KT Corporation

Separate Financial Statements
December 31, 2025 and 2024

ATTACHMENT : INDEPENDENT AUDITOR'S REPORT

KT Corporation
Index
December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

English Translation of Independent Auditor's Report Originally Issued in Korean on March 13, 2026

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

Audit Opinion

We have audited the separate financial statements of KT Corporation (the "Company"), which comprise the separate statements of financial position as of December 31, 2025 and 2024, respectively, and the separate statements of profit or loss, the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows, for the years then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the separate accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, respectively, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We have also audited, in accordance with the Korean Standards on Auditing ("KSAs"), the internal control over financial reporting of the Company as of December 31, 2025, based on the Conceptual Framework for Design and Operation of Internal Control over Financial Reporting, and our report dated March 13, 2026 expressed an unqualified opinion.

Basis for Audit Opinion

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

Key Audit Matters

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

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

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

As described in Note 2.22 to the separate financial statements, the Company recognizes revenue at the point in time when it fulfills its performance obligations identified from contracts with customers. The Company provides various services and rate plans related to Mobile revenue, and due to the large volume of transactions with customers, needs complex and elaborate information technology systems to accurately record occurrence of mobile revenue.

The amount of Mobile revenue recorded through the billing system is significant, and given the complexity of the billing system used for revenue recognition, we determined the occurrence and accuracy of Mobile revenue recognized through the billing system as a key audit matter.

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

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

- During the audit planning phase, we obtained an understanding of the Company's accounting policies and processes related to Mobile revenue recognition.

- We performed procedures to obtain an understanding of the IT systems used throughout Mobile revenue recording process—including the aggregation of the usage of voice, messaging, and data, as well as, rating and billing—and performed tests of the general information technology controls over those systems.

- We performed tests of relevant manual and automated controls across the end-to-end Mobile revenue recording process.

- To verify the occurrence and accuracy of Mobile revenue, we selected samples to examine the contractual terms agreed between the Company and its customers and reconciled billed amounts to amounts collected.

- To verify the occurrence and accuracy of mobile service revenue, we performed substantive analytical procedures using mobile service revenue by pricing plan and subscriber count information.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate financial statements, management of the Company is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

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accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Deloitte Anjin LLC

March 13, 2026

Notice to Readers

This report is effective as of March 13, 2026, the auditor’s report date. Certain subsequent events or circumstances may have occurred between the auditor’s report date and the time the auditor’s report is read. Such events or circumstances could significantly affect the separate financial statements and may result in modifications to the auditor’s report.

KT Corporation
Separate Statements of Financial Position
December 31, 2025 and 2024

(in millions of Korean won)

	Notes	December 31, 2025		December 31, 2024	
Assets					
Current assets					
Cash and cash equivalents	4,5,36	₩	1,585,921	₩	1,540,570
Trade and other receivables, net	4,6,36		2,915,727		2,904,846
Other financial assets	4,7,36		223,007		262,547
Inventories, net	8		94,282		224,678
Other current assets	9		2,393,578		1,959,960
Total current assets			7,212,515		6,892,601
Non-current assets					
Trade and other receivables, net	4,6,36		362,919		309,106
Other financial assets	4,7,36		2,684,482		2,175,177
Property and equipment, net	10		10,932,344		11,477,680
Right-of-use assets	20		812,243		896,299
Investment properties, net	11,36		1,123,857		1,114,379
Intangible assets, net	12		843,157		1,104,680
Investments in subsidiaries, associates and joint ventures	13		4,821,010		4,831,186
Other non-current assets	9		885,060		727,772
Total non-current assets			22,465,072		22,636,279
Total assets		₩	29,677,587	₩	29,528,880

KT Corporation
Separate Statements of Financial Position
December 31, 2025 and 2024

(in millions of Korean won)

	Notes		December 31, 2025		December 31, 2024
Liabilities					
Current liabilities					
Trade and other payables	4,14,36	₩	4,321,805	₩	4,326,079
Borrowings	4,15,36		1,323,792		2,434,204
Other financial liabilities	4,7,36		10,359		-
Current income tax liabilities			152,599		32,057
Provisions	16		295,369		90,413
Deferred income	25		51,027		52,257
Other current liabilities	9		707,342		698,209
Total current liabilities			6,862,293		7,633,219
Non-current liabilities					
Trade and other payables	4,14,36		207,070		479,416
Borrowings	4,15,36		5,744,913		5,437,715
Other financial liabilities	4,7,36		13,862		28
Net defined benefit liabilities	17		27,160		51,082
Provisions	16		90,210		96,059
Deferred income	25		128,241		136,382
Deferred income tax liabilities	29		925,355		728,863
Other non-current liabilities	9		451,923		545,976
Total non-current liabilities			7,588,734		7,475,521
Total liabilities			14,451,027		15,108,740
Equity					
Share capital	21		1,564,499		1,564,499
Share premium			1,440,258		1,440,258
Retained earnings	22		12,219,860		11,717,929
Accumulated other comprehensive income	23		636,965		86,478
Other components of equity	23		(635,022)		(389,024)
Total equity			15,226,560		14,420,140
Total liabilities and equity		₩	29,677,587	₩	29,528,880

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

KT Corporation
Separate Statements of Profit or Loss
Years Ended December 31, 2025 and 2024

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

	Notes		2025		2024
Operating revenue	25	₩	19,324,024	₩	18,579,678
Operating expenses	26		18,019,051		18,233,189
Operating profit			1,304,973		346,489
Other income	27		267,794		349,026
Other expenses	27		115,660		262,705
Finance income	28		471,858		757,321
Finance costs	28		587,057		786,334
Profit before income tax			1,341,908		403,797
Income tax expense	29		280,155		76,881
Profit for the year		₩	1,061,753	₩	326,916
Earnings per share					
Basic earnings per share	30	₩	4,369	₩	1,329
Diluted earnings per share	30		4,368		1,329

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

KT Corporation
Separate Statements of Comprehensive Income
Years Ended December 31, 2025 and 2024

(in millions of Korean won)

	Notes		2025		2024
Profit for the year		₩	1,061,753	₩	326,916
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss:					
Remeasurements of net defined benefit liabilities	17		17,977		(82,380)
Gain on valuation of equity instruments at fair value through other comprehensive income	4		475,591		19,611
Items that may be subsequently reclassified to profit or loss:					
Gain (loss) on valuation of debt instruments at fair value through other comprehensive income	4		1,019		869
Valuation gain on cash flow hedges	4,7		29,524		266,775
Other comprehensive loss from cash flow hedges reclassified to profit or loss	4		25,745		(278,427)
Total other comprehensive income (loss)		₩	549,856	₩	(73,552)
Total comprehensive income for the year		₩	1,611,609	₩	253,364

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

KT Corporation
Separate Statements of Changes in Equity
Years Ended December 31, 2025 and 2024

(in millions of Korean won)

