

KT Corporation and its Subsidiaries

Consolidated Interim Financial Statements

September 30, 2023 and 2022 (Unaudited), and December 31, 2022

ATTACHMENT: INDEPENDENT AUDITOR'S REPORT

KT Corporation

KT Corporation and Subsidiaries

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September 30, 2023 and 2022 (Unaudited), and December 31, 2022

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Independent Auditor's Review Report

[English Translation of Independent Auditor's Review Report Originally Issued in Korean on November 14, 2023]

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

Reviewed Consolidated Interim Financial Statements

We have reviewed the accompanying consolidated interim financial statements of KT Corporation and its subsidiaries (the "Group"). The consolidated interim financial statements consist of the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month periods ended September 30, 2023 and 2022, all expressed in Korean won, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Interim Financial Statements

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying consolidated interim financial statements based on our reviews.

We conducted our reviews in accordance with the Review Standards for Quarterly and Semi-annual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

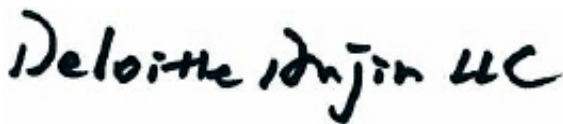
Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements referred to above do not present fairly, in all material respects, the financial position as of September 2023 and its financial performance and its cash flows for the nine-month periods ended September 2023 in accordance with K-IFRS No.1034 Interim Financial Reporting.

Other Matters

The accompanying consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-month period ended September 30, 2022 for comparative purpose, were reviewed by other auditors, whose report thereon dated November 14, 2022, expressed that nothing came to their attention that caused them to believe that those consolidated interim financial statements as of September 30, 2022 were not prepared fairly, in all material respects, in accordance with K-IFRS.

The consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by other auditors, whose report thereon dated March 8, 2023, expressed an unqualified opinion. The accompanying statement of financial position as of December 31, 2022, presented for comparative purposes, is not different from that audited by other auditors in all material respects.



Seoul, Korea

November 14, 2023

Notice to Readers

This review report is effective as of November 14, 2023, the auditor's review report date. Certain subsequent events or circumstances may have occurred between the auditor's review report date and the time the auditor's review report is read. Such events or circumstances could significantly affect the financial statements and may result in modifications to the auditor's review report.

KT Corporation and its Subsidiaries
Consolidated Interim Statements of Financial Position
September 30, 2023(Unaudited) and December 31, 2022

<i>(in millions of Korean won)</i>	Notes	September 30, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	4,29	₩ 3,110,375	₩ 2,449,062
Trade and other receivables, net	4,5,29	7,942,344	6,098,072
Other financial assets	4,6,29	1,503,899	1,322,452
Current tax assets		3,012	1,543
Inventories, net	7	707,436	709,191
Other current assets	8	2,253,615	2,101,212
Total current assets		15,520,681	12,681,532
Non-current assets			
Trade and other receivables, net	4,5,29	1,365,759	1,491,046
Other financial assets	4,6,29	2,823,979	2,501,484
Property and equipment, net	9	14,669,947	14,772,179
Right-of-use assets	16	1,267,986	1,280,334
Investment properties, net	9	2,129,560	1,933,358
Intangible assets, net	9	2,932,767	3,129,833
Investments in associates and joint ventures	10	1,584,702	1,480,722
Deferred tax assets		589,893	578,443
Net defined benefit assets	14	257,540	311,142
Other non-current assets	8	831,958	820,608
Total non-current assets		28,454,091	28,299,149
Total assets		₩ 43,974,772	₩ 40,980,681

(Continued)

See accompanying notes to the consolidated interim financial statements.

KT Corporation and its Subsidiaries
Consolidated Interim Statements of Financial Position
September 30, 2023(Unaudited) and December 31, 2022

<i>(in millions of Korean won)</i>	Notes	September 30, 2023	December 31, 2022
Liabilities			
Current liabilities			
Trade and other payables	4,11,29	₩ 9,264,597	₩ 7,333,165
Borrowings	4,12,29	2,368,704	1,827,042
Other financial liabilities	4,6,29	333,946	8,791
Current tax liabilities		240,623	232,382
Provisions	13	111,135	109,133
Deferred income	19	58,231	55,737
Other current liabilities	8	1,101,229	1,133,018
Total current liabilities		<u>13,478,465</u>	<u>10,699,268</u>
Non-current liabilities			
Trade and other payables	4,11,29	855,982	1,064,099
Borrowings	4,12,29	7,940,761	8,179,643
Other financial liabilities	4,6,29	766,484	412,650
Net defined benefit liabilities	14	59,468	51,654
Provisions	13	105,100	91,233
Deferred income	19	156,489	165,186
Deferred tax liabilities		985,737	967,650
Other non-current liabilities	8	904,596	934,575
Total non-current liabilities		<u>11,774,617</u>	<u>11,866,690</u>
Total liabilities		<u>25,253,082</u>	<u>22,565,958</u>
Equity			
Share capital		1,564,499	1,564,499
Share premium		1,440,258	1,440,258
Retained earnings	17	14,570,749	14,257,343
Accumulated other comprehensive income		28,297	(77,776)
Other components of equity	18	(803,784)	(572,152)
		<u>16,800,019</u>	<u>16,612,172</u>
Non-controlling interests		<u>1,921,671</u>	<u>1,802,551</u>
Total equity		<u>18,721,690</u>	<u>18,414,723</u>
Total liabilities and equity		<u>₩ 43,974,772</u>	<u>₩ 40,980,681</u>

(Concluded)

See accompanying notes to the consolidated interim financial statements.

KT Corporation and its Subsidiaries

Consolidated Interim Statements of Profit or Loss

Three- and Nine-Month Periods Ended September 30, 2023 and 2022 (Unaudited)

(in millions of Korean won, except per share amounts)	Notes	Three- and Nine-Month Periods Ended September 30			
		2023		2022	
		Three months	Nine months	Three months	Nine months
Operating revenue	19	₩ 6,697,442	₩ 19,688,639	₩ 6,477,201	₩ 19,067,053
Operating expenses	20	6,375,509	18,304,493	6,024,319	17,528,381
Operating profit		321,933	1,384,146	452,882	1,538,672
Other income	21	91,824	223,755	65,466	219,777
Other expenses	21	59,085	193,721	60,593	175,952
Finance income	22	165,436	464,796	450,328	964,368
Finance costs	22	166,930	542,209	460,250	934,613
Share of net profits (losses) of associates and joint ventures	10	(2,845)	(698)	(8,858)	8,610
Profit before income tax expense		350,333	1,336,069	438,975	1,620,862
Income tax expense	23	62,031	305,640	112,775	475,907
Profit for the period		₩ 288,302	1,030,429	₩ 326,200	₩ 1,144,955
Profit for the period attributable to:					
Owners of the Controlling Company		₩ 264,289	₩ 955,436	₩ 297,590	₩ 1,020,535
Non-controlling interest		24,013	74,993	28,610	124,420
Earnings per share attributable to the equity holders of the Controlling Company during the period	24				
Basic earnings per share		₩ 1,064	₩ 3,801	₩ 1,235	₩ 4,294
Diluted earnings per share		1,062	3,797	1,233	4,290

See accompanying notes to the consolidated interim financial statements.

KT Corporation and its Subsidiaries
Consolidated Interim Statements of Comprehensive Income
Three- and Nine-Month Periods Ended September 30, 2023 and 2022 (Unaudited)

<i>(in millions of Korean won)</i>	Notes	Three- and Nine-Month Periods Ended September 30			
		2023		2022	
		Three months	Nine months	Three months	Nine months
Profit for the period		₩ 288,302	₩ 1,030,429	₩ 326,200	₩ 1,144,955
Other comprehensive income					
Items that will not be subsequently reclassified to profit or loss:					
Remeasurements of the net defined benefit liabilities	14	4,776	3,480	11,040	18,052
Share of remeasurement gain (loss) of associates and joint ventures		(116)	116	(176)	(192)
Gain (loss) on valuation of financial instruments at fair value through other comprehensive income	6	979	115,018	(107,633)	(138,392)
Items that may be subsequently reclassified to profit or loss:					
Valuation gains on cash flow hedge	6	45,192	92,541	212,682	343,047
Other comprehensive income (loss) from cash flow hedges		(46,362)	(121,775)	(216,788)	(370,147)
Share of other comprehensive income (loss) from associates and joint ventures		1,516	14,887	2,285	(14,325)
Exchange differences on translation of foreign operations		2,422	23,823	26,990	41,537
Other comprehensive income(loss) for the period, net of income tax		8,407	128,090	(71,600)	(120,420)
Total comprehensive income for the period		₩ 296,709	₩ 1,158,519	₩ 254,600	₩ 1,024,535
Total comprehensive income for the period attributable to:					
Owners of the Controlling Company		₩ 270,072	₩ 1,065,744	₩ 186,797	₩ 862,026
Non-controlling interests		26,637	92,775	67,803	162,509

See accompanying notes to the consolidated interim financial statements.

KT Corporation and its Subsidiaries
Consolidated Interim Statements of Changes in Equity
Nine-Month Periods Ended September 30, 2023 and 2022 (Unaudited)

<i>(in millions of Korean won)</i>	Notes	Attributable to owners of the Controlling Company					Total	Non-controlling interest	Total equity
		Share capital	Share premium	Retained earnings	Accumulated other comprehensive income (loss)	Other components of equity			
Balance as of 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 period		-	-	1,020,535	-	-	1,020,535	124,420	1,144,955
Remeasurements of net defined benefit liabilities	14	-	-	7,357	-	-	7,357	10,695	18,052
Share of remeasurement of the net defined benefit liabilities of associates and joint ventures		-	-	(100)	-	-	(100)	(92)	(192)
Share of other comprehensive loss of associates and joint ventures		-	-	-	(9,869)	-	(9,869)	(4,456)	(14,325)
Valuation loss on cash flow hedge		-	-	-	(28,283)	-	(28,283)	1,183	(27,100)
Disposal of financial assets at fair value through other comprehensive income		-	-	4,102	(5,879)	-	(1,777)	1,777	-
Loss on valuation of financial assets at fair value through other comprehensive income	6	-	-	-	(136,239)	-	(136,239)	(2,153)	(138,392)
Exchange differences on translation of foreign operations		-	-	-	10,402	-	10,402	31,135	41,537
Total comprehensive income for the period		-	-	1,031,894	(169,868)	-	862,026	162,509	1,024,535
Transactions with owners									
Dividends paid by the Controlling Company		-	-	(450,393)	-	-	(450,393)	-	(450,393)
Dividends paid to non-controlling interest of subsidiaries		-	-	-	-	-	-	(26,407)	(26,407)
Effect of change in connection range		-	-	-	-	-	-	1,892	1,892
Change in ownership interest in subsidiaries		-	-	-	-	71,587	71,587	3,443	75,030
Appropriations of loss on disposal of treasury stock		-	-	(11,577)	-	11,577	-	-	-

KT Corporation and its Subsidiaries
Consolidated Interim Statements of Changes in Equity
Nine-Month Periods Ended September 30, 2023 and 2022 (Unaudited)

<i>(in millions of Korean won)</i>	Notes	Attributable to owners of the Controlling Company						Non-controlling interest	Total equity
		Share capital	Share premium	Retained earnings	Accumulated other comprehensive income (loss)	Other components of equity	Total		
Disposal of treasury stock		-	-	-	-	765,997	765,997	-	765,997
Conversion of redeemable convertible preferred shares of subsidiaries to common shares		-	-	-	-	-	-	51,476	51,476
Recognition of obligation to purchase own equity instruments		-	-	-	-	(99,587)	(99,587)	-	(99,587)
Others		-	-	-	-	(4,996)	(4,996)	909	(4,087)
Subtotal		-	-	(461,970)	-	744,578	282,608	31,313	313,921
Balance at September 30, 2022 (Unaudited)		₩1,564,499	₩1,440,258	₩13,857,314	₩ (52,399)	₩ (688,502)	₩16,121,170	₩1,784,447	₩17,905,617
Balance as of January 1, 2023		₩1,564,499	₩1,440,258	₩14,257,343	₩ (77,776)	₩ (572,152)	₩16,612,172	₩1,802,551	₩18,414,723
Comprehensive income									
Profit for the period		-	-	955,436	-	-	955,436	74,993	1,030,429
Remeasurements of net defined benefit liabilities	14	-	-	3,906	-	-	3,906	(426)	3,480
Share of remeasurement of the net defined benefit liabilities of associates and joint ventures		-	-	107	-	-	107	9	116
Share of other comprehensive gain of associates and joint ventures		-	-	-	11,166	-	11,166	3,721	14,887
Valuation loss on cash flow hedge	6	-	-	-	(29,560)	-	(29,560)	326	(29,234)
Gain on valuation of financial instruments at fair value through other comprehensive income		-	-	222	115,059	-	115,281	(263)	115,018
Exchange differences on translation of foreign operations		-	-	-	9,408	-	9,408	14,415	23,823
Total comprehensive income for the period		-	-	959,671	106,073	-	1,065,744	92,775	1,158,519

KT Corporation and its Subsidiaries
Consolidated Interim Statements of Changes in Equity
Nine-Month Periods Ended September 30, 2023 and 2022 (Unaudited)

<i>(in millions of Korean won)</i>	Notes	Attributable to owners of the Controlling Company					Total	Non-controlling interest	Total equity
		Share capital	Share premium	Retained earnings	Accumulated other comprehensive income (loss)	Other components of equity			
Transactions with owners									
Dividends paid by the Controlling Company		-	-	(501,843)	-	-	(501,843)	-	(501,843)
Dividends paid to non-controlling interest of subsidiaries		-	-	-	-	-	-	(24,965)	(24,965)
Change in consolidation scope		-	-	-	-	-	-	(79,134)	(79,134)
Change in ownership interest in subsidiaries		-	-	-	-	216,994	216,994	127,831	344,825
Appropriations of loss on disposal of treasury stock		-	-	(44,422)	-	44,422	-	-	-
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 obligation to purchase own equity instruments		-	-	-	-	(298,196)	(298,196)	-	(298,196)
Others		-	-	-	-	928	928	2,613	3,541
Subtotal		-	-	(646,265)	-	(231,632)	(877,897)	26,345	(851,552)
Balance as at September 30, 2023 (Unaudited)		₩1,564,499	₩1,440,258	₩14,570,749	₩28,297	₩ (803,784)	₩16,800,019	₩1,921,671	₩18,721,690

(Concluded)

See accompanying notes to the consolidated interim financial statement.

