,924
Derivatives settled gross²				
Outflows	₩ 472,005	₩2,493,858	₩ 28,786	₩2,994,649
Inflows	550,478	2,670,002	37,873	3,258,353

<i>(in millions of Korean won)</i>	December 31, 2023			
	Less than 1 year	1-5 years	More than 5 years	Total
Derivatives held for trading¹				
Outflows	₩ —	₩ 133,293	₩ —	₩ 133,293
Inflows	—	—	1,015	1,015
Derivatives settled gross²				
Outflows	₩ 741,140	₩1,227,166	₩ 8,126	₩1,976,432
Inflows	614,066	2,198,958	36,344	2,849,368

1 During the year ended December 31, 2023, 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).

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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.

- 2 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.

Meanwhile, as of December 31, 2023, the Group is obligated to invest ₩107,774 million in Kiamco Data Center Blind Fund, a related party, and others, and ₩4,132 million and USD 30,350 thousand to be paid in the future Capital Call method to Future Innovation Private Equity Fund No.3 (Notes 19 and 35).

(2) Management of Capital Risk

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 capital component.

The debt-to-equity ratios as of December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2023
Total liabilities	₩ 22,577,114	₩ 24,249,073
Total equity	18,412,696	18,542,575
Debt-to-equity ratio	123%	131%

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 statement of financial position plus net debt.

The gearing ratios as of December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won, %)</i>	December 31, 2022	December 31, 2023
Total borrowings	₩ 10,006,685	₩ 10,218,165
Less: cash and cash equivalents	(2,449,062)	(2,879,554)
Net debt	7,557,623	7,338,611
Total equity	18,412,696	18,542,575
Total capital	25,970,319	25,881,186
Gearing ratio	29%	28%

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(3) Offsetting Financial Assets and Financial Liabilities

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

(in millions of Korean won)

	December 31, 2022					
	Gross assets	Gross liabilities offset	Net amounts presented in the statement of financial position	Amounts not offset		Net amount
				Financial instruments	Cash collateral	
Trade receivables	₩60,512	₩ —	₩ 60,512	₩ (44,518)	₩ —	₩15,994
Other financial assets	764	(764)	—	—	—	—
Total	₩61,276	₩ (764)	₩ 65,012	₩ (44,518)	₩ —	₩15,994

(in millions of Korean won)

	December 31, 2023					
	Gross assets	Gross liabilities offset	Net amounts presented in the statement of financial position	Amounts not offset		Net amount
				Financial instruments	Cash collateral	
Trade receivables	₩78,415	₩(1,407)	₩ 77,008	₩ (59,148)	₩ —	₩17,860
Other financial assets	759	(757)	2	(2)	—	—
Total	₩79,174	₩(2,164)	₩ 77,010	₩ (59,150)	₩ —	₩17,860

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

- 2) The Group's recognized financial liabilities subject to enforceable master netting arrangements or similar agreements are as follows:

(in millions of Korean won)

	December 31, 2022					
	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	₩47,271	₩(764)	₩ 46,507	₩ (44,518)	₩ —	₩1,989

(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 financial assets	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, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<u>December 31, 2022</u>		<u>December 31, 2023</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
Financial assets				
Cash and cash equivalents	₩ 2,449,062	1	₩ 2,879,554	1
Trade and other receivables				
Financial assets measured at amortized cost ²	7,364,516	1	8,326,229	1
Financial assets at fair value through other comprehensive income	129,124	129,124	116,198	116,198
Other financial assets				
Financial assets measured at amortized cost	1,060,058	1	1,385,921	1
Financial assets at fair value through profit or loss	1,064,856	1,064,856	939,661	939,661
Financial assets at fair value through other comprehensive income	1,508,192	1,508,192	1,680,168	1,680,168
Derivative financial assets for hedging	190,830	190,830	159,211	159,211
Total	<u>₩ 13,766,638</u>		<u>₩ 15,486,942</u>	
Financial liabilities				
Trade and other payables ³	₩ 8,397,264	1	₩ 8,317,822	1
Borrowings	10,006,685	9,405,992	10,218,165	9,979,545
Other financial liabilities				
Financial liabilities at amortized cost	246,606	1	915,185	1
Financial liabilities at fair value through profit or loss	141,280	141,280	136,106	136,106
Derivative financial liabilities for hedging purpose	33,555	33,555	24,547	24,547
Total	<u>₩ 18,825,390</u>		<u>₩ 19,611,825</u>	

- 1 The Group did not conduct fair value estimation since the book amount is a reasonable approximation of the fair value.
- 2 Lease receivables are excluded from fair value disclosure in accordance with IFRS 7.
- 3 Amounts related to employee benefit plans are included in trade and other payables at the end of previous year.