	Notes	Share capital	Share premium	Retained earnings	Accumulated other comprehensive income	Other components of equity	Total
Balance at January 1, 2024		₩ 1,564,499	₩ 1,440,258	₩ 12,544,425	₩ 64,229	₩ (569,872)	15,043,539
Comprehensive income							
Profit for the year		-	-	326,916	-	-	326,916
Loss on valuation of financial assets							
at fair value through other comprehensive income	4,29	-	-	(13,421)	33,901	-	20,480
Remeasurements of net defined benefit liabilities	17,29	-	-	(82,380)	-	-	(82,380)
Valuation gain on cash flow hedge	4,29	-	-	-	(11,652)	-	(11,652)
Total comprehensive income for the year		-	-	231,115	22,249	-	253,364
Transactions with equity holders						-	-
Dividends paid	31	-	-	(482,970)	-	-	(482,970)
Interim Dividends paid	31	-	-	(368,685)	-	-	(368,685)
Acquisition of treasury stock		-	-	-	-	(27,100)	(27,100)
Disposal of treasury stock		-	-	-	-	4,009	4,009
Retirement of treasury stock	22	-	-	(205,956)	-	205,956	-
Others		-	-	-	-	(2,017)	(2,017)
Balance at December 31, 2024		₩ 1,564,499	₩ 1,440,258	₩ 11,717,929	₩ 86,478	₩ (389,024)	14,420,140
Balance at January 1, 2025		₩ 1,564,499	₩ 1,440,258	₩ 11,717,929	₩ 86,478	₩ (389,024)	14,420,140
Comprehensive income							
Profit for the year		-	-	1,061,753	-	-	1,061,753
Gain on valuation of financial assets							
at fair value through other comprehensive income	4,29	-	-	(18,608)	495,218	-	476,610
Remeasurements of net defined benefit liabilities	17,29	-	-	17,977	-	-	17,977
Valuation loss on cash flow hedge	4,29	-	-	-	55,269	-	55,269
Total comprehensive income for the year		-	-	1,061,122	550,487	-	1,611,609
Transactions with equity holders						-	
Dividends paid	31	-	-	(122,836)	-	-	(122,836)
Interim Dividends paid	31	-	-	(436,298)	-	-	(436,298)
Appropriation of retained earnings related to loss on							
disposal of treasury stock	22	-	-	(57)	-	57	-
Acquisition of treasury stock		-	-	-	-	(250,000)	(250,000)
Disposal of treasury stock		-	-	-	-	4,075	4,075
Others		-	-	-	-	(130)	(130)
Balance at December 31, 2025		₩ 1,564,499	₩ 1,440,258	₩ 12,219,860	₩ 636,965	₩ (635,022)	15,226,560

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

KT Corporation
Separate Statements of Cash Flows
Years Ended December 31, 2025 and 2024

(in millions of Korean won)

	Notes		2025		2024
Cash flows from operating activities					
Cash generated from operations	32	₩	4,529,025	₩	4,090,433
Interest paid			(231,047)		(255,164)
Interest received			165,809		203,049
Dividends received			107,512		103,297
Income tax paid			(142,674)		(219,612)
Net cash inflow from operating activities			4,428,625		3,922,003
Cash flows from investing activities					
Collection of loans			29,889		33,415
Disposal of current financial instruments at amortized cost			-		378,030
Disposal of financial assets at fair value through profit or loss			5,457		23,482
Disposal of financial assets at fair value through other comprehensive income			2,297		37,134
Disposal of investments in subsidiaries, associates and joint ventures			36,102		27,924
Disposal of property and equipment			52,945		50,669
Disposal of intangible assets			3,942		2,416
Disposal of right-of-use assets			711		186
Loans granted			(25,312)		(30,353)
Acquisition of financial instruments at amortized cost			(30,000)		(80,460)
Acquisition of financial assets at fair value through profit or loss			(9,410)		(15,367)
Acquisition of financial assets at fair value through other comprehensive income			(145)		-
Acquisition of investments in subsidiaries, associates and joint ventures			(23,173)		(150,395)
Acquisition of property and equipment			(2,420,373)		(2,362,186)
Acquisition of intangible assets			(283,026)		(277,102)
Acquisition of right-of-use assets			(53)		(728)
Net cash outflow from investing activities			(2,660,149)		(2,363,335)
Cash flows from financing activities					
Proceeds from borrowings and bonds			2,293,306		1,643,842
Settlement of derivative instruments (inflow)			132,774		80,410
Dividend paid			(559,134)		(851,655)
Repayments of borrowings and debentures			(3,017,203)		(1,758,123)
Settlement of derivative instruments (outflow)			(6,036)		(855)
Acquisition of treasury stock			(250,000)		(27,100)
Decrease in lease liabilities			(316,475)		(346,868)
Net cash outflow from financing activities	33		(1,722,768)		(1,260,349)
Effect of exchange rate change on cash and cash equivalents			(357)		246
Net increase in cash and cash equivalents			45,351		298,565
Cash and cash equivalents					
Beginning of the year	5		1,540,570		1,242,005
End of the year	5	₩	1,585,921	₩	1,540,570

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

1. General Information

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

On October 1, 1997, upon the announcement of the Act on the Management of Government-Invested Institutions and the Privatization Law, the Company became a government-funded institution under the Commercial Code of Korea.

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

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

In 2002, the Company acquired the entire government-owned shares in accordance with the Korean government's privatization plan. As of December 31, 2025, the Korean government does not own any shares in the Company.

2. Material Accounting Policies

2.1 Basis of Preparation

The Company 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 separate financial statements have been condensed, restructured, and translated into English from the Korean language financial statements.

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

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

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

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

2.2 Changes in Accounting Policies and Disclosures

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

The Company has applied a number of new and amended K-IFRSs issued that are effective accounting periods beginning on or after 1 January 2025.

- K-IFRS 1021 *The Effects of Changes in Foreign Exchange Rates* and K-IFRS 1101 *First-time adoption of Korean International Financial Reporting Standards* (Amendment) - *Lack of Exchangeability*

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

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

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

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

The amendments in *Amendments to the Classification and Measurement of Financial Instruments (Amendments to K-IFRS 1109 and K-IFRS 1107)* are:

Derecognition of a financial liability settled through electronic transfer

The amendments permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognized) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.

Classification of financial assets

- *Contractual terms that are consistent with a basic lending arrangement*.

  The amendments provide guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (ESG) concerns.

- *Assets with non-recourse features*.

  The amendments enhance the description of the term 'non-recourse', in particular to specify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

- *Contractually linked instruments.*

  The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in such instruments a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) is established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of losses between the holders of different tranches. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

Disclosures

- *Investments in equity instruments designated at FVTOCI*.

  The requirements in K-IFRS 1107 are amended to require an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognized in the period and the fair value gain or loss that relates to investments held at the end of the period.

- *Contractual terms that could change the timing or amount of contractual cash flows*.

  The amendments require an entity to disclose the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortized cost or FVTOCI and each class of financial liability measured at amortized cost.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2026 with earlier application permitted. If an entity elects to apply these amendments for an earlier period, it is required to either:

- Apply all the amendments at the same time and disclose that fact or
- Apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

The amendments are required to be applied retrospectively, in accordance with K-IFRS 1008, with specific exceptions.

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

For consistency with the requirements in K-IFRS 1109, K-IFRS 1101:B6 were amended to refer to the ‘qualifying criteria’ for hedge accounting (instead of the ‘conditions’) and to add cross-references to K-IFRS 1109:6.4.1 to improve the understandability of K-IFRS 1101.

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

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

The amendments remove an obsolete cross-reference in K-IFRS 1107:B38 to a paragraph that had been deleted when K-IFRS 1113 was issued and aligned the wording of this paragraph with the terms used in K-IFRS 1113.

Guidance on implementing K-IFRS 1107—Disclosure of deferred difference between fair value and transaction price

The amendments update K-IFRS 1107:IG14 to make the wording of that paragraph consistent with K-IFRS 1107:28 and improve the internal consistency of the wording in the example in K-IFRS 1107:IG14.

Guidance on implementing K-IFRS 1107—Introduction and credit risk disclosures

The amendments add a statement to K-IFRS 1107:IG1 clarifying that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of K-IFRS 1107. The amendments also simplify the explanation of the aspects of the requirements that are not illustrated in K-IFRS 1107:IG20B.

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

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

The amendments add a cross-reference to K-IFRS 1109:3.3.3 in K-IFRS 1109:2.1(b)(ii) to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with K-IFRS 1109, the lessee is required to apply K-IFRS 1109:3.3.3 and therefore recognize any resulting gain or loss in profit or loss.