KT Corporation and its Subsidiaries
Consolidated Interim Statements of Cash Flows
Nine-Month Periods Ended September 30, 2023 and 2022 (Unaudited)

(in millions of Korean won)	Notes	Nine-Month Period Ended September 30	
		2023	2022
Operating activities			
Cash generated from operations	25	₩ 4,719,678	₩ 3,443,646
Interest paid		(282,317)	(193,793)
Interest received		258,928	225,346
Dividends received		50,167	59,559
Income tax paid		(283,126)	(326,087)
Net cash provided by operating activities		4,463,330	3,208,671
Investing activities			
Collection of loans		35,255	32,500
Disposal of financial assets at fair value through profit or loss		72,126	1,040,887
Disposal of financial assets at amortized cost		1,147,618	508,522
Disposal of financial assets at fair value through comprehensive income		306	97,931
Disposal of current assets held for sale		-	4,600
Disposal of investments in associates and joint ventures		6,055	34,828
Disposal of property and equipment and investment properties		41,010	133,134
Disposal of intangible assets		4,204	533
Disposal of right-of-use assets		485	3,182
Settlement of derivative assets and liabilities, net		4,888	(9)
Increase in cash due to change in consolidation scope		46,641	-
Loans granted		(27,923)	(26,692)
Acquisition of financial assets at fair value through profit or loss		(123,614)	(1,171,644)
Acquisition of financial assets at amortized cost		(1,523,900)	(1,077,480)
Acquisition of financial assets at fair value through other comprehensive income		(10,267)	(9,409)
Acquisition of investments in associates and joint ventures		(79,079)	(248,227)
Acquisition of property and equipment and investment properties		(2,543,408)	(2,610,986)
Acquisition of intangible assets		(471,387)	(538,304)
Acquisition of right-of-use assets		(759)	(9,302)
Decrease in cash due to change in consolidation scope		(51,562)	(2,806)
Acquisition of business		-	(7,900)
Net cash used in investing activities		(3,473,311)	(3,846,642)
Financing activities			
Proceeds from borrowings		4,409,723	3,608,382
Cash inflow from consolidated capital transactions		-	1,040
Settlement of derivative assets and liabilities, net		48,183	35,083
Cash inflow from other financing activities		2,411	385
Transactions with non-controlling interest		655,247	72,823
Repayments of borrowings		(4,326,709)	(2,246,262)
Dividends paid		(526,808)	(476,800)
Decrease in lease liabilities		(293,222)	(288,060)
Acquisition of treasury stock		(300,086)	-
Decrease in other financial liabilities		(4)	-
Net cash provided by (used in) financing activities	26	(331,265)	706,591
Effect of FX rate changes on cash and cash equivalents		2,559	6,888
Net increase in cash and cash equivalents		661,313	75,508
Cash and cash equivalents			
Beginning of the period		2,449,062	3,019,592
End of the period		₩ 3,110,375	₩ 3,095,100

See accompanying notes to the consolidated interim financial statements.

KT Corporation and its Subsidiaries

Notes to the Consolidated Interim Financial Statements

As of September 30, 2023 and 2022 (Unaudited), and December 31, 2022

1. General Information

The consolidated financial statements have been prepared by KT Corporation, the “Controlling company” as defined under Korean IFRS 1110 *Consolidated Financial Statements*, by consolidating 85 subsidiaries (collectively referred to as the “Group”) including BC Card Co., Ltd., etc. as described in Note 1.2

1.1 The Controlling Company

The Controlling Company, in accordance with the Korea Telecommunications Corporation Act, was established as a 100% government-invested institution on January 1, 1982, when it comprehensively succeeded the telegraph and telephone business from the Korea Communications Commission (former Ministry of Information and Communication) to promote management of public telecommunications business and communication technology, and to contribute to improvement of public welfare. After its establishment, the Controlling Company has been operating in public telecommunications business through a nationwide business network including headquarters and business departments. The address of the registered headquarter is 90, Buljeong-ro, Bundang-gu, Seongnam City, Gyeonggi Province, Republic of Korea.

On October 1, 1997, the Controlling Company was converted into a government-invested institution pursuant to the Act on Management Structure Improvement and Privatization of Public Enterprises and was listed on the KRX stock market which was established by the Korea Exchange. On May 29, 1999, the Controlling Company was listed on the New York Stock Exchange by issuing a stock depository certificate containing newly issued 24,282,195 shares of common stock along with 20,813,311 shares held by the government. On July 2, 2001, a stock depository certificate containing 55,502,161 stocks held by the government was additionally issued and listed on the New York Stock Exchange.

In 2002, the Controlling Company acquired the entirety of shares previously held by the government in accordance with the Korean government’s public enterprise privatization plan. As of September 30, 2023, the Korean government does not own any shares in the Controlling Company.

1.2 Consolidated Subsidiaries

(1) The consolidated subsidiaries as of September 30, 2023 and December 31, 2022, are as follows:

Subsidiary	Type of business	Location	Controlling Interest ¹ (%)		Closing month
			September 30, 2023	December 31, 2022	
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 Corporation and its Subsidiaries

Notes to the Consolidated Interim Financial Statements

September 30, 2023 and 2022 (Unaudited), and December 31, 2022

Subsidiary	Type of business	Location	Controlling Interest ¹ (%)		Closing month
			September 30, 2023	December 31, 2022	
KT Service Nambu Co., Ltd.	Opening services of fixed line	Korea	77.3%	77.3%	December
KT Commerce Inc.	B2C, B2B service	Korea	100.0%	100.0%	December
KT Strategic Investment Fund No.3	Investment fund	Korea	100.0%	100.0%	December
KT Strategic Investment Fund No.4	Investment fund	Korea	100.0%	100.0%	December
KT Strategic Investment Fund No.5	Investment fund	Korea	100.0%	100.0%	December
BC-VP Strategic Investment Fund No.1	Investment fund	Korea	100.0%	100.0%	December
BC Card Co., Ltd.	Credit card business	Korea	69.5%	69.5%	December
VP Inc. ⁵	Payment security service for credit card, others	Korea	72.2%	69.7%	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	63.7%	61.3%	December
Smartro Co., Ltd.	VAN (Value Added Network) business	Korea	64.5%	64.5%	December
KTDS Co., Ltd. ⁵	System integration and maintenance	Korea	91.6%	91.6%	December
KT M&S Co., Ltd.	PCS distribution	Korea	100.0%	100.0%	December
GENIE Music Corporation ^{3,5}	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	50.6%	50.2%	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	44.1%	44.0%	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

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Subsidiary	Type of business	Location	Controlling Interest ¹ (%)		Closing month
			September 30, 2023	December 31, 2022	
KT Japan Co., Ltd.	Foreign investment business and local counter work	Japan	100.0%	100.0%	December
East Telecom LLC	Wireless/fixed line internet business	Uzbekistan	91.6%	91.6%	December
KT 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 Huimangjiseum	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 ³	Book contents service	Korea	31.3%	38.6%	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
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

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Subsidiary	Type of business	Location	Controlling Interest ¹ (%)		Closing month
			September 30, 2023	December 31, 2022	
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 telecommunication business	Korea	92.7%	100.0%	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	42.6%	41.2%	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 No.3 Real Estate General Private Placement Investment Company ⁴	Real estate management	Korea	14.3%	-	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, 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 Millie Seojae, Juice Inc. and GENIE Music Corporation, these entities are 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 and K-Realty No.3 Real Estate General Private Placement Investment Company, 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.

(2) Changes in Scope of Consolidation

Subsidiaries newly included/excluded in the consolidation during the nine-month period ended September 30, 2023:

Changes	Location	Name of subsidiary	Reason
Included	Korea	KD Living, Inc.	Transferred
Included	Vietnam	KT HEALTHCARE VINA COMPANY LIMITED	Newly established
Included	Korea	K-Realty Qualified Private Real Estate Investment Trust No. 1	Transferred
Included	Vietnam	AQUA RETAIL VIETNAM COMPANY LIMITED	Newly established

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Changes	Location	Name of subsidiary	Reason
Included	Korea	K-Realty No.3 Real Estate General Private Placement Investment Company	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
Excluded	Korea	KT-Michigan Global Contents Fund	Liquidated
Excluded	Russia	KT Primorye IDC LLC	Liquidated

(3) Summarized information for consolidated subsidiaries as of September 30, 2023 and December 31, 2022 and for the nine-month periods ended September 30, 2023 and 2022, is as follows:

(in millions of Korean won)

	September 30, 2023		Nine-month periods ended September 30, 2023 ³	
	Total assets	Total liabilities	Operating revenues ³	Profit (loss) for the period ³
KT Linkus Co., Ltd.	₩ 64,148	₩ 63,025	₩ 60,143	₩ 1,060
KT Telecop Co., Ltd.	387,980	243,071	395,222	5,562
KT Alpha Co., Ltd.	427,464	174,645	316,696	17,319
KT Service Bukbu Co., Ltd.	62,798	55,555	177,754	(1,610)
KT Service Nambu Co., Ltd.	75,740	61,928	216,749	(159)
BC Card Co., Ltd. ¹	7,211,070	5,588,567	2,998,090	69,600
H&C Network ¹	80,902	4,485	20,452	1,362
Nasmedia Co., Ltd. ¹	482,673	233,635	107,293	14,302
KTDS Co., Ltd. ¹	373,087	179,065	520,980	31,755
KT M&S Co., Ltd.	276,307	219,228	493,204	6,105
KT MOS Bukbu Co., Ltd.	51,280	26,861	72,475	8,287
KT MOS Nambu Co., Ltd.	48,801	26,327	72,546	5,880
KT Skyline Co., Ltd. ¹	1,345,228	461,083	776,568	26,562
KT Estate Inc. ¹	2,563,753	918,748	400,497	18,409
KT GDH Co., Ltd.	12,412	1,473	3,301	476
KT Sat Co., Ltd.	690,155	86,287	131,260	22,543
KT Sports Co., Ltd.	30,016	21,103	50,702	(3,844)
KT Music Contents Fund No.2	15,865	208	431	216
KT M Mobile Co., Ltd.	169,804	60,181	221,673	7,357
KT Investment Co., Ltd. ¹	97,600	69,755	22,843	3,673
KTCS Corporation ¹	403,008	203,457	740,431	14,470
KTIS Corporation	449,104	243,450	432,692	11,685
Next Connect PFV	758,932	437,554	-	(25,389)
KT Japan Co., Ltd. ¹	2,036	3,100	2,159	147

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(in millions of Korean won)

	September 30, 2023		Nine-month periods ended September 30, 2023 ³	
	Total assets	Total liabilities	Operating revenues ³	Profit (loss) for the period ³
KT America, Inc.	6,297	774	6,716	115
KT Rwanda Networks Ltd. ²	122,416	298,864	21,862	(43,490)
AOS Ltd. ²	11,472	1,057	6,120	991
KT Hong Kong Telecommunications Co., Ltd.	12,022	5,678	14,400	211
KT Huimangjjeum ¹	8,603	2,421	12,369	1,762
KT Engineering Co., Ltd.	102,095	57,282	129,832	(6,815)
KT Studio Genie Co., Ltd. ¹	1,011,454	236,198	385,181	20,998
Lolab Co., Ltd.	45,943	38,070	125,882	(9,971)
East Telecom LLC ¹	49,693	23,200	22,141	5,649
KT ES Pte. Ltd. ¹	251,797	98,717	64,948	(5,302)
KTP SERVICES INC.	2,790	1,020	283	(73)
Altimedia Corporation ¹	48,971	14,643	34,008	5,336
KT RUS LLC	552	-	-	(303)
KT DX Vietnam Company Limited	1,816	90	53	(130)
KT Cloud Co., Ltd. ¹	1,972,445	524,615	496,189	27,426
KT Healthcare Vina Co., Ltd.	13,516	494	-	(432)
K-Realty Qualified Private Real Estate Investment Trust No. 1	80,582	50,818	3,486	(846)
AQUA RETAIL VIETNAM COMPANY LIMITED	1,427	62	-	(65)
K-Realty No.3 Real Estate General Private Placement Investment Company	35,602	668	-	(66)

¹ As intermediate controlling companies, financial information from their consolidated financial statements is presented.