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(2) Fair Value Hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. 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 fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Trade and other receivables				
Financial assets at fair value through other comprehensive income	₩ —	₩ 129,124	₩ —	₩ 129,124
Other financial assets				
Financial assets at fair value through profit or loss	26,647	426,140	612,069	1,064,856
Financial assets at fair value through other comprehensive income	1,005,900	5,163	497,129	1,508,192
Derivative financial assets for hedging	—	189,717	1,113	190,830
Investment properties	—	—	5,370,047	5,370,047
Total	<u>₩1,032,547</u>	<u>₩ 750,144</u>	<u>₩6,480,358</u>	<u>₩8,263,049</u>
Liabilities				
Borrowings	₩ —	₩9,405,992	₩ —	₩9,405,992
Other financial liabilities				
Financial liabilities at fair value through profit or loss	—	—	141,280	141,280
Derivative financial liabilities for hedging purpose	—	33,555	—	33,555
Total	<u>₩ —</u>	<u>₩9,439,547</u>	<u>₩ 141,280</u>	<u>₩9,580,827</u>

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(in millions of Korean won)	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
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 properties	—	—	5,276,169	5,276,169
Total	<u>₩ 1,244,847</u>	<u>₩ 437,533</u>	<u>₩ 6,489,027</u>	<u>₩ 8,171,407</u>
Liabilities				
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 purpose	—	24,547	—	24,547
Total	<u>₩ —</u>	<u>₩ 10,005,637</u>	<u>₩ 134,561</u>	<u>₩ 10,140,198</u>

(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.

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Details of changes in Level 3 of the fair value hierarchy for the recurring fair value measurements as of December 31, 2022 and 2023, are as follows:

	2022			
	Financial assets		Financial liabilities	
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivative financial assets for hedging	Financial liabilities at fair value through profit or loss
<i>(in millions of Korean won)</i>				
Beginning balance	₩ 577,085	₩ 323,373	₩ 31,565	₩ 215,332
Acquisition	226,310	262,408	—	3,046
Reclassification	(8,962)	8,122	—	(54,921)
Acquisition and disposition of businesses	—	(40)	—	—
Disposal	(179,740)	(97,426)	(31,565)	—
Amount recognized in profit or loss ¹	(2,624)	18	—	(22,177)
Amount recognized in other comprehensive income ²	—	674	1,113	—
Ending balance	<u>₩ 612,069</u>	<u>₩ 497,129</u>	<u>₩ 1,113</u>	<u>₩ 141,280</u>

- 1 The recognition of gains and losses on derivatives financial liabilities (assets) for hedging purposes consists entirely of derivatives valuation losses.
- 2 The recognition of gains and losses on financial liabilities measured at fair value through profit or loss consists of derivative valuation losses.

	2023			
	Financial assets		Financial liabilities	
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivative financial assets for hedging	Financial liabilities at fair value through profit or loss
<i>(in millions of Korean won)</i>				
Beginning balance	₩ 612,069	₩ 497,129	₩ 1,113	₩ 141,280
Acquisition	216,838	10,267	—	—
Reclassification	26,471	(5,532)	(1,113)	(7,363)
Acquisition and disposition of businesses	252	—	—	—
Disposal	(44,323)	(6)	—	(5,205)
Amount recognized in profit or loss ¹	(42,475)	(61)	—	5,849
Amount recognized in other comprehensive income	—	(57,771)	—	—
Ending balance	<u>₩ 768,832</u>	<u>₩ 444,026</u>	<u>₩ —</u>	<u>₩ 134,561</u>

- 1 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, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022			
	Fair value	Level	Valuation techniques	Inputs
Assets				
Trade and other receivables				
Financial assets at fair value through other comprehensive income	₩ 129,124	2	DCF Model	Guaranteed bond interest rate
Other financial assets				
Financial assets at fair value through profit or loss	1,038,209	2,3	DCF Model, Adjusted Net Asset Model, Monte-Carlo Simulation	Market Interest rate, Underlying asset price
Financial assets at fair value through other comprehensive income	502,292	2,3	DCF Model, Market Approach Model	Discount rate
Derivative financial assets for hedging	190,830	2,3	DCF Model	Market observation discount rate, Swap interest rate
Investment properties	5,370,047	3	DCF Model	
Liabilities				
Borrowings	₩ 9,405,992	2	DCF Model	Bond interest rate
Other financial liabilities				
Financial liabilities at fair value through profit or loss	141,280	3	DCF Model, Binomial Option Pricing Model, Monte-Carlo Simulation	Forward exchange rate, Forward interest rate
Derivative financial liabilities for hedging	33,555	2	DCF Model	Market observation discount rate