Additionally, the amendments replace ‘their transaction price (as defined in K-IFRS 1115)’ in K-IFRS 1109:5.1.3 with ‘the amount determined by applying K-IFRS 1115’ which may require a receivable to be measured at an amount that differs from the amount of the transaction price recognized as revenue. The reference to ‘transaction price’(as defined in K-IFRS 1115) is deleted from Appendix A of K-IFRS 1109.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. An entity is required to apply the amendments to K-IFRS 1109:2.1(b)(ii) to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment.

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

The amendments address concerns that the requirements in K-IFRS 1110:B73-B74 might, in some situations, be contradictory. K-IFRS 1110:B73 refers to 'de facto agents' as parties acting on the investor's behalf and states that the determination of whether other parties are acting as de facto agents requires judgement. However, the second sentence of K-IFRS 1110:B74 includes more conclusive language and states that a party is a de facto agent when those that direct the activities of the investor have the ability to direct that party to act on the investor's behalf. The amendments update K-IFRS 1110:B74 to use less conclusive language and to clarify that the relationship described in K-IFRS 1110:B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent.

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

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

The amendment replaces the term 'cost method' with 'at cost' in K-IFRS 1007:37 in line with the removal of the definition of 'cost method' from the IFRS Accounting Standards.

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

- K-IFRS 1109 *Financial Instruments* and K-IFRS 1107 *Financial Instruments: Disclosures* (Amendment) -

Amendments to K-IFRS 1109 *Financial Instruments*

The following requirements of K-IFRS 1109 are affected by the amendments:

- the "own-use" requirements in K-IFRS 1109 are amended to include factors an entity is required to consider when applying K-IFRS 1109:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and
- the hedge accounting requirements in K-IFRS 1109 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument:
    - to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and
    - to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

Amendments to K-IFRS 1107 *Financial Instruments: Disclosures*

K-IFRS 1107 was amended to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

The amendments are effective for annual periods beginning on or after 1 January 2026, with earlier application permitted. The amendments to the "own use exemption" are required to be applied retrospectively in accordance with K-IFRS 1008 using the facts and circumstances at the date of initial application. The amendments to the hedge accounting requirements are to be applied prospectively to new hedging relationships designated on or after the date of initial application.

\- K-IFRS 1118 *Presentation and Disclosures in Financial Statements*

K-IFRS 1118 replaces K-IFRS 1001, carrying forward many of the requirements in K-IFRS 1001 unchanged and complementing them with new requirements. In addition, some paragraphs from K-IFRS 1001 have been moved to K-IFRS 1008 and K-IFRS 1107. Furthermore, minor amendments have been made to K-IFRS 1007 and K-IFRS 1033 Earnings per Share.

K-IFRS 1118 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply K-IFRS 1118 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to K-IFRS 1007 and K-IFRS 1033, as well as the revised K-IFRS 1008 and K-IFRS 1107, become effective when an entity applies K-IFRS 1118. K-IFRS 1118 requires retrospective application with specific transition provisions.

The Company is evaluating the impact of the aforementioned amendments on the financial statements.

2.3 Subsidiaries, Associates and Joint Ventures

The financial statements of the Company are the separate financial statements prepared in accordance with K-IFRS 1027 *Separate Financial Statements*. Investments in subsidiaries, joint ventures and associates are recognized at cost under the direct equity method. Management applied the carrying amounts under the previous Financial Reporting Standards as adopted by the Republic of Korea ("Korean GAAP" or "K-GAAP") at the time of transition to K-IFRS as deemed cost of investments. The Company recognizes dividend income from subsidiaries, joint ventures and associates in profit or loss when its right to receive the dividend is established.

2.4 Foreign Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

2.5 Financial Assets

(a) Classification

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

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

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

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

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

(b) Measurement

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

Hybrid (combined) contracts with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

A. Debt instruments

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

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (and reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income' or 'finance costs' and impairment loss in 'finance costs' or 'operating expenses'.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'finance income or finance costs' in the period in which it arises.

B. Equity instrument

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

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

(c) Impairment

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

(d) Recognition and derecognition

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

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

(e) Offsetting of financial instruments

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

2.6 Derivative Instruments

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

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

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

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 36.

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

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity, and the ineffective portion is recognized in ‘finance income (costs)’.

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

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

2.7 Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance. See Note 6 for further information about the Company’s accounting treatment for trade receivables and Note 2.5 (c) for a description of the Company’s accounting policy on impairment.

2.8 Inventories

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

2.9 Property and Equipment

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

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

	Useful Life
Buildings	10 – 40 years
Structures	10 – 40 years
Telecommunications equipment	2 – 40 years
Vehicles	4 years
Tools	4 years
Office equipment	2 – 4 years

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

2.10 Investment Property

Real estate held for rental income or investment gains is classified as investment property and right—of-use asset. An investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. Investment property, except for land, is depreciated using the straight-line method over their useful lives from 10 to 40 years.

2.11 Intangible Assets

(a) Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition date fair value of the Company's previously held equity interest in the acquiree over the net acquired identifiable assets at the date of acquisition. Goodwill is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

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

(b) Intangible assets, except for goodwill

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

	Useful Life
Development costs	6 years
Software	6 years
Industrial property rights	5 – 50 years
Frequency usage rights	5 – 10 years
Others [1]	1 – 50 years

[1] Membership rights (condominium membership and golf membership) included in others are classified as intangible assets with indefinite useful life.

2.12 Borrowing Costs

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

2.13 Government Grants

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

2.14 Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Company estimates the recoverable amount for each asset, and, in cases when the recoverable amount cannot be estimated for an individual asset, the recoverable amount of the cash generating unit to which the asset belongs is estimated. Corporate assets are allocated to individual cash generating units on a reasonable and consistent basis and if they cannot be allocated to individual cash generating units, they are allocated to the smallest group of cash generating units on a reasonable and consistent basis. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount (higher of its fair value less costs of disposal and value in use). Impairment loss on non-financial assets other than goodwill are evaluated for reversal at the end of each reporting period.

2.15 Trade and Other Payables

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

2.16 Financial Liabilities

(a) Classification and measurement

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

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

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

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

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

(b) Derecognition

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

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

2.17 Employee Benefits

(a) Post-employment benefits

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

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

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

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

(b) Termination benefits

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

(c) Long-term employee benefits

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

2.18 Share-Based Payments

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

2.19 Provisions

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

2.20 Leases

(a) Lessee

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

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

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

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

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

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

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

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

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

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

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

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

(b) Lessor

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

(c) Extension and termination options

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

2.21 Share Capital

The Company classifies ordinary shares as equity.

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

2.22 Revenue Recognition

(a) Identifying performance obligations

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

(b) Allocation of the transaction price and revenue recognition

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

(c) Incremental contract acquisition costs

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

2.23 Current and Deferred Tax

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

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

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

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

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

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

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

The Company is subject to Pillar Two income taxes. The impact of Pillar Two income taxes is described in Note 29.

2.24 Dividend

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

2.25 Approval on Issuance of the Separate Financial Statements

The separate financial statements of 2025 were approved for issuance by the Board of Directors on Feb. 10, 2026 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. Critical Accounting Estimates and Assumptions

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

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

3.1 Impairment of Non-Financial Assets (including Goodwill)

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

3.2 Income Taxes

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

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

3.3 Fair Value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 36).

3.4 Net Defined Benefit Liability

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

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

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

3.6 Critical Judgements in Determining the Lease Term

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

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

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

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

4. Financial Instruments by Category

(1) Financial instruments by category as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025				
Financial assets		**Financial assets at amortized cost**	**Financial assets at FVTPL**	**Financial assets at FVOCI**	**Derivatives used for hedging**	**Total**
Cash and cash equivalents	₩	1,585,921	-	-	-	1,585,921
Trade and other receivables		3,171,002	-	107,644	-	3,278,646
Other financial assets		110,465	344,938	2,139,753	312,333	2,907,489

(In millions of Korean won)		December 31, 2025				
Financial liabilities		**Financial liabilities at amortized cost**	**Financial liabilities at FVTPL**	**Derivatives used for hedging**	**Others**	**Total**
Trade and other payables[1]	₩	4,328,561	-	-	-	4,328,561
Borrowings		7,068,705	-	-	-	7,068,705
Other financial liabilities		-	10,359	13,862	-	24,221
Lease liabilities		-	-	-	685,732	685,732

[1] Amounts related to employee benefit plans are excluded in Trade and other payables.