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

³ Profit or loss from the date of acquisition of control to the end of the reporting period is included.

(in millions of Korean won)

	December 31, 2022		Nine-month periods ended September 30, 2022 ³	
	Total assets	Total liabilities	Operating revenues ³	Profit (loss) for the period ³
KT Linkus Co., Ltd.	₩ 47,734	₩ 47,498	₩ 56,222	₩ (681)
LS Marine Solution Co., Ltd. (formerly KT Submarine Co., Ltd.)	120,255	7,884	32,782	(35)
KT Telecop Co., Ltd.	370,004	230,965	384,872	5,317
KT Alpha Co., Ltd. ¹	406,236	172,211	346,180	9,234
KT Service Bukbu Co., Ltd.	74,673	65,820	188,254	3,308
KT Service Nambu Co., Ltd.	80,450	66,479	226,499	6,116
BC Card Co., Ltd. ¹	5,666,075	4,109,200	2,877,595	134,413
H&C Network ¹	82,737	6,640	20,612	797
Nasmedia Co., Ltd. ¹	516,945	275,730	111,119	21,088

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<i>(in millions of Korean won)</i>	December 31, 2022		Nine-month periods ended September 30, 2022 ³	
	Total assets	Total liabilities	Operating revenues ³	Profit (loss) for the period ³
KTDS Co., Ltd. ¹	401,932	228,474	509,841	36,816
KT M&S Co., Ltd.	255,310	204,336	513,925	9,656
KT MOS Bukbu Co., Ltd.	38,684	22,553	57,762	4,043
KT MOS Nambu Co., Ltd.	42,011	25,416	57,581	4,352
KT Skylife Co., Ltd. ¹	1,359,166	503,679	763,098	45,295
KT Estate Inc. ¹	2,480,489	836,672	357,385	66,227
KT GDH Co., Ltd.	12,059	1,596	3,220	391
KT Sat Co., Ltd.	677,980	89,644	132,235	23,751
KT Sports Co., Ltd.	28,220	15,461	51,797	(1,489)
KT Music Contents Fund No.2	15,718	277	837	600
KT-Michigan Global Content Fund	2,371	27	26	(1,101)
KT M Mobile Co., Ltd.	152,114	49,816	191,539	1,101
KT Investment Co., Ltd. ¹	103,354	79,182	7,422	1,603
KTCS Corporation ¹	419,726	228,618	749,650	16,107
KTIS Corporation	396,208	199,204	396,607	14,622
Next Connect PFV	624,734	277,967	-	(2,294)
KT Japan Co., Ltd. ¹	1,888	3,141	1,249	681
KT America, Inc.	5,945	843	5,809	175
KT Rwanda Networks Ltd. ²	126,721	267,369	22,857	(19,146)
AOS Ltd. ²	10,972	905	5,873	792
KT Hong Kong Telecommunications Co., Ltd.	10,505	4,768	15,277	525
KT Huimangjiseum ¹	6,984	2,582	17,801	1,036
KT Engineering Co., Ltd.	141,463	89,853	145,707	3,784
KT Studio Genie Co., Ltd. ¹	987,270	268,911	356,359	19,153
Lolab Co., Ltd.	35,091	17,247	40,114	(3,767)
East Telecom LLC ¹	42,691	21,645	21,794	5,413
KT ES Pte. Ltd. ¹	240,721	88,640	54,600	(11,566)
KTP SERVICES INC.	3,832	2,044	775	71
Altimedia Corporation ¹	44,861	15,777	33,790	4,824
KT RUS LLC ¹	967	16	-	(823)
KT DX Vietnam Company Limited	1,815	6	-	(16)
KT Cloud Co., Ltd.	1,348,684	245,872	273,775	21,532

¹ As intermediate controlling companies, financial information from their consolidated financial statements is presented

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

³ Profit or loss from the date of acquisition of control to the end of the reporting period is included.

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2. Material Accounting Policies

2.1 Basis of Preparation

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

The consolidated interim financial statements of the Group for the nine-month period ended September 30, 2023, have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*. These consolidated interim financial statements have been prepared in accordance with Korean IFRS which is effective or has been early adopted as of September 30, 2023.

2.2 Changes in Accounting Policies and Disclosures

(1) 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.

- K-IFRS 1001 *Presentation of Financial Statements* and *IFRS Practice Statement 2 Making Materiality Judgements* - Disclosure of Accounting Policies (Amendment)

The amendments change the requirements in K-IFRS 1001 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.

The supporting paragraphs in K-IFRS 1001 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.

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- K-IFRS 1001 *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 11 (2) of K-IFRS 1032.

- K-IFRS 1008 *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. However, the KASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

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- K-IFRS 1012 *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 K-IFRS 1116 at the commencement date of a lease.

Following the amendments to K-IFRS 1012, 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 K-IFRS 1012.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - ① Right-of-use assets and lease liabilities
 - ② Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments is recognized as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

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

The amended accounting standard issued that is not mandatory for the annual reporting period commencing January 1, 2023 and has not been early adopted by the Group is as follows:

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

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

In addition, the amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.

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

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

The Group is in review for the impact of the above amendments on the Group's consolidated financial statements.

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2.3 Accounting Policies

Material accounting policies and method of computation used in the preparation of the consolidated interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2022, except for the changes due to the application of amendment and enactments of standards described in Note 2.2 (1) and as described below.

(1) Income Tax Expense

Income tax expense for the interim period is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual effective income tax rate is applied to the pre-tax income of the interim period.

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.

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4. Financial Instruments by Category

Financial instruments by category as of September 30, 2023 and December 31, 2022, are as follows:

(in millions of Korean won)

Financial assets	September 30, 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
Cash and cash equivalents	₩ 3,110,375	₩ -	₩ -	₩ -	₩ 3,110,375
Trade and other receivables	9,054,014	-	254,089	-	9,308,103
Other financial assets	1,446,086	973,872	1,670,002	237,918	4,327,878

(in millions of Korean won)

Financial liabilities	September 30, 2023				
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Derivatives used for hedging	Others	Total
Trade and other payables	₩ 9,228,743	₩ -	₩ -	₩ -	₩ 9,228,743
Borrowings	10,309,465	-	-	-	10,309,465
Other financial liabilities	961,396	138,218	816	-	1,100,430
Lease liabilities	-	-	-	1,150,961	1,150,961

(in millions of Korean won)

Financial assets	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
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)

Financial liabilities	December 31, 2022				
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Derivatives used for hedging	Others	Total
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.

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5. Trade and Other Receivables

(1) Trade and other receivables as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>		September 30, 2023			
	Total amounts	Provision for impairment	Present value discount	Carrying amount	
Current assets					
Trade receivables	₩ 3,891,926	₩ (353,491)	₩ (7,117)	₩ 3,531,318	
Other receivables	4,498,076	(84,423)	(2,627)	4,411,026	
Total	<u>₩ 8,390,002</u>	<u>₩ (437,914)</u>	<u>₩ (9,744)</u>	<u>₩ 7,942,344</u>	
Non-current assets					
Trade receivables	₩ 257,041	₩ (1,257)	₩ (13,101)	₩ 242,683	
Other receivables	1,277,755	(140,755)	(13,924)	1,123,076	
Total	<u>₩ 1,534,796</u>	<u>₩ (142,012)</u>	<u>₩ (27,025)</u>	<u>₩ 1,365,759</u>	
<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>	

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(2) Details of other receivables as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022	
Loans	₩	90,033	₩	98,953
Receivables ¹		4,020,538		2,668,545
Accrued income		51,920		32,218
Refundable deposits		318,399		339,450
Loans receivable		1,101,269		1,013,428
Finance lease receivables		116,657		105,690
Others		60,464		63,941
Less: Provision for impairment		(225,178)		(218,543)
Total	₩	5,534,102	₩	4,103,682

¹ As of September 30, 2023, credit sales asset of ₩ 3,241,001 million (December 31, 2022: ₩1,960,579 million) held by BC Card Co., Ltd. are included.

(3) The maximum exposure of trade and other receivables to credit risk is the carrying amount of each class of receivables mentioned above as of September 30, 2023.

(4) The Group classifies a certain portion of trade receivables as financial assets at 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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6. Other Financial Assets and Liabilities

(1) Details of other financial assets and liabilities as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Other financial assets		
Financial assets at amortized cost ¹	₩ 1,446,086	₩ 1,060,058
Financial assets at fair value through profit or loss ^{1,2}	973,872	1,064,856
Financial assets at fair value through other comprehensive income	1,670,002	1,508,192
Derivatives used for hedging	237,918	190,830
Less: Non-current	<u>(2,823,979)</u>	<u>(2,501,484)</u>
Current	<u>₩ 1,503,899</u>	<u>₩ 1,322,452</u>
Other financial liabilities		
Financial liabilities at amortized cost ³	₩ 961,396	₩ 246,606
Financial liabilities at fair value through profit or loss	138,218	141,280
Derivatives used for hedging	816	33,555
Less: Non-current	<u>(766,484)</u>	<u>(412,650)</u>
Current	<u>₩ 333,946</u>	<u>₩ 8,791</u>

¹ As of September 30, 2023, the Group's other financial assets amount to ₩ 116,984 million (December 31, 2022: ₩ 102,215 million) and consist of checking account deposits, time deposits and others which are subject to withdrawal restrictions.

² As of September 30, 2023, the Group provided investments in Korea Software Financial Cooperative and others amounting to ₩ 6,917 million as a collateral for the payment guarantee provided by Korea Software Financial Cooperative and others.

³ The amount includes liabilities related to the obligation to acquire additional shares in Epsilon Global Communications Pte. Ltd. and MILLIE Co., Ltd. (Note 15).

(2) Financial Assets at fair value through profit or loss

1) Details of financial assets at fair value through profit or loss as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Equity instruments (Listed)	₩ 15,012	₩ 26,647
Equity instruments (Unlisted)	54,482	72,517
Debt securities	899,934	942,274
Derivative held for trading ¹	<u>4,444</u>	<u>23,418</u>
	973,872	1,064,856
Less: Non-current	<u>(719,139)</u>	<u>(609,887)</u>
Current	<u>₩ 254,733</u>	<u>₩ 454,969</u>

¹ Derivative assets amounting to ₩ 1,015 million, which is recognized by an agreement with LS Cable & System Ltd. in connection with LS Marine Solution Co., Ltd.(formerly KT Submarine Co., Ltd.) is included (Note 15).

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 September 30, 2023.

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

- 1) Details of financial assets at fair value through other comprehensive income as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022	
Equity instruments (Listed)	₩	1,164,189	₩	1,006,476
Equity instruments (Unlisted)		500,267		496,284
Debt securities		5,546		5,432
		<u>1,670,002</u>		<u>1,508,192</u>
Less: Non-current		<u>(1,670,002)</u>		<u>(1,508,192)</u>
Current	₩	<u>-</u>	₩	<u>-</u>

- 2) Upon disposal of these equity instruments, any balance within the accumulated other comprehensive income is reclassified to retained earnings rather than to profit or loss. Upon disposal of debt securities, 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 derivatives used for hedging as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023				December 31, 2022			
	Assets		Liabilities		Assets		Liabilities	
Interest rate swap ¹	₩	5,164	₩	146	₩	4,236	₩	-
Currency swap ²		<u>232,754</u>		<u>670</u>		<u>186,594</u>		<u>33,555</u>
		237,918		816		190,830		33,555
Less: Non-current		<u>(237,031)</u>		-		<u>(147,141)</u>		<u>(33,555)</u>
Current	₩	<u>887</u>	₩	<u>816</u>	₩	<u>43,689</u>	₩	<u>-</u>

¹ The interest rate swap contract is to hedge the risk of volatility in cash flow from the floating-rate borrowings due to changes in interest rate.

² The currency swap contract is to hedge the risk of volatility 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 hedging instrument is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and classified 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 derivative contracts for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

Type of transaction	2023			2022		
	Valuation gain	Valuation loss	Other comprehensive income ¹	Valuation gain	Valuation loss	Other comprehensive income ¹
Interest rate swap	₩ -	₩ -	₩ 736	₩ -	₩ 10	₩ 7,123
Currency swap	157,120	204	(39,882)	504,573	148	455,309
Currency forwards	-	-	-	-	-	754
	₩ 157,120	₩ 204	₩ (39,146)	₩ 504,573	₩ 158	₩ 463,186

¹ The amounts are before adjustments of deferred income tax directly reflected in equity and allocation to the non-controlling interest.

- 3) The ineffective portion recognized in profit or loss on the cash flow hedge is valuation gain of ₩ 1,373 million for the nine-month period ended September 30, 2023 (nine-month period ended September 30, 2022: valuation gain of ₩ 2,280 million).