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(in millions of Korean won)	December 31, 2023			
	Fair value	Level	Valuation techniques	Inputs
Assets				
Trade and other receivables				
Financial assets at fair value through other comprehensive income	₩ 116,198	2	DCF Model	Guaranteed 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, Underlying asset price
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 observation discount rate, Swap interest rate
Investment properties	5,276,169	3	DCF Model	
Liabilities				
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 exchange rate, Forward interest rate
Derivative financial liabilities for hedging	24,547	2	DCF Model	Market observation discount 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.

(6) Gains and losses on valuation at the transaction date

In the case that the Group values derivative financial instruments using inputs not based on observable market data, and the fair value calculated by the said valuation technique differs from the transaction price, then the fair value of the financial instruments is recognized as the transaction price. The difference between the fair value at initial recognition and the transaction price is deferred and amortized using a straight-line method by maturity of the financial instruments. However, in the case that inputs of the valuation techniques become observable in markets, the remaining deferred difference is immediately recognized in full in profit or loss.

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In relation to this, details and changes of the total deferred difference for the years ended December 31, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	<u>2022</u> Derivatives used for hedging	<u>2023</u> Derivatives used for hedging
I. Beginning balance	₩ 832	₩ —
II. New transactions	—	—
III. Recognized at fair value through profit or loss	(832)	—
IV. Ending balance (I+II+III)	<u>₩ —</u>	<u>₩ —</u>

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:

<u>Classes of entities</u>	<u>Nature, purpose, activities and others</u>
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 Asset Backed Commercial Paper ("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, 2023, 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 Private Equity Fund ("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, 2023, 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.

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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, 2022 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022			
	Real Estate Finance	PEF and Investment Funds	Asset Securitization	Total
Total assets of unconsolidated structured entities	₩3,539,827	₩5,580,445	₩2,044,989	₩11,165,261
Assets recognized in statement of financial position				
Other financial assets	₩ 77,819	₩ 237,907	₩ —	₩ 315,726
Joint ventures and associates	123,138	268,275	—	391,413
Total	<u>₩ 200,957</u>	<u>₩ 506,182</u>	<u>₩ —</u>	<u>₩ 707,139</u>
Maximum loss exposure ¹				
Investment assets	₩ 200,957	₩ 506,182	₩ —	₩ 707,139
Investment agreement and others ²	40,914	91,224	—	132,138
Total	<u>₩ 241,871</u>	<u>₩ 597,406</u>	<u>₩ —</u>	<u>₩ 839,277</u>

- 1 Includes the investments recognized in the Group's financial statements and the amounts which are probable to be determined when certain conditions are met.
- 2 Investment agreements and others include purchase agreements, credit granting and others.

<i>(in millions of Korean won)</i>	December 31, 2023			
	Real Estate Finance	PEF and Investment Funds	Asset Securitization	Total
Total assets of unconsolidated structured entities	₩7,890,823	₩4,833,966	₩1,846,270	₩14,571,059
Assets recognized in statement of financial position				
Other financial assets	₩ 216,040	₩ 227,266	₩ —	₩ 443,306
Joint ventures and associates	144,517	282,550	—	427,067
Total	<u>₩ 360,557</u>	<u>₩ 509,816</u>	<u>₩ —</u>	<u>₩ 870,373</u>
Maximum loss exposure ¹				
Investment assets	₩ 360,557	₩ 509,816	₩ —	₩ 870,373
Investment agreement and others ²	44,975	106,064	—	151,039
Total	<u>₩ 405,532</u>	<u>₩ 615,880</u>	<u>₩ —</u>	<u>₩ 1,021,412</u>

- 1 Includes the investments recognized in the Group's financial statements and the amounts which are probable to be determined when certain conditions are met.
- 2 Investment agreements and others include purchase agreements, credit granting and others.