(In millions of Korean won)		December 31, 2024				
Financial assets		**Financial assets at amortized cost**	**Financial assets at FVTPL**	**Financial assets at FVOCI**	**Derivatives used for hedging**	**Total**
Cash and cash equivalents	₩	1,540,570	-	-	-	1,540,570
Trade and other receivables		3,099,178	-	114,774	-	3,213,952
Other financial assets		80,465	456,224	1,458,891	442,144	2,437,724

(In millions of Korean won)		December 31, 2024				
Financial liabilities		**Financial liabilities at amortized cost**	**Financial liabilities at FVTPL**	**Derivatives used for hedging**	**Others**	**Total**
Trade and other payables[1]	₩	4,315,375	-	-	-	4,315,375
Borrowings		7,871,919	-	-	-	7,871,919
Other financial liabilities		-	28	-	-	28
Lease liabilities		-	-	-	759,743	759,743

[1] Amounts related to employee benefit plans are excluded in Trade and other payables.

(2) Gains and losses arising from financial instruments by category for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025	2024
Financial assets at amortized cost			
Interest income	₩	164,240	195,812
Impairment loss		(67,670)	(68,850)
Gain on foreign currency transactions		7,330	14,763
Gain on foreign currency translation		16,336	7,340
Financial assets at fair value through profits or loss			
Interest income		2,424	4,032
Dividend income		5	4
Loss on valuation		(79,286)	(60,062)
Gain (Loss) on disposal		(574)	8,225
Gain (Loss) on foreign currency translation		(7,354)	29,029
Financial assets at fair value through other comprehensive income			
Interest income		17,011	19,613
Dividend income		63,539	61,644
Loss on disposal		(9,871)	(8,277)
Other comprehensive income for the year [1]		476,610	20,480
Derivative assets used for hedging			
Gain (Loss) on transactions		(63,006)	38,720
Gain (Loss) on valuation		(10,996)	364,980
Other comprehensive income for the year [1]		39,523	266,775
Reclassified to profit or loss from other comprehensive income for the year [1,2]		16,061	(278,378)
Financial liabilities at amortized cost			
Interest expense		(229,626)	(241,942)
Gain (Loss) on foreign currency transactions		63,458	(40,390)
Loss on foreign currency translation		2,216	(389,523)
Financial liabilities at fair value through profit or loss			
Gain (Loss) on valuation		(10,331)	(1,374)
Derivative liabilities used for hedging			
Loss on transactions		(3,724)	-
Loss on valuation		(13,603)	-
Other comprehensive gain for the year payables [1]		(10,000)	-
Reclassified to profit or loss from other comprehensive income for the year [1,2]		9,684	(49)
Lease liabilities			
Interest expense		(23,398)	(34,184)
Total	₩	348,998	(91,612)

[1] The amounts directly reflected in equity are after adjustments of deferred income tax.

[2] During the years ended December 31, 2025 and 2024, certain derivatives of the Company were settled and the related gain or loss on valuation of cash flow hedges in other comprehensive income was reclassified to profit or loss for the current year.

5. Cash and Cash Equivalents

(1) Restricted cash and cash equivalents as of December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		December 31, 2025	December 31, 2024	Description
Bank deposits	₩	10,039	17,347	Deposits restricted for government projects and others

(2) Cash and cash equivalents in the separate statement of financial position are equal to cash and cash equivalents in the separate statement of cash flows.

6. Trade and Other Receivables

(1) Trade and other receivables as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025			
		Total amounts	Provision for impairment	Present value discount	Carrying amount
Current assets					
Trade receivables	₩	2,846,416	(297,704)	(7,772)	2,540,940
Other receivables		413,486	(36,143)	(2,556)	374,787
Total	₩	3,259,902	(333,847)	(10,328)	2,915,727
Non-current assets					
Trade receivables	₩	276,633	(928)	(14,078)	261,627
Other receivables		107,804	(309)	(6,203)	101,292
Total	₩	384,437	(1,237)	(20,281)	362,919

(In millions of Korean won)		December 31, 2024			
		Total amounts	Provision for impairment	Present value discount	Carrying amount
Current assets					
Trade receivables	₩	2,840,837	(290,502)	(8,749)	2,541,586
Other receivables		399,200	(34,376)	(1,564)	363,260
Total	₩	3,240,037	(324,878)	(10,313)	2,904,846
Non-current assets					
Trade receivables	₩	221,495	(927)	(14,150)	206,418
Other receivables		109,723	(430)	(6,605)	102,688
Total	₩	331,218	(1,357)	(20,755)	309,106

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

(3) Details of changes in provisions for impairment for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025		2024	
		Trade receivables	Other receivables	Trade receivables	Other Receivables
Beginning	₩	291,429	34,806	279,643	30,047
Provision		52,988	14,683	49,356	19,494
Write-off/reimbursement		(45,785)	(13,037)	(37,570)	(14,735)
Ending	₩	298,632	36,452	291,429	34,806

Provision for impairment on trade and other receivables is recognized as operating expenses and other expenses.

(4) Details of other receivables as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Loans	₩	32,721	37,005
Receivables		278,288	246,303
Accrued income		1,234	1,812
Refundable deposits		200,288	215,634
Less: Provision for impairment		(36,452)	(34,806)
Total	₩	476,079	465,948

(5) The maximum exposure to credit risks for trade and other receivables is the carrying amount of each class of receivables mentioned above as of December 31, 2025.

(6) The Company classifies a certain portion of the trade receivables as financial assets at fair value through other comprehensive income, based on business model for managing the asset and the cash flow characteristics of the contract.

7. Other Financial Assets and Liabilities

(1) Details of other financial assets and liabilities as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Other financial assets			
Financial assets at amortized cost [1]	₩	110,465	80,465
Financial assets at fair value through profit or loss [2]		344,938	456,224
Financial assets at fair value through other comprehensive income		2,139,753	1,458,891
Derivatives used for hedging		312,333	442,144
Less: Non-current		(2,684,482)	(2,175,177)
Current	₩	223,007	262,547
Other financial liabilities			
Financial liabilities at fair value through profit or loss	₩	10,359	28
Derivatives used for hedging		13,862	-
Less: Non-current		(13,862)	(28)
Current	₩	10,359	-

[1] As of December 31, 2025, the Company's financial instruments amount to ₩ 30,464 million (December 31, 2024: ₩ 30,464 million) and consist of checking account deposits, time deposits, and others which are subject to withdrawal restrictions.

[2] As of December 31, 2025, the Company provided investment in Korea Software Financial Cooperative and others amounting to ₩ 1,136 million (December 31, 2024: ₩ 1,136 million) as collateral in exchange for the payment guarantee provided by the Korea Software Financial Cooperative and others.

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

1) Details of financial assets at fair value through profit or loss as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Debt instruments	₩	344,938	456,224
--Less: Non-current		(344,938)	(456,224)
Current	₩	-	-

2) The maximum exposure to credit risks debt instruments of financial assets at fair value through profit or loss is the carrying amount of each class of debt instruments above as of December 31, 2025.