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

- 1) Details of financial liabilities at fair value through profit or loss as of September 30, 2023 and December 31, 2022, are as follows:

(in millions of Korean won)

	September 30, 2023	December 31, 2022
Derivatives held for trading ^{1,2}	₩ 138,218	₩ 141,280

¹ Derivative liabilities recognized as the Group signed a shareholders' agreement with financial investors participating in capital increase of K Bank Inc are included. In case of IPO failure of K Back Inc. on the terms agreed upon from the date of completion of the acquisition of shares, financial investors may exercise the Drag-Along right to the Group, and the Group may accede to it or exercise the right to claim for sale. If financial investors exercise the Drag-Along Right, the Group should exercise the right to claim for sale or guarantee the rate of return on the terms agreed upon by financial investors.

² The amount includes derivatives separated from convertible bonds issued by the Group (Note 12).

- 2) The valuation gain and loss on financial liabilities at fair value through profit or loss for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Valuation gain	Valuation loss	Valuation gain	Valuation loss
Derivative liabilities held for trading	₩ -	₩ 9,507	₩ 63,573	₩ -

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7. Inventories

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

(in millions of Korean won)

	September 30, 2023			December 31, 2022		
	Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Merchandise	₩ 766,443	₩ (92,038)	₩ 674,405	₩ 768,748	₩ (96,010)	₩ 672,738
Others	33,031	-	33,031	36,453	-	36,453
	<u>₩ 799,474</u>	<u>₩ (92,038)</u>	<u>₩ 707,436</u>	<u>₩ 805,201</u>	<u>₩ (96,010)</u>	<u>₩ 709,191</u>

Cost of inventories recognized as expenses for the nine-month period ended September 30, 2023, amounts to ₩ 2,451,208 million (nine-month period ended September 30, 2022: ₩ 2,532,113 million) and reversal of valuation loss on inventory amounts to ₩ 3,972 million for the nine-month period ended September 30, 2023 (nine-month period ended September 30, 2022: reversal of valuation loss of ₩ 40,103 million).

8. Other Assets and Liabilities

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

(in millions of Korean won)

	September 30, 2023	December 31, 2022
Other assets		
Advance payments	₩ 229,224	₩ 181,150
Prepaid expenses	225,431	107,775
Contract cost	1,756,315	1,817,678
Contract assets	839,388	802,253
Others	35,215	12,964
Less: Non-current	<u>(831,958)</u>	<u>(820,608)</u>
Current	<u>₩ 2,253,615</u>	<u>₩ 2,101,212</u>
Other liabilities		
Advances received ¹	₩ 370,427	₩ 376,830
Withholdings	156,973	155,017
Unearned revenue ¹	30,841	46,493
Lease liabilities	1,150,961	1,172,038
Contract liabilities	282,383	284,107
Others	14,240	33,108
Less: Non-current	<u>(904,596)</u>	<u>(934,575)</u>
Current	<u>₩ 1,101,229</u>	<u>₩ 1,133,018</u>

¹ The amounts include adjustments arising from adoption of Korean IFRS 1115 *Revenue from Contracts with Customers* (Note 19).

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9. Property and Equipment, Investment Properties, and Intangible Assets

(1) Changes in property and equipment for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Beginning, net	₩	14,772,179	₩	14,464,885
Acquisition and capital expenditure		2,184,266		2,250,923
Disposal and termination		(59,157)		(63,495)
Depreciation		(2,025,561)		(1,971,374)
Transfer to investment property		(108,181)		(187,393)
Changes in consolidation scope		6,761		-
Impairment		(522)		(1,570)
Others		(99,838)		(25,950)
Ending, net	₩	14,669,947	₩	14,466,026

Details of property and equipment provided as collateral as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023				
	Carrying amount	Secured amount	Related account	Related amount	Secured party
Land and Buildings	₩ 78,924	₩ 61,910	Borrowings	₩ 52,130	Industrial Bank of Korea/Korea Development Bank/Standard Chartered Bank

<i>(in millions of Korean won)</i>	December 31, 2022				
	Carrying amount	Secured amount	Related account	Related amount	Secured party
Land and Buildings	₩ 11,353	₩ 15,774	Borrowings	₩ 3,228	Industrial Bank of Korea/Korea Development Bank

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(2) Changes in investment properties for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Beginning, net	₩	1,933,358	₩	1,720,655
Acquisition		136,291		32,979
Disposal		(4,228)		(10,105)
Depreciation		(42,862)		(36,890)
Transfer from property and equipment		108,181		187,393
Others		(1,180)		(14,535)
Ending, net	₩	<u>2,129,560</u>	₩	<u>1,879,497</u>

As of September 30, 2023, the Group (Lessor) has entered into a non-cancellable operating lease contract relating to real estate lease. The future minimum lease payments under this contract are ₩ 105,600 million for one year or less, ₩ 133,941 million for more than one year and less than five years, ₩ 22,254 million for over five years, and ₩ 261,795 million in total.

Details of investment properties provided as collateral as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023			
	Carrying amount	Secured amount	Related account	Related amount
Land and Buildings	₩ 476,415	₩ 59,904	Deposits	₩ 53,447
Land and Buildings	6,149	93,970	Borrowings	3,101

<i>(in millions of Korean won)</i>	December 31, 2022			
	Carrying amount	Secured amount	Related account	Related amount
Land and Buildings	₩ 460,166	₩ 61,733	Deposits	₩ 52,662
Land and Buildings	2,546	3,326	Borrowings	2,772

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(3) Changes in intangible assets for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Beginning, net	₩	3,129,833	₩	3,447,334
Acquisition and capital expenditure ¹		254,950		236,880
Disposal and termination		(9,235)		(5,322)
Amortization ²		(477,388)		(462,097)
Impairment		(695)		(3,045)
Changes in consolidation scope		6,094		-
Others		29,208		52,435
Ending, net	₩	<u>2,932,767</u>	₩	<u>3,266,185</u>

¹ Amounts include transfer from property and equipment.

² Amounts include transfer to service costs.

The carrying amount of memberships and others, excluding goodwill, assessed to have indefinite useful life and, therefore, not subject to amortization is ₩ 213,925 million as of September 30, 2023 (December 31, 2022: ₩ 210,114 million).

(4) Goodwill is allocated to the Group's cash-generating unit, which is identified by operating segments. As of September 30, 2023, goodwill allocated to each cash-generating unit is as follows:

<i>(In millions of Korean won)</i>	Amount	
Cash-Generating Unit		
Mobile services	₩	65,057
BC Card Co., Ltd.		41,234
HCN Co., Ltd.		228,674
GENIE Music Corporation		50,214
Millie Seojae		54,725
PlayD Co., Ltd.		42,745
KT Telecop Co., Ltd.		15,418
Epsilon Global Communications Pte. Ltd.		169,820
MEDIA GENIE Co., Ltd.		10,633
KT MOS Bukbu Co., Ltd. and others		45,921
Total	₩	<u>724,441</u>

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

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10. Investments in Associates and Joint Ventures

(1) Details of associates as of September 30, 2023 and December 31, 2022, are as follows:

	<u>Percentage of ownership (%)</u>		<u>Location</u>	<u>Closing month</u>
	<u>September 30, 2023</u>	<u>December 31, 2022</u>		
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 LLC No 395	35.3%	35.3%	Korea	December
LS Marine Solution Co., Ltd. (formerly KT Submarine Co., Ltd.) ^{1,2}	7.3%	32.9%	Korea	December

¹ The Group has less than 20% interest in the investees, but the investments are classified as investments in associates as the Group has significant influence in determining the operational and financial policies.

² LS Marine Solution Co., Ltd. (formerly KT Submarine Co., Ltd.) was reclassified from a subsidiary to an associate due to the loss of control of the consolidated company.

(2) Changes in investments in associates and joint ventures for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023					
	Share of net profit (loss) from					
	Beginning	Acquisition (Disposal)	associates and joint ventures¹	Others	Ending	
KIF Investment Fund	₩ 170,979	₩ -	₩ 1,174	₩ 300	₩ 172,453	
K Bank Inc.	852,756	-	10,768	12,386	875,910	
HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	49,372	-	167	(110)	49,429	
Megazone Cloud Corporation	136,199	-	(5,117)	2,322	133,404	
IGIS No. 468-1 General Private Real Estate Investment Company	23,589	-	(57)	-	23,532	
KT-DSC Creative Economy Youth Start- up Investment Fund	22,123	(500)	1,514	-	23,137	
IGIS Professional Investors Private Investment Real Estate Investment LLC No 395	16,620	-	(765)	-	15,855	
LS Marine Solution Co., Ltd. (formerly KT Submarine Co., Ltd.)	-	-	126	23,256	23,382	
Others	209,084	75,396	(8,636)	(8,244)	267,600	
	<u>₩ 1,480,722</u>	<u>₩ 74,896</u>	<u>₩ (826)</u>	<u>₩ 29,910</u>	<u>₩ 1,584,702</u>	

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<i>(in millions of Korean won)</i>	2022				
	Share of net profit (loss) from				
	Beginning	Acquisition (Disposal)	associates and joint ventures ¹	Others	Ending
KIF Investment Fund	₩ 178,935	₩ -	₩ 2,646	₩ (8,135)	₩ 173,446
K Bank Inc.	831,737	-	23,067	(14,336)	840,468
HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	48,725	-	1,163	739	50,627
Megazone Cloud Corporation	-	130,001	(1,027)	48	129,022
IGIS No. 468-1 General Private Real Estate Investment Company	-	25,000	1	-	25,001
KT-DSC Creative Economy Youth Start- up Investment Fund	22,138	-	1,389	(2)	23,525
IGIS Professional Investors Private Investment Real Estate Investment LLC No 395	17,084	-	(717)	-	16,367
Others	189,810	68,530	(17,460)	(53,868)	187,012
	<u>₩1,288,429</u>	<u>₩ 223,531</u>	<u>₩ 9,062</u>	<u>₩ (75,554)</u>	<u>₩1,445,468</u>

¹ KT Investment Co., Ltd., a subsidiary of the Group, recognized share of net profit (loss) from the investments in associates as operating income. The share of net loss recognized as operating income for the nine-months period ended September 30, 2023 amount to ₩ 128 million (nine-month period ended September 30, 2022: net income of ₩ 452 million).

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(3) Summarized statements of financial position of the major associates and joint ventures as of September 30, 2023 and December 31, 2022 and summarized statements of profit or loss for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023			
	Assets	Liabilities	Operating revenue	Profit (loss) for the period
KIF Investment Fund	₩ 517,359	₩ -	₩ 14,122	₩ 3,523
K Bank Inc.	19,554,392	17,681,465	688,142	23,614
HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	411,073	124,131	121,299	629
Megazone Cloud Corporation	1,116,257	501,719	1,041,121	(16,826)
IGIS No. 468-1 General Private Real Estate Investment Company	52,717	6	4	(128)
KT-DSC Creative Economy Youth Start-up Investment Fund	81,080	100	10,659	5,299
IGIS Professional Investors Private Investment Real Estate Investment LLC No 395	145,960	101,036	-	(296)
LS Marine Solution Co., Ltd. (formerly KT Submarine Co., Ltd.)	146,234	24,775	46,607	9,850

<i>(in millions of Korean won)</i>	December 31, 2022		September 30, 2022	
	Assets	Liabilities	Operating revenue	Profit (loss) for the period
KIF Investment Fund	₩ 512,936	₩ -	₩ 15,186	₩ 7,938
K Bank Inc	16,634,007	14,833,151	372,193	70,878
HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	413,793	127,344	138,747	13,002
Megazone Cloud Corporation	1,059,856	424,821	841,543	(12,734)
IGIS No. 468-1 General Private Real Estate Investment Company	52,851	12	8	1
KT-DSC Creative Economy Youth Start-up Investment Fund	77,792	362	16,486	4,855
IGIS Professional Investors Private Investment Real Estate Investment LLC No 395	136,665	90,545	-	-

(4) Due to the discontinuance of equity method of accounting, the Group has not recognized loss from associates and joint ventures of ₩ 703 million for the nine-month period ended September 30, 2023 (nine-month period ended September 30, 2022: loss of ₩ 3,677 million). The unrecognized accumulated comprehensive loss of associates and joint ventures as of September 30, 2023, is ₩ 10,617 million (December 31, 2022: ₩ 9,915 million).

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11. Trade and Other Payables

(1) Details of trade and other payables as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022	
Current liabilities				
Trade payables	₩	1,551,095	₩	1,150,515
Other payables		<u>7,713,502</u>		<u>6,182,650</u>
Total	₩	<u>9,264,597</u>	₩	<u>7,333,165</u>
Non-current liabilities				
Trade payables	₩	2,567	₩	-
Other payables		<u>853,415</u>		<u>1,064,099</u>
Total	₩	<u>855,982</u>	₩	<u>1,064,099</u>

(2) Details of other payables as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022	
Non-trade payables ¹	₩	5,544,617	₩	4,981,300
Accrued expenses		1,669,100		1,234,023
Operating deposits		1,138,134		818,603
Others		215,066		212,823
Less: Non-current		<u>(853,415)</u>		<u>(1,064,099)</u>
Current	₩	<u>7,713,502</u>	₩	<u>6,182,650</u>

¹ As of September 30, 2023, credit sale liabilities amounting to ₩ 2,927,687 million (December 31, 2022: ₩ 1,754,075 million) held by BC Card Co., Ltd. (a subsidiary of the Group) are included.