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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, 2021, 2022 and 2023 are as follows:

	December 31, 2021					
	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
<i>(In millions of Korean won)</i>						
KT Skylife Co., Ltd.	49.7%	₩ 388,900	₩ 24,795	₩ (8,279)	₩ 5,279	₩ 410,695
BC Card Co., Ltd.	30.5%	411,826	34,496	(6,434)	59,040	498,928
KTIS Corporation	68.6%	120,071	17,715	(1,837)	(709)	135,240
KTCS Corporation	79.7%	129,502	21,394	(2,211)	(3,574)	145,111
Nasmedia, Co., Ltd.	56.0%	112,549	15,185	(3,808)	255	124,181

	December 31, 2022					
	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
<i>(In millions of Korean won)</i>						
KT Skylife Co., Ltd.	49.8%	₩ 410,695	₩ 7,127	₩ (8,284)	₩ 13,651	₩ 423,189
BC Card Co., Ltd.	30.5%	498,928	47,909	(7,641)	(14,539)	524,657
KTIS Corporation	66.7%	135,240	14,965	(2,226)	(6,577)	141,402
KTCS Corporation	78.3%	145,111	18,888	(2,721)	(7,397)	153,881
Nasmedia, Co., Ltd.	56.0%	124,181	15,610	(4,187)	(179)	135,425

	December 31, 2023					
	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
<i>(In millions of Korean won)</i>						
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, 2021, 2022 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-company eliminations, is as follows:

	December 31, 2022				
<i>(in millions of Korean won)</i>	KT Skylife Co., Ltd.	BC Card Co., Ltd.	KTIS Corporation	KTCS Corporation	Nasmedia, Co., Ltd.
Current assets	₩420,701	₩3,152,622	₩102,121	₩296,209	₩435,359
Non-current assets	938,465	2,513,453	294,087	123,517	81,586
Current liabilities	274,637	2,879,551	103,698	188,379	261,381
Non-current liabilities	229,042	1,229,649	95,506	40,240	14,349
Equity	855,487	1,556,875	197,004	191,107	241,215

	December 31, 2023				
<i>(in millions of Korean won)</i>	KT Skylife Co., Ltd.	BC Card Co., Ltd.	KTIS Corporation	KTCS Corporation	Nasmedia, 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, 2021, 2022 and 2023 are as follows:

	2021				
<i>(in millions of Korean won)</i>	KT Skylife Co., Ltd.	BC Card Co., Ltd.	KTIS Corporation	KTCS Corporation	Nasmedia, Co., Ltd.
Operating revenue	₩772,950	₩3,580,970	₩487,801	₩968,499	₩125,876
Profit for the year	62,309	120,308	24,944	19,034	27,120
Other comprehensive income (loss)	12,686	2,270	3,725	(2,120)	871
Total comprehensive income	74,995	122,578	28,669	16,914	27,991

	2022				
<i>(in millions of Korean won)</i>	KT Skylife Co., Ltd.	BC Card Co., Ltd.	KTIS Corporation	KTCS Corporation	Nasmedia, Co., Ltd.
Operating revenue	₩1,038,468	₩3,897,090	₩536,229	₩1,031,010	₩153,210
Profit for the year	20,941	148,341	15,917	17,634	27,691
Other comprehensive income (loss)	13,544	(5,286)	(2,415)	(134)	(695)
Total comprehensive income	34,485	143,055	13,502	17,500	26,996

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KT Corporation and Subsidiaries

**Notes to the Consolidated Financial Statements
December 31, 2021, 2022 and 2023**

<i>(in millions of Korean won)</i>	2023				
	KT Skylife Co., Ltd.	BC Card Co., Ltd.	KTIS Corporation	KTCS Corporation	Nasmedia, Co., Ltd.
Operating revenue	₩1,034,342	₩4,027,450	₩593,162	₩1,035,911	₩147,934
Profit for the year	(109,407)	76,545	13,922	15,804	17,703
Other comprehensive income (loss)	(6,625)	13,832	(3,162)	(2,550)	(1,890)
Total comprehensive income	(116,032)	90,377	10,760	13,254	15,813

Summarized consolidated statements of cash flows for the years ended December 31, 2021, 2022 and 2023 are as follows:

<i>(in millions of Korean won)</i>	2021				
	KT Skylife Co., Ltd.	BC Card Co., Ltd.	KTIS Corporation	KTCS Corporation	Nasmedia, Co., Ltd.
Cash flows from operating activities	₩ 102,947	₩(157,645)	₩ 49,011	₩ 6,945	₩ 44,500
Cash flows from investing activities	(352,116)	(283,313)	(27,143)	(1,039)	(16,966)
Cash flows from financing activities	230,010	526,563	(23,126)	(16,622)	(9,843)
Net increase (decrease) in cash and cash equivalents	(19,159)	85,605	(1,258)	(10,716)	17,691
Cash and cash equivalents at beginning of year	99,834	240,584	31,779	75,440	53,720
Exchange differences	(3)	293	—	(840)	(15)
Cash and cash equivalents at end of the year	80,672	326,482	30,521	63,884	71,396