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

1) Details of financial assets at fair value through other comprehensive income as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Equity instruments (Listed)	₩	2,043,513	1,317,876
Equity instruments (Unlisted)		96,240	141,015
Less: Non-current		(2,139,753)	(1,458,891)
Current	₩	-	-

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

(4) Derivatives used for hedging

The company trades derivative financial instruments to avoid interest rate risk and currency risk arising from the company's debt. The company applies cash flow hedge accounting using currency swaps to avoid the risk of cash flow fluctuations caused by interest rate and exchange rate fluctuations on foreign currency bonds.

1) Details of valuation of derivatives used for hedging as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025		December 31, 2024	
		Assets	Liabilities	Assets	Liabilities
Currency swap [1]	₩	312,333	13,862	442,144	-
Less: Non-current		(199,787)	(13,862)	(260,057)	-
Current	₩	112,546	-	182,087	-

[1] 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 Company to be exposed to risks of cash flow volatility by hedged items is until September 7, 2034.

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

2) Details of valuation gains and losses from derivatives for risk hedging purposes for the year ended December 31, 2025 and 2024, are as follows:

(In millions of Korean won)

Type of transaction		2025			2024		
		Valuation gain	Valuation loss	Other comprehensive loss[1]	Valuation gain	Valuation loss	Other comprehensive loss[1]
Currency swap	₩	31,207	55,806	74,396	364,980	-	(15,698)

[1] The amounts directly reflected in equity are before adjustments of deferred income tax.

3) The effective portion recognized in profit or loss related to cash flow hedges amounts to valuation gains of ₩ 40,415 million as other comprehensive income for the year ended December 31, 2025 (2024: ₩ 357,272 million). The ineffective portion recognized in profit or loss related to cash flow hedges amounts to valuation gains of ₩ 802 million as current profit or loss for the year ended December 31, 2025 (2024: ₩ 1,346 million). In addition, the valuation loss reclassified from other comprehensive income to profit or loss amounts to ₩ 33,981 million for the year ended December 31, 2025 (2024: valuation gains of ₩ 372,970 million).

4) The unsettled amount of derivative instruments for the years ended December 31, 2025 and 2024, are as follows:

(i) Hedging instruments

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

Currency	2025					
	Foreign currency		Contract amount	Book value of hedging instruments		Changes in fair value to calculate the ineffective portion of hedges
				Assets	Liabilities	
USD	1,920,000	₩	2,459,470	312,333	-	54,905
JPY	30,000,000		288,546	-	13,862	(13,689)
Total		₩	2,748,016	312,333	13,862	41,216

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

Currency	2024					
	Foreign currency		Contract amount	Book value of hedging instruments		Changes in fair value to calculate the ineffective portion of hedges
				Assets	Liabilities	
USD	2,120,000	₩	2,617,720	442,144	-	358,880

(ii) Hedged item

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

	2025			2024		
Currency	**Book value of hedged items**	**Changes in fair value to calculate the ineffective portion of hedges**	**Cash flow hedge reserves[1]**	**Book value of hedged items**	**Changes in fair value to calculate the ineffective portion of hedges**	**Cash flow hedge reserves[1]**
USD	₩2,755,008	(54,261)	13,072	3,116,400	(357,748)	(42,512)
JPY	275,289	13,755	(315)	-	-	-
Total	₩3,030,297	(40,506)	12,757	3,116,400	(357,748)	(42,512)

[1] The amounts directly reflected in equity are before adjustments of deferred income tax.

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

1) Details of financial liabilities at fair value through profit or loss as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Derivative liabilities held for trading [1]	₩	10,359	28

[1] Derivative liabilities recognized in relation to the acquisition of Epsilon Global Communications Pte. Ltd. (Note 19).

8. Inventories

Inventories as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)

		December 31, 2025			December 31, 2024		
		Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Merchandise	₩	120,002	(25,720)	94,282	285,892	(61,214)	224,678

Cost of inventories recognized as expenses for the year ended December 31, 2025 amounts to ₩ 2,876,088 million (for the year ended December 31, 2024: ₩ 2,528,008 million), and reversal valuation loss on inventory amounts to ₩ 35,494 million for the year ended December 31, 2025 (for the year ended December 31, 2024: ₩ 18,976 million).

9. Other Assets and Liabilities

Other assets and liabilities as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Other assets			
Advance payments	₩	36,425	52,289
Prepaid expenses		174,560	97,714
Contract costs		2,178,978	1,802,221
Contract assets		888,675	735,508
Less: Non-current		(885,060)	(727,772)
Current	₩	2,393,578	1,959,960
Other liabilities			
Advances received [1]	₩	240,198	215,354
Withholdings		22,265	25,362
Unearned revenue		555	828
Lease liabilities		685,732	759,743
Contract liabilities		210,515	242,898
Less: Non-current		(451,923)	(545,976)
Current	₩	707,342	698,209

[1] The amounts include adjustments arising from adoption of Korean IFRS 1115 *Revenue from Contracts with Customers* (Note 25).

10. Property and Equipment

(1) Changes in property and equipment for the year ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025					
		Land	Buildings and structures	Telecommuni-cations equipment	Others	Construction-in-progress	Total
Acquisition cost	₩	860,610	2,778,858	41,109,026	619,505	1,027,863	46,395,862
Less: Accumulated depreciation (including accumulated impairment losses and others)		(132)	(1,760,420)	(32,599,976)	(557,571)	(83)	(34,918,182)
Beginning, net	₩	860,478	1,018,438	8,509,050	61,934	1,027,780	11,477,680
Acquisitions and capital expenditures		22	1,294	17,494	9,948	2,222,053	2,250,811
Disposals and terminations		(732)	(2,872)	(71,936)	(1,429)	(1,538)	(78,507)
Depreciation		-	(72,041)	(2,338,237)	(28,565)	-	(2,438,843)
Transfers in (out)		187	254,224	1,829,864	22,819	(2,325,654)	(218,560)
Others		(9,071)	(51,166)	-	-	-	(60,237)
Ending, net	₩	850,884	1,147,877	7,946,235	64,707	922,641	10,932,344
Acquisition cost	₩	851,016	2,930,348	41,797,499	608,597	923,244	47,110,704
Less: Accumulated depreciation (including accumulated impairment losses and others)		(132)	(1,782,471)	(33,851,264)	(543,890)	(603)	(36,178,360)

(in millions of Korean won)		2024					
		Land	Buildings and structures	Telecommuni-cations equipment	Others	Construction-in-progress	Total
Acquisition cost	₩	848,841	2,677,013	40,276,446	621,966	796,489	45,220,755
Less: Accumulated depreciation (including accumulated impairment losses and others)		(132)	(1,649,614)	(31,525,929)	(551,654)	(650)	(33,727,979)
Beginning, net	₩	848,709	1,027,399	8,750,517	70,312	795,839	11,492,776
Acquisitions and capital expenditures		-	315	20,016	12,694	2,504,116	2,537,141
Disposals and terminations		(1,928)	(1,406)	(62,953)	(1,257)	(2,135)	(69,679)
Depreciation		-	(73,158)	(2,315,255)	(31,430)	-	(2,419,843)
Impairment		-	-	(4,310)	-	-	(4,310)
Transfers in (out)		4,430	42,213	2,121,035	11,230	(2,270,040)	(91,132)
Others		9,267	23,075	-	385	-	32,727
Ending, net	₩	860,478	1,018,438	8,509,050	61,934	1,027,780	11,477,680
Acquisition cost	₩	860,610	2,778,858	41,109,026	619,505	1,027,863	46,395,862
Less: Accumulated depreciation (including accumulated impairment losses and others)		(132)	(1,760,420)	(32,599,976)	(557,571)	(83)	(34,918,182)

(2) The borrowing costs capitalized for qualifying assets amount to ₩ 6,772 million for the year ended December 31, 2025 (December 31, 2024: ₩ 6,896 million). The interest rate applied to calculate the capitalized borrowing costs in 2025 is 2.98%~3.25% (2024: 3.05%~3.17%).