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12. Borrowings

(1) Details of borrowings as of September 30, 2023 and December 31, 2022, are as follows:

1) Debentures

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

Type	Maturity	Annual interest rates	September 30, 2023		December 31, 2022	
			Foreign currency	Korean won	Foreign currency	Korean won
MTNP notes ¹	Sep. 7, 2034	6.500%	USD 100,000	₩ 134,480	USD 100,000	₩ 126,730
MTNP notes	Jul. 18, 2026	2.500%	USD 400,000	537,920	USD 400,000	506,920
FR notes	Aug. 23, 2023	-	-	-	USD 100,000	126,730
MTNP notes	Jul. 19, 2024	0.330%	JPY 400,000	3,609	JPY 400,000	3,813
MTNP notes	Sep. 1, 2025	1.000%	USD 400,000	537,920	USD 400,000	506,920
FR notes ²	Nov. 1, 2024	Compounded SOFR+1.210%	USD 350,000	470,680	USD 350,000	443,555
FR notes	Jun. 19, 2023	-	-	-	SGD 284,000	267,843
MTNP notes	Jan. 21, 2027	1.375%	USD 300,000	403,440	USD 300,000	380,190
MTNP notes	Aug. 08, 2025	4.000%	USD 500,000	672,400	USD 500,000	633,650
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
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

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

Type	Maturity	Annual interest rates	September 30, 2023		December 31, 2022	
			Foreign currency	Korean won	Foreign currency	Korean won
The 196-2nd Public bond	Jan. 27, 2027	2.637%	-	100,000	-	100,000
The 196-3rd Public bond	Jan. 27, 2032	2.741%	-	30,000	-	30,000
The 197-1st Public bond	Jun. 27, 2025	4.191%	-	280,000	-	280,000
The 197-2nd Public bond	Jun. 29, 2027	4.188%	-	120,000	-	120,000
The 198-1st Public bond	Jan. 10, 2025	3.847%	-	70,000	-	-
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	2.310%	-	30,000	-	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
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	3.024%	-	30,000	-	30,000

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<i>(in millions of Korean won and foreign currencies in thousands)</i>			September 30, 2023		December 31, 2022	
Type	Maturity	Annual interest rates	Foreign currency	Korean won	Foreign currency	Korean won
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	5.066%	-	50,000	-	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	-	-
	Subtotal			8,460,449		8,406,351
Less: Current portion				(1,292,925)		(1,154,101)
Discount on bonds				(21,557)		(23,728)
	Total			₩ 7,145,967		₩ 7,228,522

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¹ As of September 30, 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.

² The Daily SOFR is approximately 5.310% as of September 30, 2023. Due to the recent suspension of LIBOR calculation, the Group changed the alternative benchmark interest rate to Compounded SOFR+1.210%.

³ The CMS (5Y) and CMS (10Y) is approximately 3.805% and 3.820%, respectively as of September 30, 2023.

2) Convertible bonds

(in millions of Korean won)

Type	Issuance Date	Maturity	Annual Interest Rate	September 30, 2023	December 31, 2022
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				2,267	4,565
Conversion rights adjustment				(2,096)	(7,206)
	Subtotal			8,171	35,359
Amount settled within 1 year (Current portion of convertible bonds)				₩ (8,171)	-
	Total			₩ -	₩ 35,359

¹ Common shares of Storywiz Co., Ltd. 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 the sum of principal and interest will be settled on maturity.

³ The convertible bond was converted into 73,800 shares of common stock and preferred stock each.

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3) Borrowings

a. Short-term borrowings

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

Type	Financial institution	Annual interest rates	September 30, 2023		December 31, 2022	
			Foreign currency	Korean won	Foreign currency	Korean won
Working		3.840%~6.390%	-	₩ 81,000	-	₩ 105,000
Capital Loans	Shinhan Bank ¹	CD(91D)+1.704%	-	2,000	-	-
		-	-	-	-	30,000
		-	-	-	-	50,000
	Woori Bank ¹	4.400%	-	70,000	-	-
		CD(91D)+1.960%	-	20,000	-	-
	Korea Development Bank	4.770%~6.060%	-	28,600	-	27,201
	Industrial Bank of Korea	4.862%	-	6,000	-	6,000
	Hana Bank ¹	CD(91D)+0.126%	-	4,800	-	5,000
	KB SECURITIES	4.050%~5.904%	-	198,509	-	94,822
	NH INVESTMENT & SECURITIES	-	-	-	-	20,000
	HSBC ²	Compounded SOFR+2.100%	USD 19,900	26,761	USD 18,500	23,451
		4.870%	-	5,000	-	9,000
	NongHyup Bank	-	-	-	-	15,000
	IBK Securities	-	-	-	-	20,000
	Hi Investment & Securities	-	-	-	-	99,524
	KOREA INVESTMENT & SECURITIES	4.050%	-	20,000	-	-
	Total			₩ 462,670		₩ 504,998

¹ CD (91D) is approximately 3.750% as of September 30, 2023.

² The Daily SOFR is approximately 5.310% as of September 30, 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	September 30, 2023		December 31, 2022	
			Foreign currency	Korean won	Foreign currency	Korean won
Export-Import Bank of Korea	Inter-Korean Cooperation Fund ¹	1.000%	-	₩ 1,480	-	₩ 1,974
CA-CIB	General loans	3.380%~4.150%	-	200,000	-	200,000
JPM	General loans	2.700%~4.480%	-	200,000	-	100,000
DBS	General loans	4.109%	-	100,000	-	100,000
Shinhan Bank	General loans ²	Term SOFR(3M)+1.100%	USD 8,910	11,982	USD 8,910	11,292
	General loans	-	-	-	USD 38,000	48,158
	General loans	1.900%~3.230%	USD 31,472	42,444	USD 31,472	39,855
	General loans ³	4.490%	-	62,398	-	62,398
	General loans ²	Term SOFR(3M)+1.300%	USD 21,127	28,411	USD 21,127	26,774
	General loans ²	Term SOFR(3M)+1.940%	USD 35,000	47,068	-	-
	General loans ²	CD(91D)+1.800%	-	16,900	-	-
Woori Bank	Facility loans ²	CD(91D)+2.600%	-	300	-	-
	General loans ²	EURIBOR(3M)+0.900%	EUR 7,700	10,947	EUR 7,700	10,404
	General loans	3.320%~5.500%	-	41,526	-	15,000
Hana Bank	PF loans	-	-	-	-	40,682
	Facility loans ²	CD(91D)+2.600%	-	300	-	-
Hi Investment & Securities	CP	2.302%	-	92,422	-	90,724
Bookook Securities	CP	3.490%~3.603%	-	19,557	-	18,806
Korea Investment & Securities	CP	3.622%	-	75,196	-	73,039
Korea Development Bank	General loans	3.000%~4.870%	-	137,000	-	38,000
NH Jayang	PF loans ²	CD(91D)+1.150%	-	65,966	-	59,066
Kyobo Life Insurance	PF loans ²	CD(91D)+1.150%~	-	96,226	-	66,390
	PF loans ²	CD(91D)+3.450%	-	-	-	-
Standard Chartered Bank Korea	PF loans ²	CD(91D)+1.150%~	-	64,151	-	44,260
	PF loans ²	CD(91D)+3.450%	-	-	-	-
Samsung Life Insurance	General loans ²	CD(91D)+0.750%	-	32,000	-	-
	PF loans	1.860%~4.160%	-	53,458	-	36,883
	Subtotal			1,399,732		1,083,705
Less: Current portion				(604,938)		(167,943)
	Total			₩ 794,794		₩ 915,762

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 3.952%, 5.396% and 3.750%, respectively, as of September 30, 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 current portion of liabilities as of September 30, 2023, is as follows:

(in millions of Korean won)

	Debentures			Borrowings			Total
	In local currency	In foreign currency	Sub-total	In local currency	In foreign currency	Sub-total	
Oct. 1, 2023~ Sep. 30, 2024	₩ 1,298,000	₩ 3,609	₩ 1,301,609	₩ 998,402	₩ 69,206	₩ 1,067,608	₩ 2,369,217
Oct. 1, 2024~ Sep. 30, 2025	1,485,000	1,681,000	3,166,000	513,946	98,409	612,355	3,778,355
Oct. 1, 2025~ Sep. 30, 2026	790,000	537,920	1,327,920	16,693	-	16,693	1,344,613
Oct. 1, 2026~ Sep. 30, 2027	290,000	403,440	693,440	108,021	-	108,021	801,461
After Oct. 1, 2027	1,845,000	134,480	1,979,480	57,725	-	57,725	2,037,205
	<u>₩ 5,708,000</u>	<u>₩ 2,760,449</u>	<u>₩ 8,468,449</u>	<u>₩ 1,694,787</u>	<u>₩ 167,615</u>	<u>₩ 1,862,402</u>	<u>₩ 10,330,851</u>

13. Provisions

Changes in provisions for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Litigation	Restoration cost	Others	Total
Beginning balance	₩ 36,329	₩ 108,962	₩ 55,075	₩ 200,366
Increase (transfer)	42	15,992	5,716	21,750
Usage	(262)	(879)	(3,932)	(5,073)
Reversal	(2)	(580)	(49)	(631)
Changes in consolidation scope	-	-	(177)	(177)
Others	-	(445)	445	-
Ending balance	<u>₩ 36,107</u>	<u>₩ 123,050</u>	<u>₩ 57,078</u>	<u>₩ 216,235</u>
Current	34,532	19,764	56,839	111,135
Non-current	₩ 1,575	₩ 103,286	₩ 239	₩ 105,100

(in millions of Korean won)

	2022			
	Litigation	Restoration cost	Others	Total
Beginning balance	₩ 80,165	₩ 107,358	₩ 69,874	₩ 257,397
Increase (transfer)	3,534	9,061	14,568	27,163
Usage	(8,952)	(1,402)	(17,096)	(27,450)
Reversal	(42,850)	(3,287)	(770)	(46,907)
Ending balance	<u>₩ 31,897</u>	<u>₩ 111,730</u>	<u>₩ 66,576</u>	<u>₩ 210,203</u>
Current	31,681	22,524	65,152	119,357
Non-current	₩ 216	₩ 89,206	₩ 1,424	₩ 90,846

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14. Net Defined Benefit Liabilities

(1) The amounts recognized in the statement of financial position as of September 30, 2023 and December 31, 2022, are determined as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022	
Present value of defined benefit obligations	₩	2,284,702	₩	2,218,655
Fair value of plan assets		(2,482,774)		(2,478,143)
Liabilities	₩	59,468	₩	51,654
Assets	₩	257,540	₩	311,142

(2) Changes in the defined benefit obligations for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Beginning	₩	2,218,655	₩	2,494,930
Current service cost		158,001		180,430
Interest expense		73,908		42,743
Benefits paid		(163,901)		(183,635)
Remeasurements		2,272		(28,513)
Change in consolidation scope		(3,398)		-
Others		(835)		(654)
Ending	₩	2,284,702	₩	2,505,301

(3) Changes in the fair value of plan assets for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Beginning	₩	2,478,143	₩	2,314,632
Interest income		86,098		41,390
Remeasurements on plan assets		6,853		(6,821)
Employer contributions		8,689		14,702
Benefits paid		(146,762)		(176,576)
Change in consolidation scope		(3,766)		-
Others		53,519		66,525
Ending	₩	2,482,774	₩	2,253,852

(4) Amounts recognized in the consolidated statement of profit or loss for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Current service cost	₩	158,001	₩	180,430
Net interest cost		(12,190)		1,353
Account transfers		(9,669)		(11,077)
Total expenses	₩	136,142	₩	170,706

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15. Commitments and Contingencies

(1) As of September 30, 2023, major commitments with local financial institutions are as follows:

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

	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	565,350	25,790
Plus electronic notes payable	Industrial Bank of Korea	50,000	885
	Korea Development Bank and others	1,579,800	124,700
Working capital loan	Shinhan Bank	USD 76,509	USD 76,509
	Woori Bank	EUR 7,700	EUR 7,700
Facility loans	Shinhan Bank and others	1,000,000	469,324
	Korea Development Bank and others	USD 1,970,000	USD 1,970,000
Derivatives transaction limit	Citi Bank	JPY 400,000	JPY 400,000
		<u>3,610,090</u>	<u>623,911</u>
		USD 2,046,509	USD 2,046,509
		EUR 7,700	EUR 7,700
		<u>JPY 400,000</u>	<u>JPY 400,000</u>
	Total		

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(2) As of September 30, 2023, guarantees received from financial institutions are as follows:

<i>(in millions of Korean won and foreign currencies in thousands)</i>	Guarantee matter	Limit
	Guarantee for payment in Korean currency	4,000
	Comprehensive credit line and others	3,100
Hana Bank	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 foreign currency and others	USD 94,517
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 808
Seoul Guarantee Insurance Company	Performance guarantee and others	361,125
Korea Software Financial Cooperative	Performance guarantee and others	1,339,396
Korea Specialty Contractor Financial Cooperative	Performance guarantee and others	135
Korea Housing Finance Corporation	Performance guarantee and others	12,835
Korea Housing & Urban Guarantee Corporation	Performance guarantee and others	691,530
Information & Communication Financial Cooperative	Performance guarantee and others	78,368
	Total	2,495,689
		USD 122,680