<i>(in millions of Korean won)</i>	2022				
	KT Skylife Co., Ltd.	BC Card Co., Ltd.	KTIS Corporation	KTCS Corporation	Nasmedia, Co., Ltd.
Cash flows from operating activities	₩176,407	₩(798,043)	₩ 13,809	₩ 19,423	₩ 22,015
Cash flows from investing activities	(78,928)	(7,733)	9,813	13,245	3,845
Cash flows from financing activities	(79,455)	914,441	(29,199)	(35,578)	(11,136)
Net increase (decrease) in cash and cash equivalents	18,024	108,665	(5,577)	(2,910)	14,724
Cash and cash equivalents at beginning of year	80,672	326,482	30,521	63,884	71,396
Exchange differences	(1)	(100)	—	840	13
Cash and cash equivalents at end of the year	98,695	435,047	24,944	61,814	86,133

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KT Corporation and Subsidiaries

**Notes to the Consolidated Financial Statements
December 31, 2021, 2022 and 2023**

	2023				
	KT Skylife Co., Ltd.	BC Card Co., Ltd.	KTIS Corporation	KTCS Corporation	Nasmedia, Co., Ltd.
<i>(in millions of Korean won)</i>					
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, 2021, 2022 and 2023 is summarized as follows:

<i>(in millions of Korean won)</i>	2021	2022	2023
Carrying amount of non-controlling interests acquired	₩14,702	₩19,272	₩ 3,022
Consideration paid to non-controlling interests	1,095	69,652	213,819
Effect of changes in equity (net amount)	₩15,797	₩88,924	₩216,841

40. Events After the Reporting Period

- (1) The Company has decided to acquire treasury stocks (₩27,100 million) in accordance with a resolution of the Board of Directors dated February 7, 2024, to enhance shareholder value. The acquired treasury stocks (695,775 shares) were retired in March 25, 2024.
- (2) The company issued the following bonds after the end of the reporting period (unit: ₩ million).

Type	Issued Date	Annual interest rates	Maturity	Korean won
The 200-1st Public bond	Feb. 27, 2024	3.552%	Feb. 27, 2026-	120,000
The 200-2nd Public bond	Feb. 27, 2024	3.608%	Feb. 26, 2027-	200,000
The 200-3rd Public bond	Feb. 27, 2024	3.548%	Feb. 27, 2029-	80,000

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

KT CORPORATION
(Registrant)

/s/ YOUNG-SHUB KIM

Name: Young-Shub Kim

Title: Representative Director and Chief Executive Officer

Date: April 30, 2024

Exhibit Index

1	Articles of Incorporation of KT Corporation (English translation)
2.1*	Deposit Agreement dated as of May 25, 1999 entered into among KT Corporation, Citibank, N.A., as depositary, and all Holders and Beneficial Owners of American Depositary Shares evidenced by the American Depositary Receipts issued thereunder, including the form of American depositary receipt (incorporated herein by reference to Exhibit (a)(i) of the Registrant's Registration Statement (Registration No. 333-13578) on Form F-6)
2.2*	Form of Amendment No. 1 to Deposit Agreement dated as of May 25, 1999 entered into among KT Corporation, Citibank, N.A., as depositary, and all Holders and Beneficial Owners of American Depositary Shares evidenced by the American Depositary Receipts issued thereunder, including the form of American depositary receipt (incorporated herein by reference to Exhibit (a)(ii) of the Registrant's Registration Statement (Registration No. 333-13578) on Form F-6)
2.3*	Letter from Citibank, N.A., as depositary, to the Registrant relating to the establishment of a direct registration system for ADSs and the issuance of uncertified ADSs as part of the direct registration system (incorporated herein by reference to Exhibit 2.4 of the Registrant's Annual Report on Form 20-F filed on June 30, 2008)
2.4	Description of common stock (see Item 10.B. Memorandum and Articles of Association)
2.5*	Description of American Depositary Shares (incorporated herein by reference to Exhibit 2.6 of the Registrant's Annual Report on Form 20-F filed on April 29, 2020)
8.1	List of subsidiaries of KT Corporation
12.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1	Regulation on Recovery of Erroneously Awarded Compensation to Executive Officers
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page for the Company's Annual Report on Form 20-F for the year ended December 31, 2023, has been formatted in Inline XBRL

* Filed previously.

(P) Paper filing.