11. Investment Properties

(1) Changes in investment properties for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)

		2025			2024		
		Land	Buildings	Total	Land	Buildings	Total
Acquisition cost	₩	221,376	1,587,207	1,808,583	230,643	1,652,995	1,883,638
Less: Accumulated depreciation		-	(694,204)	(694,204)	-	(692,046)	(692,046)
Beginning, net		221,376	893,003	1,114,379	230,643	960,949	1,191,592
Depreciation		-	(47,114)	(47,114)	-	(44,871)	(44,871)
Transfer increase(decrease)		8,732	47,860	56,592	(9,267)	(23,075)	(32,342)
Ending, net	₩	230,108	893,749	1,123,857	221,376	893,003	1,114,379
Acquisition cost	₩	230,108	1,683,270	1,913,378	221,376	1,587,207	1,808,583
Less: Accumulated depreciation		-	(789,521)	(789,521)	-	(694,204)	(694,204)

(2) The fair value of investment properties is ₩ 6,304,516 million as of December 31, 2025 (December 31, 2024: ₩ 5,227,418 million). The fair value of investment properties is estimated based on the expected cash flow.

(3) Rental income from investment properties is ₩ 262,610 million for the year ended December 31, 2025 (December 31, 2024: ₩ 242,406 million) and direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the period are recognized as operating expenses.

(4) As of December 31, 2025, the Company (Lessor) has entered into a non-cancellable operating lease contract for real estate. The future minimum lease payments under this contract amount to ₩ 105,868 million for one year or less, ₩ 240,962 million for more than one year and less than five years, ₩ 426,530 million for over five years, and ₩ 773,360 million in total.

12. Intangible Assets

(1) Changes in intangible assets for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025						
		Goodwill	Industrial rights	Development costs	Software	Frequency usage rights	Others	Total
Acquisition cost	₩	65,057	39,668	1,752,240	733,122	2,408,711	395,535	5,394,333
Less: Accumulated depreciation (including accumulated impairment loss and others)		-	(22,151)	(1,654,435)	(697,273)	(1,616,199)	(299,595)	(4,289,653)
Beginning, net	₩	65,057	17,517	97,805	35,849	792,512	95,940	1,104,680
Acquisition and capital expenditure		-	4,040	3,074	4	-	2,954	10,072
Disposals and terminations		-	(7)	(7,216)	(336)	-	(2,249)	(9,808)
Amortization		-	(3,453)	(41,193)	(13,275)	(345,644)	(76,782)	(480,347)
Transfers in		-	-	110,276	30,351	-	77,933	218,560
Ending, net	₩	65,057	18,097	162,746	52,593	446,868	97,796	843,157
Acquisition cost	₩	65,057	43,327	1,599,878	754,189	2,408,711	473,784	5,344,946
Less: Accumulated depreciation (including accumulated impairment loss and others)		-	(25,230)	(1,437,132)	(701,596)	(1,961,843)	(375,988)	(4,501,789)

(in millions of Korean won)		2024						
		Goodwill	Industrial rights	Development costs	Software	Frequency usage rights	Others	Total
Acquisition cost	₩	65,057	40,814	1,772,283	727,991	2,408,711	332,335	5,347,191
Less: Accumulated depreciation (including accumulated impairment loss and others)		-	(20,619)	(1,648,027)	(687,411)	(1,270,555)	(232,731)	(3,859,343)
Beginning, net	₩	65,057	20,195	124,256	40,580	1,138,156	99,604	1,487,848
Acquisition and capital expenditure		-	832	-	1,595	-	3,315	5,742
Disposals and terminations		-	(182)	(8,215)	(1,530)	-	(2,416)	(12,343)
Amortization		-	(3,328)	(37,149)	(12,592)	(345,644)	(69,093)	(467,806)
impairment gain		-	-	-	-	-	107	107
Transfers in		-	-	18,913	7,796	-	64,423	91,132
Ending, net	₩	65,057	17,517	97,805	35,849	792,512	95,940	1,104,680
Acquisition cost	₩	65,057	39,668	1,752,240	733,122	2,408,711	395,535	5,394,333
Less: Accumulated depreciation (including accumulated impairment loss and others)		-	(22,151)	(1,654,435)	(697,273)	(1,616,199)	(299,595)	(4,289,653)

(2) The carrying amount of membership rights with an indefinite useful life not subject to amortization is ₩ 56,483 million as of December 31, 2025 (December 31, 2024: ₩ 55,778 million).

(3) The Company annually performs an assessment of goodwill impairment. The recoverable amount of all CGUs has been determined based on value-in-use. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates of 0%. The growth rate does not exceed the long-term average growth rate included in industry report specific to the industry in which the CGU operates.

The Company determines the gross margin rate based on past performance and its expectations of market changes. The average growth rates used are estimated based on historical growth rate. In addition, the Company estimated pre-tax cash flow based on past performance and its expectation of market growth. The discount rate applied is pre-tax discount rate of 6.89%, reflecting specific risks related to the relevant CGUs.

As a result of impairment tests, the Company concluded that the carrying amount of CGUs does not exceed the recoverable amount of CGUs. Therefore, the Company did not recognize any impairment loss on goodwill for the years ended December 31, 2025 and 2024.

13. Investments in Subsidiaries, Associates and Joint Ventures

(1) Carrying amounts in investments in subsidiaries, associates and joint ventures as of December 31, 2025 and 2024, is as follows:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Subsidiaries	₩	4,413,412	4,419,598
Associates and joint ventures		407,598	411,588
Total	₩	4,821,010	4,831,186

1) Investments in subsidiaries as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)

				Carrying amount	
	Location	**Percentage of ownership (%)**		**December 31, 2025**	**December 31, 2024**
KT Estate Inc.	Korea	100.0%	₩	1,084,522	1,084,522
KT Sat Co., Ltd.	Korea	100.0%		390,530	390,530
KTCS Corporation [1]	Korea	8.4%		6,427	6,427
KTIS Corporation [1]	Korea	33.4%		30,633	30,633
KT Skylife Co., Ltd.	Korea	50.5%		311,696	311,696
BC Card Co., Ltd.	Korea	69.5%		633,004	633,004
KT M&S Co., Ltd.	Korea	100.0%		26,914	26,914
KT Alpha Co., Ltd.	Korea	70.5%		130,924	130,924
KT Telecop Co., Ltd.	Korea	92.7%		138,541	138,541
KT Nasmedia, Inc. (formerly. Nasmedia, Co., Ltd.) [1]	Korea	44.1%		23,051	23,051
KTDS Co., Ltd.	Korea	91.6%		19,616	19,616
KTGDH Co., Ltd.	Korea	100.0%		2,745	2,745
KT Sports Co., Ltd.	Korea	52.6%		32,277	27,327
KT M Mobile Co., Ltd.	Korea	100.0%		102,237	102,237
KT Service Bukbu Co., Ltd.	Korea	78.9%		8,873	3,873
KT Service Nambu Co., Ltd.	Korea	84.0%		24,321	10,160
KT Strategic Investment Fund No.3	Korea	86.7%		-	130
PlayD Co., Ltd. [2]	Korea	-		-	20,000
KT MOS Bukbu Co., Ltd.	Korea	100.0%		6,334	6,334
KT MOS Nambu Co., Ltd.	Korea	98.4%		4,267	4,267
Next Connect PFV	Korea	100.0%		24,250	24,250
KT Strategic Investment Fund No.5	Korea	95.0%		17,575	19,000
KT Engineering Co., Ltd.	Korea	59.8%		28,000	28,000
KT Studio Genie Co., Ltd.	Korea	90.9%		283,620	283,620
KT ES Pte. Ltd.	Singapore	68.8%		16,003	16,003
kt Altimedia Corporation (formerly. Altimedia Corporation)	Korea	100.0%		22,000	22,000
KT Cloud Co., Ltd.	Korea	92.6%		901,504	901,504
kt netcore Co. Ltd	Korea	100.0%		61,000	61,000
kt p&m Co. Ltd	Korea	100.0%		10,000	10,000
Others				72,548	81,290
Total			₩	4,413,412	4,419,598

[1] As of December 31, 2025, although the sum of percentage of ownership of the Company and its subsidiaries is less than 50% ownership in these entities, these entities are included in investments in subsidiaries due to the dispersion of other shareholders excluding the Company and voting patterns at previous shareholders' meetings.