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(3) As of September 30, 2023, guarantees provided by the Group to a third party, are as follows:
(in millions of Korean won)

	Subject to payment guarantees	Creditor	Limit	Used amount	Period
KT Estate Inc.	Wonju Bando U-bora Mark Bridge Buyer	Hana Bank	103,000	41,163	Aug. 05, 2022 ~ Feb. 28, 2025
KT Engineering Co., Ltd. ¹	Gasam solar power plant Inc.	Shinhan Bank	4,700	448	Jan. 07, 2010 ~ Jan. 08, 2025
KT Engineering Co., Ltd. ¹	Korea cell Inc.	Suhyup Bank	3,250	124	Feb. 17, 2014 ~ Feb. 16, 2024
KT Engineering Co., Ltd. ¹	San-ya agricultural association corporation	Suhyup Bank	3,250	126	Feb. 17, 2014 ~ Feb. 16, 2024
KT Alpha Co., Ltd.	T commerce Cash payers	T commerce Cash payers	821	-	Apr. 14, 2023 ~ Apr. 12, 2024
Nasmedia Co., Ltd.	Stockholders Association Members	Korea Securities Finance Corp	941	618	-

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 September 30, 2023, the Controlling Company and KT Sat Co., Ltd. are jointly and severally liable for reimbursement of ₩ 601 million.
- (5) For the nine-month period ended September 30, 2023 and year ended December 31, 2022, the Group made agreements with the Securitization Specialty Companies (September 30, 2023: First 5G 67th to 70th Securitization Specialty Co., Ltd., December 31, 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 securitization specialty company.
- (6) As of September 30, 2023, the Group is a defendant in 210 lawsuits with the total claimed amount of ₩ 160,406 million. As of September 30, 2023, litigation provisions of ₩ 36,107 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 the reporting date.
- (7) Under the agreement of bond issuance and borrowings, the Group is required to maintain certain financial ratios, such as debt-to-equity ratio, and to use the funds for the designated purpose and report to the creditors periodically. The covenant also contains restriction on provision of additional collateral and disposal of certain assets.

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- (8) As of September 30, 2023, the Group participates in Algeria Sidi Abdela new town development consortium (percentage of ownership: 2.5%) and has joint liability with other consortium participants.
- (9) As of September 30, 2023, the contracted amount of property and equipment acquisition agreement made but not yet recognized amounts to ₩ 1,234,904 million (December 31, 2022: ₩ 1,294,823 million).
- (10) As of September 30, 2023, there are derivatives generated by the Group granting Drag-Along Right to financial investors participating in the paid-in capital increase of K Bank Inc. (Note 6).
- (11) The Group has an agreement with a transferor participated in share transfer agreement of MILLE Co., Ltd. If certain conditions are not met in the future as disclosed in the terms and conditions of the agreement, the transferor may exercise Tag-Along Right, Put Option for the ordinary shares it owns (Note 6).
- (12) The Group entered into an agreement with financial investors of Epsilon Global Communications Pte. Ltd in the acquisition of shares contract. If certain conditions are not met in the future as disclosed in the terms and conditions of the agreement, financial investors may exercise Tag-Along Right, Drag-Along Right and the right to sell shares for the convertible preferred shares they own (Note 6).
- (13) The Group has an obligation for additional contributions as per agreements to Future Innovation Private Equity Fund No.3 and other. As of September 30, 2023, the remaining committed amount of ₩ 4,942 million and USD 31,850 thousand will be invested through the Capital Call method in the future.
- (14) The Group has joint responsibility obligation and an 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 an 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 LS Marine Solution 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 6).

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16. 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 9.

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

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

<i>(In millions of Korean won)</i>	September 30, 2023	December 31, 2022
Right-of-use assets		
Property and buildings	₩ 1,038,240	₩ 1,081,067
Machinery and telecommunication line facilities	55,433	50,794
Others	174,313	148,473
	<u>₩ 1,267,986</u>	<u>₩ 1,280,334</u>
<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Lease liabilities ¹		
Current	₩ 311,014	₩ 315,892
Non-current	839,947	856,146
	<u>₩ 1,150,961</u>	<u>₩ 1,172,038</u>

¹ Included in the line items 'other current liabilities and other non-current liabilities' in the consolidated statement of financial position (Note 8).

Right-of-use assets related to leases increased by ₩ 289,678 million and ₩ 356,581 million for the nine-month periods ended September 30, 2023 and 2022, respectively.

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(2) Amount recognized in the consolidated statement of Profit or Loss

The consolidated statement of profit or loss relating to leases for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		September 30, 2022	
Depreciation of right-of-use assets				
Property and buildings	₩	222,434	₩	230,740
Machinery and telecommunication line facilities		19,726		23,846
Others		52,873		42,980
	₩	295,033	₩	297,566
Depreciation of investment properties	₩	15	₩	15
Interest expense relating to lease liabilities		38,268		28,885
Expenses relating to short-term leases		9,618		8,872
Expenses relating to leases of low-value assets that are not short-term leases		17,875		14,743
Expenses relating to variable lease payments not included in lease liabilities		6,539		4,309

Total cash outflow from leases was ₩ 360,968 million and ₩ 331,053 million during nine-month periods ended September 30, 2023 and 2022, respectively.

17. Retained Earnings

Details of retained earnings as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022	
Legal reserve ¹	₩	782,249	₩	782,249
Voluntary reserves ²		4,651,362		4,651,362
Unappropriated retained earnings		9,137,138		8,823,732
Total	₩	14,570,749	₩	14,257,343

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 deficits, 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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18. Other Components of Equity

(1) The Group's other components of equity as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023	December 31, 2022
Treasury stock	₩ (398,075)	₩ (202,295)
Gain(Loss) on disposal of treasury stock	3,220	(41,503)
Share-based compensation	6,786	6,222
Equity transactions within consolidated entities ¹	<u>(415,715)</u>	<u>(334,576)</u>
Total	<u>₩ (803,784)</u>	<u>₩ (572,152)</u>

¹ Profit or loss incurred from transactions with non-controlling interest and investment difference incurred from change in proportion of subsidiaries are included.

(2) As of September 30, 2023 and December 31, 2022, the details of treasury stock are as follows:

	September 30, 2023	December 31, 2022
Number of shares <i>(in shares)</i>	11,447,338	5,069,130
Amount <i>(in millions of Korean won)</i>	₩ 398,075	₩ 202,295

Treasury stock is expected to be used as stock compensation for the Group's directors, employees and other purposes.

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19. Revenue from Contracts with Customers and Relevant Contract Assets and Liabilities

(1) The Group has recognized the following amounts as revenue for the three- and nine-month periods ended September 30, 2023 and 2022:

(in millions of Korean won)

	2023		2022	
	Three months	Nine months	Three months	Nine months
Revenue from contracts with customers	₩ 6,639,548	₩ 19,519,119	₩ 6,424,748	₩ 18,910,406
Revenue from other sources	57,894	169,520	52,453	156,647
Total	₩ 6,697,442	₩ 19,688,639	₩ 6,477,201	₩ 19,067,053

(2) Operating revenues for the three- and nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Three months	Nine months	Three months	Nine months
Services provided	₩ 5,842,461	₩ 17,274,449	₩ 5,645,035	₩ 16,595,159
Sales of goods	854,981	2,414,190	832,166	2,471,894
Total	₩ 6,697,442	₩ 19,688,639	₩ 6,477,201	₩ 19,067,053

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

(3) The contract assets, liabilities and deferred revenue recognized in relation to revenue from contracts with customers are as follows:

(in millions of Korean won)

	September 30, 2023	December 31, 2022
Contract assets ¹	₩ 1,119,347	₩ 963,133
Contract liabilities ¹	302,848	344,869
Deferred revenue ²	83,576	81,653

¹ The Group recognized contract assets of ₩ 279,959 million and contract liabilities of ₩ 20,465 million for long-term construction contracts as of September 30, 2023 (December 31, 2022: contract assets of ₩ 160,880 million and contract liabilities of ₩ 60,762 million). The Group recognizes contract assets as trade and other receivables, and contract liabilities as other current liabilities.

² Deferred revenue recognized relating to government grants is excluded.

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

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022	
Incremental costs of obtaining a contract	₩	1,684,843	₩	1,744,096
Costs of contract performance		71,472		73,582

The Group recognized ₩ 1,322,822 million as operating expenses for the nine-month period ended September 30, 2023 (nine-month period ended September 30, 2022: ₩ 1,352,283 million) related to contract cost assets.

(5) For the three- and nine-month periods ended September 30, 2023 and 2022, the revenue recognition arising from carried-forward contract liabilities from prior year is as follows:

<i>(in millions of Korean won)</i>	2023		2022	
	Three months	Nine months	Three months	Nine months
Revenue recognized that was included in the contract liability balance at the beginning of the year				
Allocation of the transaction price	₩ 44,874	₩ 179,772	₩ 53,553	₩ 210,683
Deferred revenue of joining/installment fees	9,866	33,074	10,422	34,392
Total	₩ 54,740	₩ 212,846	₩ 63,975	₩ 245,075

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20. Operating Expenses

(1) Operating expenses for the three- and nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Three months	Nine months	Three months	Nine months
Salaries and wages	₩ 1,191,032	₩ 3,391,569	₩ 1,075,308	₩ 3,236,602
Depreciation	683,180	2,030,237	664,690	1,970,538
Depreciation of right-of-use assets	97,886	295,032	99,607	297,566
Amortization of intangible assets	156,852	471,282	142,510	458,416
Commissions	328,157	928,744	296,653	900,985
Interconnection charges	107,442	328,340	120,953	378,170
International interconnection fees	26,620	118,638	47,371	147,164
Purchase of inventories	950,249	2,445,482	1,037,625	2,653,561
Changes of inventories	(70,515)	1,755	(162,431)	(161,551)
Sales promotion expense and sales commissions	581,436	1,746,530	613,936	1,748,454
Service costs	631,156	1,668,482	594,122	1,687,602
Utilities	117,943	310,420	93,415	272,360
Taxes and dues	58,895	187,477	81,252	213,468
Rent	42,794	124,269	40,820	110,526
Insurance premiums	16,467	48,737	16,942	46,556
Installation fees	38,436	129,785	60,618	112,618
Advertising expenses	38,634	114,094	53,951	152,351
Research and development expenses	50,246	134,771	42,190	121,486
Card service costs	792,419	2,377,029	781,989	2,315,855
Others	536,180	1,451,820	322,798	865,654
Total	₩ 6,375,509	₩ 18,304,493	₩ 6,024,319	₩ 17,528,381

(2) Details of employee benefits for the three- and nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Three months	Nine months	Three months	Nine months
Short-term employee benefits	₩ 1,114,986	₩ 3,164,468	₩ 994,562	₩ 2,992,326
Post-employment benefits (defined benefits)	44,354	136,142	56,848	170,706
Post-employment benefits (defined contributions)	24,110	64,577	17,938	52,354
Share-based compensation	3,012	12,350	2,662	12,546
Others	4,570	14,032	3,298	8,670
Total	₩ 1,191,032	₩ 3,391,569	₩ 1,075,308	₩ 3,236,602

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21. Other Income and Other Expenses

(1) Other income for the three- and nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Three months	Nine months	Three months	Nine months
Gain on disposal of property and equipment and investment properties	₩ 5,854	₩ 18,471	₩ 6,188	₩ 30,613
Gain on disposal of intangible assets	-	300	237	320
Gain on disposal of right-of-use assets	265	2,126	512	2,766
Compensation on impairment of property and equipment	36,501	106,349	34,324	108,900
Gain on government subsidies	8,394	25,753	10,674	22,641
Gain on disposal of investments in associates	873	6,927	2,016	11,192
Gain on disposal of investments in subsidiaries	28,825	28,825	-	-
Others	11,112	35,004	11,515	43,345
Total	₩ 91,824	₩ 223,755	₩ 65,466	₩ 219,777

(2) Other expenses for the three- and nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Three months	Nine months	Three months	Nine months
Loss on disposal of property and equipment and investment properties	₩ 19,489	₩ 51,389	₩ 17,246	₩ 57,970
Loss on disposal of intangible assets	1,698	4,724	68	5,108
Loss on disposal of right-of-use assets	193	1,142	201	1,569
Loss on disposal of investments in associates	-	-	-	295
Donations	6,262	23,523	2,377	12,281
Other allowance for bad debts	9,696	21,347	6,157	14,407
Others	21,747	91,596	34,544	84,322
Total	₩ 59,085	₩ 193,721	₩ 60,593	₩ 175,952

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22. Financial Income and Costs

(1) Details of financial income for the three- and nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Three months	Nine months	Three months	Nine months
Interest income	₩ 72,130	₩ 203,866	₩ 73,348	₩ 205,812
Gain on foreign currency transactions	5,085	15,756	39,294	51,227
Gain on foreign currency translation	(262)	14,220	(11,055)	44,328
Gain on settlement of derivatives	7,504	12,275	50,518	50,518
Gain on valuation of derivatives	61,512	159,403	280,825	581,577
Gain on disposal of trade receivables	-	3,441	-	-
Others	19,467	55,835	17,398	30,906
Total	₩ 165,436	₩ 464,796	₩ 450,328	₩ 964,368

(2) Details of financial costs for the three- and nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Three months	Nine months	Three months	Nine months
Interest expenses	₩ 89,210	₩ 260,075	₩ 74,963	₩ 201,699
Loss on foreign currency transactions	10,029	25,890	58,830	66,344
Loss on foreign currency translation	77,559	203,176	317,904	582,406
Loss on settlement of derivatives	17	17	23,309	23,312
Loss on valuation of derivatives	(13,313)	5,436	(24,989)	158
Loss on disposal of trade receivables	1,919	8,984	7,934	27,215
Others	1,509	38,631	2,299	33,479
Total	₩ 166,930	₩ 542,209	₩ 460,250	₩ 934,613

23. Income Tax Expense

Income tax expense is recognized based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual effective income tax rate used for the year ending December 31, 2023 is 22.9%.

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24. Earnings per Share

Basic earnings per share for the three- and nine-month periods ended September 30, 2023 and 2022, are calculated as follows:

(1) Basic Earnings per Share

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

	2023		2022	
	Three months	Nine months	Three months	Nine months
Profit attributable to ordinary shares <i>(in millions of Korean won)</i>	₩ 264,001	₩ 954,581	₩ 297,477	₩ 1,020,198
Weighted average number of ordinary shares outstanding <i>(in number of shares)</i>	248,229,697	251,119,400	240,963,471	237,582,307
Basic earnings per share <i>(in Korean won)</i>	₩ 1,064	₩ 3,801	₩ 1,235	₩ 4,294

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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:

	2023		2022	
	Three months	Nine months	Three months	Nine months
Profit attributable to ordinary shares <i>(in millions of Korean won)</i>	₩ 264,001	₩ 954,581	₩ 297,477	₩ 1,020,198
Adjusted net income attributable to ordinary shares <i>(in millions of Korean won)</i>	(130)	(574)	(282)	(531)
Diluted profit attributable to ordinary shares <i>(in millions of Korean won)</i>	263,871	954,007	297,195	1,019,667
Number of dilutive potential ordinary shares outstanding <i>(in number of shares)</i>	129,329	114,355	98,427	89,742
Weighted average number of ordinary shares outstanding <i>(in number of shares)</i>	248,359,026	251,233,755	241,061,898	237,672,049
Diluted earnings per share <i>(in Korean won)</i>	1,062	3,797	1,233	4,290

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.

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25. Cash Generated from Operations

(1) Cash flows from operating activities for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
1. Profit for the period	₩ 1,030,429	₩ 1,144,955
2. Adjustments for:		
Income tax expense	305,640	475,907
Interest income ¹	(287,630)	(250,109)
Interest expense ¹	300,861	218,947
Dividend income ²	(47,630)	(9,480)
Depreciation	2,068,423	2,008,264
Amortization of intangible assets	477,388	462,097
Depreciation of right-of-use assets	295,033	297,566
Provisions for post-employment benefits (defined benefits)	145,811	181,783
Allowance for bad debts	129,326	92,684
Share of net profit or loss of associates and joint ventures	826	(9,062)
Gain on disposal of subsidiaries and associates	(35,752)	(10,897)
Loss (Gain) on disposal of property, equipment and investment properties ³	22,376	(59,532)
Impairment loss on property, equipment and investment properties	522	1,570
Gain on disposal of right-of-use assets	(984)	(1,197)
Loss on disposal of intangible assets	4,424	4,788
Impairment loss on intangible assets	695	3,046
Loss on foreign currency translation	188,956	538,078
Gain on valuation of derivatives	(149,220)	(608,202)
Loss on disposal of financial assets at amortized cost	1	2
Gain on disposal of financial assets at fair value through profit or loss	(1,214)	(2,515)
Loss on valuation of financial assets at fair value through profit or loss ⁴	5,432	9,021
Others	115,876	16,470
3. Changes in operating assets and liabilities		
Increase in trade receivables	(469,166)	(160,689)
Increase in other receivables	(1,591,277)	(878,580)
Decrease (increase) in other current assets	3,165	(260,060)
Increase in other non-current assets	(67,744)	(48,104)
Increase in inventories	(25,502)	(119,839)
Increase (decrease) in trade payables	349,132	(148,044)
Increase in other payables	2,052,692	752,069

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Decrease in other current liabilities	(15,577)	(113,726)
Increase in other non-current liabilities	5,272	44,316
Increase (decrease) in provisions	2,783	(19,185)
Increase (decrease) in deferred revenue	489	(1,732)
Decrease in plan assets	178,544	216,504
Payment of post-employment benefits (defined benefits)	<u>(272,722)</u>	<u>(323,468)</u>
4. Cash generated from operations (1+2+3)	<u>₩ 4,719,678</u>	<u>₩ 3,443,646</u>

¹ BC Card Co., Ltd. and other subsidiaries of the Group recognize interest income and expense as operating revenue and expense, respectively. Interest income of ₩ 83,764 million (nine-month period ended September 30, 2022: ₩44,297 million) and interest expense of ₩ 41,993 million (nine-month period ended September 30, 2022: ₩17,248 million) that are recognized as operating revenue and expense, respectively, for the nine-month period ended September 30, 2023 are included.

² BC Card Co., Ltd. recognizes dividend income as operating revenue. Dividend income of ₩ 1,758 million (nine-month period ended September 30, 2022: ₩ 2,143 million) that is recognized as operating revenue for the nine-month period ended September 30, 2023 is included.

³ KT Estate Inc. recognizes gain and loss on disposal of investment properties as operating revenue and expense, respectively. Gain on disposal of investment properties of ₩ 10,542 million (nine-month period ended September 30, 2022: Gain on disposal of ₩ 86,889 million) that is recognized as operating revenue for the year ended September 30, 2023 is included.

⁴ KT Investment Co., Ltd. and other subsidiaries of the Group recognize gain and loss on valuation of financial assets at fair value through profit or loss as operating revenue and expense, respectively. Gain on valuation of financial assets at fair value through profit or loss of ₩ 10,514 million (nine-month period ended September 30, 2022: Gain on valuation of ₩ 2,863 million) that is recognized as operating income/expense for the year ended September 30, 2023 is included

(2) Significant transactions not affecting cash flows for the nine-month periods ended September 30, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Reclassification of current portion of borrowings	₩ 1,632,405	₩ 1,011,410
Reclassification of construction-in-progress to property and equipment	1,922,436	1,802,180
Reclassification of non-trade payables from property and equipment	(224,370)	(327,082)
Reclassification of non-trade payables from intangible assets	(189,086)	(301,424)
Reclassification of non-trade payables from defined benefit liabilities	(108,637)	(139,833)
Reclassification of non-trade payables from plan assets	95,672	122,030
Disposal of treasury stock related to acquisition of financial assets	-	747,161

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26. Changes in Liabilities Arising from Financing Activities

Details of changes in liabilities related to cash flows that have been classified as financing activities or will be classified as financing activities in the consolidated statement of cash flows for the nine-month periods ended September 30, 2023 and are as follows:

(in millions of Korean won)

	2023						
	Beginning	Cash flows	Others				Ending
			Newly acquired	Changes in FX rate	Fair value changes	Others	
Borrowings	₩10,006,685	₩ 83,014	₩ (97)	₩ 163,241	₩ 1,483	₩ 55,139	₩ 10,309,465
Lease liabilities	1,172,038	(293,222)	298,384	-	38	(26,277)	1,150,961
Derivative liabilities	33,555	-	-	204	745	(33,688)	816
Derivative assets	(190,830)	48,183	-	(152,675)	34,592	22,812	(237,918)
Total	₩11,021,448	₩ (162,025)	₩ 298,287	₩ 10,770	₩ 36,858	₩ 17,986	₩ 11,223,324

(in millions of Korean won)

	2022						
	Beginning	Cash flows	Others				Ending
			Newly acquired	Changes in FX rate	Fair value changes	Others	
Borrowings	₩ 8,437,703	₩ 1,362,120	₩ -	₩ 537,986	₩ 690	₩ 28,092	₩ 10,366,591
Lease liabilities	1,159,369	(288,060)	326,777	(455)	78	12,945	1,210,654
Derivative liabilities	75,176	(41,197)	-	148	5,191	(39,096)	222
Derivative assets	(99,453)	76,280	(754)	(491,039)	20,619	(45,930)	(540,277)
Total	₩ 9,572,795	₩ 1,109,143	₩ 326,023	₩ 46,640	₩ 26,578	₩ (43,989)	₩ 11,037,190

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27. Segment Information

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

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

(2) Details of operating revenues and profit by each segment for the three- and nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023					
	Operating Revenues		Operating profit		Depreciation and amortization ¹	
	Three months	Nine months	Three months	Nine months	Three months	Nine months
ICT	₩ 4,672,959	₩ 13,779,371	₩ 193,502	₩ 989,069	₩ 786,437	₩ 2,348,258
Finance	921,178	2,764,515	22,952	66,794	8,421	28,632
Satellite TV	180,671	540,358	10,812	45,947	12,990	40,178
Real estate	139,259	391,252	16,843	44,258	17,745	52,647
Others	2,059,087	5,888,033	71,948	237,990	142,188	417,612
Subtotal	7,973,154	23,363,529	316,057	1,384,058	967,781	2,887,327
Elimination	(1,275,712)	(3,674,890)	5,876	88	(29,863)	(90,776)
Consolidated amount	₩ 6,697,442	₩ 19,688,639	₩ 321,933	₩ 1,384,146	₩ 937,918	₩ 2,796,551

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

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(in millions of Korean won)

	2022					
	Operating Revenues		Operating Profit		Depreciation And amortization ¹	
	Three months	Nine months	Three months	Nine months	Three months	Nine months
ICT	₩ 4,590,184	₩ 13,716,425	₩ 323,602	₩ 1,056,976	₩ 772,862	₩ 2,327,516
Finance	904,228	2,663,730	236,060	295,843	12,037	35,658
Satellite TV	179,499	522,550	8,167	44,490	14,527	43,763
Real estate	110,450	357,547	19,828	111,420	15,874	48,544
Others	1,936,745	5,489,014	(134,295)	35,377	122,056	359,820
Subtotal	7,721,106	22,749,266	453,362	1,544,106	937,356	2,815,301
Elimination	(1,243,905)	(3,682,213)	(480)	(5,434)	(30,550)	(88,781)
Consolidated amount	₩ 6,477,201	₩ 19,067,053	₩ 452,882	₩ 1,538,672	₩ 906,806	₩ 2,726,520

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

During the prior period, the Group changed certain operating segments for efficient business operation, and comparative information on the relevant segments was restated as the changed operating segments.

(3) Operating revenues for the three- and nine-month periods ended September 30, 2023 and 2022, and non-current assets as of September 30, 2023 and December 31, 2022, by geographical region, are as follows:

(in millions of Korean won)

	2023		
	Operating revenues		Non-current assets ¹
	Three months	Nine months	September 30, 2023
Domestic	₩ 6,657,081	₩ 19,561,334	₩ 20,710,623
Overseas	40,361	127,305	289,637
Total	₩ 6,697,442	₩ 19,688,639	₩ 21,000,260

¹ Sum of property and equipment, intangible assets, investment properties and right-of-use assets.

(in millions of Korean won)

	2022		
	Operating revenues		Non-current assets ¹
	Three months	Nine months	December 31, 2022
Domestic	₩ 6,433,775	₩ 18,947,011	₩ 20,845,214
Overseas	43,426	120,042	270,490
Total	₩ 6,477,201	₩ 19,067,053	₩ 21,115,704

¹ Sum of property and equipment, intangible assets, investment properties and right-of-use assets.

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28. Related Party Transactions

(1) The list of related parties of the Group as of September 30, 2023, is as follows:

Relationship	Name of Entity
Associates and joint ventures	KIF Investment Fund, QTT Global (Group) Company Limited, CU Industrial Development Co., Ltd., LoginD Co., Ltd., K Bank Inc., Daiwon Broadcasting Co., Ltd., KT-DSC creative economy youth start-up investment fund, Korea Electronic Vehicle Charging Service, K-REALTY RENTAL HOUSING REIT 2, AI RESEARCH INSTITUTE, KT-IBKC Future Investment Fund 1, Gyeonggi-KT Yoojin Superman Fund, FUNDA Co., Ltd., CHAMP IT Co., Ltd., Alliance Internet Corp., Little Big Pictures, Virtua Realm Sendirian Berhad, KT-Smart Factory Investment Fund, KT Young Entrepreneurs DNA Investment Fund, HD Hyundai Robotics Co., Ltd.(formerly Hyundai Robotics Co., Ltd.), IGIS Professional Investors Private Investment Real Estate Investment LLC No. 395, Maruee Limited Company Specializing in the Cultural Industry, Trustay Co., Ltd., The skyk Co., Ltd., Mastern No.127 Logispoint Daegu Co., Ltd., SMART KOREA KT NEXT VENTURE FUND, kt Early Stage Investment Fund, Pacific Professional Investors Private Investment Real Estate Investment LLC No. 55, Mastern KT Multi-Family Real Estate Private Equity Investment Fund I, Home Choice Corp., K-REALTY RENTAL HOUSING REIT V, K-Realty 11th Real Estate Investment Trust Company, IBK-KT Emerging Digital Industry Investment Fund, SG-IBKC K-Contents Investment Fund No.1, Megazone Cloud Corporation, Suseo Station Transfer Center Complex Development, TeamFresh Corp., KORAMKO No. 143 General Private Real Estate Investment Company, Jumbo Film, KB Three Telecommunications Companies ESG Fund, IGIS No. 468-1 General Private Real Estate Investment Company, Mastern Hongdae Rental Housing General Private Real Estate Investment Company No.167, Kiamco Data Center Blind Fund, Mastern No.172 Seongsu Office PFV Co. Ltd., OASISALPHA Corporation, Shinhan EZ General Insurance, Ltd, New Media Tech Fund, SH-KT Logistics Investment Type Private Real Estate Investment Trust No.1, GRANDWEST PFV Co., Ltd., Telco Credit Bureau Co., Ltd., STIC Place General Private Placement Real Estate Investment Trust No.2, Super Growth K-contents Fund, Pacific geumto no.75 private hybrid asset fund, LS Marine Solution Co., Ltd.(formerly KT Submarine Co., Ltd.), BCCARD Kyrgyzstan LLC
Others ¹	Goody Studio Co., Ltd., Rebellion Inc., Digital Pharm Co., Ltd.