[2] As of December 31, 2025, this entity is excluded from subsidiaries due to loss of control.

2) Investments in associates and joint ventures as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)	Location	Percentage of ownership (%)		Carrying amount December 31, 2025	Carrying amount December 31, 2024
KIF Investment Fund	Korea	33.3%	₩	115,636	115,636
HD Hyundai Robotics Co., Ltd. [1]	Korea	10.0%		50,000	50,000
Megazone Cloud Corporation [1]	Korea	6.7%		130,001	130,001
KT-DSC Creative Economy YouthStart-up Investment Fund [1]	Korea	17.1%		1,665	2,055
Others				110,296	113,896
Total				407,598	411,588

[1] The Company holds less than 20% interest in the investees as of December 31, 2025, but the investments are classified as investments in associates as the Company exerts significant influence over the operational and financial policies.

(2) Changes in investments in subsidiaries, associates and joint ventures for the year ended December, 2025 and 2024, are as follows:

(In millions of Korean won)		2025	2024
Beginning	₩	4,831,186	4,796,606
Acquisition		23,173	150,395
Disposal [1]		(29,628)	(42,070)
Impairment		(3,721)	(72,048)
Others		-	(1,697)
Ending	₩	4,821,010	4,831,186

[1] As of December 31, 2024, the Company exchanged subsidiary corporate investment shares in Lolab Co., Ltd. for redeemable convertible preferred shares of TeamFresh Corp.

(3) The impairment test in subsidiaries, associates and joint ventures for the years ended December 31, 2025 and 2024, are as follows:

1) The cost method is applied to account for investments in subsidiaries, associates and joint ventures and is reviewed for any indicators that an impairment loss may have occurred at the end of each reporting period. If there are such indicators, the recoverable amount of the asset is estimated using the future cash flow discount method, and if the recoverable amount falls short of the carrying amount, the carrying amount of the asset is reduced and the impairment loss is immediately recognized as loss in the current year.

2) During the year ended December 31, 2025, the difference between recoverable amount and carrying amount ₩ 3,721 million in relation to 'TeamFresh Corp.', associates company, is recognized as other expenses.

14. Trade and Other Payables

(1) Details of trade and other payables as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Current liabilities			
Trade payables	₩	652,458	517,879
Other payables		3,669,347	3,808,200
Total	₩	4,321,805	4,326,079
Non-current liabilities			
Other payables	₩	207,070	479,416

(2) Details of other payables as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Non-trade payable	₩	2,511,680	2,917,086
Accrued expenses		919,711	901,219
Operating deposits		343,483	375,105
Others		101,543	94,206
Less: Non-current		(207,070)	(479,416)
Current	₩	3,669,347	3,808,200

15. Borrowings

(1) Details of borrowings as of December 31, 2025 and 2024, are as follows:

1) Debentures

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

Type	Maturity	Annual interest rates	December 31, 2025 Foreign currency	December 31, 2025 Korean won	December 31, 2024 Foreign currency	December 31, 2024 Korean won
MTNP notes [1]	Sep. 7, 2034	6.500%	USD 100,000	₩ 143,490	USD 100,000	₩ 147,000
MTNP notes	Jul. 18, 2026	2.500%	USD 400,000	573,960	USD 400,000	588,000
MTNP notes	Sep. 1, 2025	-	-	-	USD 400,000	588,000
MTNP notes	Jan. 21, 2027	1.375%	USD 300,000	430,470	USD 300,000	441,000
MTNP notes	Aug. 8, 2025	-	-	-	USD 500,000	735,000
MTNP notes	Feb. 2, 2028	4.125%	USD 500,000	717,450	USD 500,000	735,000
MTNP notes	Mar. 5, 2027	1.217%	JPY 23,300,000	213,808	-	-
MTNP notes	Mar. 7, 2028	1.367%	JPY 6,700,000	61,481	-	-
MTNP notes	Jan. 3, 2029	4.375%	USD 500,000	717,450	-	-
MTNP notes [2]	Sep. 29, 2028	Compounded SOFR(3M)+0.66%	USD 200,000	286,980	-	-
The 183-3rd Public bond	Dec. 22, 2031	4.270%	-	160,000	-	160,000
The 184-3rd Public bond	Apr. 10, 2033	3.170%	-	100,000	-	100,000
The 186-4th Public bond	Jun. 26, 2034	3.695%	-	100,000	-	100,000
The 187-4th Public bond	Sep. 2, 2034	3.546%	-	100,000	-	100,000
The 188-2nd Public bond	Jan. 29, 2025	-	-	-	-	240,000
The 188-3rd Public bond	Jan. 29, 2035	2.706%	-	50,000	-	50,000
The 189-3rd Public bond	Jan. 28, 2026	2.203%	-	100,000	-	100,000
The 189-4th Public bond	Jan. 28, 2036	2.351%	-	70,000	-	70,000
The 190-3rd Public bond	Jan. 30, 2028	2.947%	-	170,000	-	170,000
The 190-4th Public bond	Jan. 30, 2038	2.931%	-	70,000	-	70,000
The 191-3rd 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 192-3rd Public bond	Oct. 11, 2029	1.622%	-	50,000	-	50,000
The 192-4th Public bond	Oct. 11, 2039	1.674%	-	110,000	-	110,000
The 193-2nd Public bond	Jun. 17, 2025	-	-	-	-	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 194-2nd 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 195-2nd 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	-	-	-	-	270,000
The 196-2nd Public bond	Jan. 27, 2027	2.637%	-	100,000	-	100,000

(In millions of Korean won and foreign currencies in thousands)			December 31, 2025		December 31, 2024	
Type	Maturity	Annual interest rates	Foreign currency	Korean won	Foreign currency	Korean won
The 196-3rd Public bond	Jan. 27, 2032	2.741%	-	30,000	-	30,000
The 197-1st Public bond	Jun. 27, 2025	-	-	-	-	280,000
The 197-2nd Public bond	Jun. 29, 2027	4.188%	-	120,000	-	120,000
The 198-1st Public bond	Jan. 10, 2025	-	-	-	-	70,000
The 198-2nd Public bond	Jan. 12, 2026	3.869%	-	150,000	-	150,000
The 198-3rd Public bond	Jan. 12, 2028	3.971%	-	80,000	-	80,000
The 199-1st Public bond	Jul. 11, 2025	-	-	-	-	85,000
The 199-2nd Public bond	Jul. 10, 2026	4.146%	-	160,000	-	160,000
The 199-3rd Public bond	Jul. 12, 2028	4.221%	-	155,000	-	155,000
The 200-1st Public bond	Feb. 27, 2026	3.552%	-	120,000	-	120,000
The 200-2nd Public bond	Feb. 26, 2027	3.608%	-	200,000	-	200,000
The 200-3rd Public bond	Feb. 27, 2029	3.548%	-	80,000	-	80,000
The 201-1st Public bond	Dec. 2, 2027	2.899%	-	130,000	-	130,000
The 201-2nd Public bond	Dec. 2, 2029	2.918%	-	70,000	-	70,000
The 201-3rd Public bond	Dec. 2, 2034	3.057%	-	100,000	-	100,000
The 202-1st Public bond	Dec. 2, 2027	3.052%	-	80,000	-	-
The 202-2nd Public bond	Dec. 2, 2029	3.221%	-	40,000	-	-
The 202-3rd Public bond	Dec. 2, 2034	3.460%	-	40,000	-	-
The 202-4th Public bond	Dec. 2, 2034	3.682%	-	40,000	-	-
Subtotal				6,590,089		7,494,000
Less: Current portion				(1,323,299)		(2,333,711)
Discount on bonds				(21,877)		(23,068)
Total				₩ 5,244,913		₩ 5,137,221

[1] As of December 31, 2025, the Company has outstanding notes in the amount of USD 100 million with fixed interest rates under Medium Term Note Program (“MTNP”) registered on the Singapore Stock Exchange, which allowed the issuance of notes of up to USD 2,000 million. However, the MTN program has been terminated since 2007.