¹ Although they are evaluated by applying Korea IFRS 1109, these entities are included in the scope of related parties under Korean IFRS 1024 as the Group has significant influence over them.

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(2) Outstanding balances of receivables and payables in relation to transactions with related parties as of September 30, 2023 and December 31, 2022, are as follows:

(in millions of Korean won)

		September 30, 2023					
		Receivables			Payables		
		Trade	Other	Lease	Trade	Other	Lease
		receivables	receivables	receivables	payables	payables	liabilities
Associates	K Bank, Inc.	₩ 642	₩ 272,862	₩ 839	₩ -	₩ 297	₩ -
and joint	Little Big Pictures	1,469	5,448	-	9	5	-
ventures	K-Realty 11th Real Estate						
	Investment Trust	53	1,514	-	-	-	7,219
	Company						
	Others	1,827	122	-	2,357	1,525	-
	Total	₩ 3,991	₩ 279,946	₩ 839	₩ 2,366	₩ 1,827	₩ 7,219

(in millions of Korean won)

		December 31, 2022					
		Receivables			Payables		
		Trade	Other	Lease	Trade	Other	Lease
		receivables	receivables	receivables	payables	payables	liabilities
Associates	K Bank, Inc.	₩ 682	₩ 258,999	₩ -	₩ -	₩ 299	₩ -
and joint	Little Big Pictures	1,454	7,645	-	-	9	-
ventures	K-Realty 11th Real Estate						
	Investment Trust	151	1,283	-	-	-	8,824
	Company						
	Others	2,285	2	-	3,235	2,932	-
	Total	₩ 4,572	₩ 267,929	₩ -	₩ 3,235	₩ 3,240	₩ 8,824

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(3) Significant transactions with related parties for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

Relationship	Name of Entity	2023					
		Sales		Purchases		Acquisition of right-of-use assets	
		Operating revenue	Other Income	Operating expenses	Others ¹		
Associates and joint ventures	K Bank, Inc.	₩ 17,297	₩ -	₩ 8,580	₩ -	₩ -	
	HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	59	-	182	-	-	
	K-Realty 11th Real Estate Investment Trust Company	137	150	1,884	-	19	
	Others ²	15,748	619	30,417	137	-	
	Total	₩ 33,241	₩ 769	₩ 41,063	₩ 137	₩ 19	

¹ The amount of acquisition of property and equipment and others is included.

² Transactions with KD Living, Inc. before it was classified as subsidiary of the Group are included.

(in millions of Korean won)

Relationship	Name of Entity	2022				
		Sales		Purchases		Acquisition of right-of-use assets
		Operating revenue	Other income	Operating expenses	Others ¹	
Associates and joint ventures	K Bank, Inc.	₩ 23,456	₩ -	₩ 7,968	₩ -	₩ -
	HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	79	-	607	3,170	-
	Others	5,938	1,638	20,442	1,709	-
	Total	₩ 29,473	₩ 1,638	₩ 29,017	₩ 4,879	₩ -

¹ The amount of acquisition of property and equipment and others is included.

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(in millions of Korean won)

		2023		
		Finance income	Finance costs	Dividend income
Associates	K Bank, Inc.	₩ 6,108	₩ -	₩ -
and joint ventures	HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	-	-	-
	K-Realty 11th Real Estate Investment Trust Company	-	199	507
	Others ¹	-	-	1,630
Total		₩ 6,108	₩ 199	₩ 2,137

¹ Transactions with KD Living, Inc. before it was classified as subsidiary of the Group are included.

(in millions of Korean won)

		2022		
		Finance income	Finance costs	Dividend income
Associates	K-Realty Qualified Private Real Estate Investment Trust No. 1 ¹	₩ -	₩ -	₩ 45,549
and joint ventures	K Bank, Inc.	1,569	-	-
	HD Hyundai Robotics Co., Ltd. (formerly Hyundai Robotics Co., Ltd.)	-	-	-
	Others	-	185	9,158
Total		₩ 1,569	₩ 185	₩ 54,707

¹ Transaction details before it was excluded from associates and joint ventures.

(4) Key management compensation for the nine-month periods ended September 30, 2023 and 2022, consists of:

(in millions of Korean won)

	2023	2022
Salaries and other short-term benefits	₩ 1,089	₩ 1,416
Post-employment benefits	71	229
Stock-based compensation	321	810
Total	₩ 1,481	₩ 2,455

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(5) Fund transactions with related parties for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Borrowing transactions ¹		Equity contributions in cash and others
	Borrowing	Repayments	
Associates and joint ventures			
K-Realty 11th Real Estate Investment Trust Company	₩ -	₩ 765	₩ -
STIC Place General Private Placement Real Estate Investment Trust No.2	-	-	20,000
Telco Credit Bureau Co.,Ltd.	-	-	6,500
Super Growth K-contents Fund	-	-	6,000
Pacific geumto no.75 private hybrid asset fund	-	-	19,000
Kiamco Data Center Blind Fund	-	-	7,500
Others ²	-	-	7,486
Total	₩ -	₩ 765	₩ 66,486

¹ Lease transactions are included in borrowing transactions.

² Includes transaction details before Studio Discovery Co., Ltd. was excluded from the associates company.

(in millions of Korean won)

	2022		
	Borrowing transactions ¹		Equity contributions in cash and others
	Borrowing	Repayments	
Associates and joint ventures			
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 I	-	-	18,859
IGIS No. 468-1 General Private Real Estate Investment Company	-	-	25,000
Others	1,916	506	61,967
Total	₩ 31,916	₩ 506	₩ 246,627

¹ Lease transactions are included in borrowing transactions.

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(6) Provision of collateral and investment agreement and others

The Group has an obligation to invest in Kiamco Data Center Blind Fund, a related party, according to the agreement. As of September 30, 2023, the Group is planning to invest an additional ₩ 99,509 million.

(7) As of September 30, 2023, the limit of the credit card contract provided by the Group to K Bank, Inc. is ₩ 1,019 million (December 31, 2022: ₩ 1,000 million).

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29. Fair Value

(1) Fair Value of Financial Instruments by Category

Carrying amount and fair value of financial instruments by category as of September 30, 2023 and December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	September 30, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	₩ 3,110,375	¹	₩ 2,449,062	¹
Trade and other receivables				
Financial assets measured at amortized cost ²	8,948,259	¹	7,364,516	¹
Financial assets at fair value through other comprehensive income	254,089	254,089	129,124	129,124
Other financial assets				
Financial assets measured at amortized cost	1,446,086	¹	1,060,058	¹
Financial assets at fair value through profit or loss	973,872	973,872	1,064,856	1,064,856
Financial assets at fair value through other comprehensive income	1,670,002	1,670,002	1,508,192	1,508,192
Derivative financial assets for hedging	237,918	237,918	190,830	190,830
Total	₩ 16,640,601		₩ 13,766,638	
Financial liabilities				
Trade and other payables ³	9,228,743	¹	₩ 8,397,264	¹
Borrowings	10,309,465	9,410,606	10,006,685	9,405,992
Other financial liabilities				
Financial liabilities at amortized cost	961,396	¹	246,606	¹
Financial liabilities at fair value through profit or loss	138,218	138,218	141,280	141,280
Derivative financial liabilities for hedging	816	816	33,555	33,555
Total	₩ 20,638,638		₩ 18,825,390	

¹ The Group did not conduct a fair value estimation since the book amount is a reasonable approximation of fair value.

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

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 an active market 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.

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Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value or disclosed in fair value as of September 30, 2023 and December 31, 2022, are as follows:

(in millions of Korean won)

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Trade and other receivables				
Financial assets at fair value through other comprehensive income	₩ -	₩ 254,089	₩ -	₩ 254,089
Other financial assets				
Financial assets at fair value through profit or loss	15,012	254,706	704,154	973,872
Financial assets at fair value through other comprehensive income	1,163,676	5,144	501,182	1,670,002
Derivative financial assets for hedging	-	237,918	-	237,918
Total	<u>₩ 1,178,688</u>	<u>₩ 751,857</u>	<u>₩ 1,205,336</u>	<u>₩ 3,135,881</u>
Liabilities				
Borrowings	₩ -	₩ 9,410,606	₩ -	₩ 9,410,606
Other financial liabilities				
Financial liabilities at fair value through profit or loss	-	-	138,218	138,218
Derivative financial liabilities for hedging	-	816	-	816
Total	<u>₩ -</u>	<u>₩ 9,411,422</u>	<u>₩ 138,218</u>	<u>₩ 9,549,640</u>

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(in millions of Korean won)

	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
Total	₩ 1,032,547	₩ 750,144	₩ 1,110,311	₩ 2,893,002
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	-	33,555	-	33,555
Total	₩ -	₩ 9,439,547	₩ 141,280	₩ 9,580,827

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

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

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

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

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

(in millions of Korean won)

	September 30, 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		
Beginning balance	₩ 612,069	₩ 497,129	₩ 1,113	₩ 141,280		
Acquisitions	149,181	10,267	-	-		
Reclassifications	(2,057)	(5,554)	(1,113)	(7,363)		
Changes in consolidation scope	252	-	-	-		
Disposals	(36,088)	(6)	-	(5,205)		
Amount recognized in profit or loss	(19,203)	(61)	-	9,506		
Amount recognized in other comprehensive income	-	(593)	-	-		
Ending balance	₩ 704,154	₩ 501,182	₩ -	₩ 138,218		

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(in millions of Korean won)

	September 30, 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
Beginning balance	₩ 577,085	₩ 323,373	₩ 31,565	₩ 215,332
Acquisitions	205,838	9,409	-	-
Reclassifications	(4,191)	3,239	-	(54,922)
Disposals	(140,554)	(97,426)	(31,565)	-
Amount recognized in profit or loss	15,459	56	-	(62,866)
Amount recognized in other comprehensive income	-	3,689	-	-
Ending balance	₩ 653,637	₩ 242,340	₩ -	₩ 97,544

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(4) Valuation Techniques and Inputs

Valuation techniques and inputs used in recurring and non-recurring fair value measurements and disclosed fair values categorized within Level 2 and Level 3 of the fair value hierarchy as of September 30, 2023 and December 31, 2022, are as follows:

(in millions of Korean won)

	September 30, 2023		
	Fair value	Level	Valuation techniques
Assets			
Trade and other receivables			
Financial assets at fair value through other comprehensive income	₩ 254,089	2	DCF Model
Other financial assets			
Financial assets at fair value through profit or loss	958,860	2,3	DCF Model, Adjusted net asset model Monte-Carlo Simulation
Financial assets at fair value through other comprehensive income	506,326	2,3	DCF Model, Market approach model
Derivative financial assets for hedging	237,918	2	DCF Model
Liabilities			
Borrowings	₩ 9,410,606	2	DCF Model
Other financial liabilities			
Financial liabilities at fair value through profit or loss	138,218	3	DCF Model, Binomial option pricing model
Derivative financial liabilities for hedging	816	2	DCF Model

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(in millions of Korean won)

	December 31, 2022		
	Fair value	Level	Valuation techniques
Assets			
Trade and other receivables			
Financial assets at fair value through other comprehensive income	₩ 129,214	2	DCF Model
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
Financial assets at fair value through other comprehensive income	502,292	2,3	DCF Model, Market Approach Model
Derivative financial assets for hedging	190,830	2,3	DCF Model
Liabilities			
Borrowings	₩ 9,405,992	2	DCF Model
Other financial liabilities			
Financial liabilities at fair value through profit or loss	141,280	3	DCF Model, Binomial Option Pricing Model, Monte-Carlo Simulation
Derivative financial liabilities for hedging	33,555	2	DCF Model

(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 valuation methods using such data differs from the transaction price, then the fair value of the financial instrument is recognized at 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 instrument. However, in the case that the inputs of the valuation methods 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 total deferred differences for the nine-month periods ended September 30, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Derivatives used for hedging		Derivatives used for hedging	
Beginning balance	₩	-	₩	831
Recognized at fair value through profit or loss		-		(831)
Ending balance	₩	-	₩	-