[2] As of December 31, 2025, the interest rate for Daily SOFR rate is approximately 3.870%.

2) Long-Term Borrowings

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

Financial institution	Type	Maturity	Annual interest rates		December 31, 2025	December 31, 2024
Export-Import Bank of Korea	Inter-Korean Cooperation Fund [1]	Jul. 10, 2026	1.000%	₩	493	987
CA-CIB	Long-term commercial papers	Feb. 26, 2027	3.020%		100,000	-
	Long-term commercial papers	May. 28, 2027	3.820%		100,000	100,000
JPM	Long-term commercial papers	Feb. 28, 2025	-		-	100,000
DBS	Long-term commercial papers	Feb. 26, 2027	2.980%		100,000	-
	Long-term commercial papers	May. 28, 2027	3.820%		100,000	100,000
Shinhan Bank	Structured loans	Aug. 9, 2027	3.390%		50,000	-
	Long-term commercial papers	Aug. 9, 2027	3.390%		50,000	100,000
	Subtotal				500,493	400,987
	Less: Current portion				(493)	(100,493)
	Net			₩	500,000	300,494

[1] The above Inter-Korean Cooperation Fund is repayable in installments over 13 years after a 7-year grace period.

(2) Repayment schedule of the Company's debentures and borrowings including the portion of current liabilities as of December 31, 2025, is as follows:

(In millions of Korean won)

		Bonds				
		In local currency	In foreign currency	Sub-total	Borrowings	Total
Jan.1, 2026 ~ Dec. 31, 2026	₩	750,000	573,960	1,323,960	493	1,324,453
Jan.1, 2027 ~ Dec. 31, 2027		630,000	644,278	1,274,278	500,000	1,774,278
Jan.1, 2028 ~ Dec. 31, 2028		405,000	1,065,911	1,470,911	-	1,470,911
Jan.1, 2029 ~ Dec. 31, 2029		350,000	717,450	1,067,450	-	1,067,450
After Jan.1, 2030		1,310,000	143,490	1,453,490	-	1,453,490
Total	₩	3,445,000	3,145,089	6,590,089	500,493	7,090,582

16. Provisions

Changes in provisions for the year ended December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		2025			
		Litigation	**Restoration cost**	**Others**	**Total**
Beginning balance	₩	21,590	125,150	39,732	186,472
Increase (transfer)		27	(3,201)	216,469	213,295
Usage		(306)	(4,939)	(8,205)	(13,450)
Reversal		-	(452)	(286)	(738)
Ending balance	₩	21,311	116,558	247,710	385,579
Less: Current		(21,311)	(26,702)	(247,356)	(295,369)
Non-current		-	89,856	354	90,210

(In millions of Korean won)		2024			
		Litigation	**Restoration cost**	**Others**	**Total**
Beginning balance	₩	25,879	115,747	40,728	182,354
Increase (transfer)		26	11,142	(236)	10,932
Usage		(1,222)	(1,115)	(210)	(2,547)
Reversal		(3,093)	(624)	(550)	(4,267)
Ending balance	₩	21,590	125,150	39,732	186,472
Less: Current		(21,590)	(29,091)	(39,732)	(90,413)
Non-current		-	96,059	-	96,059

17. Net Defined Benefit Liabilities

(1) The amounts recognized in the statements of financial position as of December 31, 2025 and 2024, are determined as follows:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Present value of defined benefit obligations	₩	1,380,413	1,344,701
Fair value of plan assets		(1,353,253)	(1,293,619)
Liabilities, net	₩	27,160	51,082

(2) Changes in the defined benefit obligations for the year ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025	2024
Beginning	₩	1,344,701	1,548,588
Current service cost		103,019	112,354
Interest expense		45,388	61,646
Benefits paid		(108,755)	(510,237)
Others [1]		-	19,701
Remeasurements:			
Actuarial losses arising from changes in demographic assumptions		-	13,680
Actuarial losses arising from changes in financial assumptions		(31,749)	51,566
Actuarial losses arising from experience adjustments		27,809	47,403
Ending	₩	1,380,413	1,344,701

[1] The settlement gain and loss due to voluntary retirement are included.

(3) Changes in the fair value of plan assets for the year ended December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		2025	2024
Beginning	₩	1,293,619	1,609,178
Interest income		44,609	64,167
Remeasurements on plan assets		32	459
Employer contributions		116,200	97,900
Benefits paid		(101,207)	(479,514)
Others		-	1,429
Ending	₩	1,353,253	1,293,619

(4) Amounts recognized in the separate statement of profit or loss for the year ended December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		2025	2024
Current service cost	₩	103,019	112,354
Net interest expense		779	(2,521)
Account transfers		(11,859)	(13,138)
Others		-	16,137
Total expense	₩	91,939	112,832

(5) Principal actuarial assumptions were as follows:

	December 31, 2025	December 31, 2024
Discount rate	4.00%	3.61%
Future salary increases	6.02%	5.99%

(6) The sensitivity analysis of the defined benefit obligations as of December 31, 2025, to changes in the principal assumptions, is as follows:

(in millions of Korean won)	Effect on defined benefit obligation			
	Changes in assumption		Increase in assumption	Decrease in assumption
Discount rate	0.50%p	₩	(42,533)	45,383
Future salary growth rate	0.50%p		42,512	(40,264)

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

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

(7) The Company reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund. Expected contributions to post-employment benefit plans, for the year ending December 31, 2026, are ₩ 137,801 million.

The expected maturity analysis of undiscounted pension benefits as of December 31, 2025, is as follows:

(in millions of Korean won)		Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Pension benefits	₩	162,205	202,345	442,411	1,042,029	1,848,990

The weighted average duration of the defined benefit obligations is 6.6 years.

18. Defined Contribution Plan

For the year ended December 31, 2025, recognized expense related to the defined contribution plan is ₩ 35,303 million (December 31, 2024: ₩ 50,050 million).

19. Commitments and Contingencies

(1) As of December 31, 2025, major Covenants 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	₩	660,000	-
Working capital loan	Korea Development Bank and others		827,001	100,000
Inter-Korean Cooperation Fund	Export-Import Bank of Korea		37,700	493
Economic Cooperation Business Insurance	Export-Import Bank of Korea		3,240	1,732
Collateralized loan backed by electronic accounts receivable-trade	Kookmin Bank and others		417,000	237,649
Plus electronic notes payable	Industrial Bank of Korea		50,000	2,205
Derivatives transaction limit	Korea Development Bank and others		USD 1,920,000	USD 1,920,000
	Shinhan Bank and others		JPY 30,000,000	JPY 30,000,000
Total	KRW		1,994,941	342,079
	USD		1,920,000	1,920,000
	JPY		30,000,000	30,000,000

(2) As of December 31, 2025, guarantees received from financial institutions are as follows:

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

	Warranty details		Limit
Hana Bank	Comprehensive credit line	₩	2,900
			USD 8,700
Shinhan Bank	Guarantee for payment in foreign currency and others		USD 45,178
	Guarantee for payment in Korean currency		55,010
Kookmin Bank	Guarantee for payment in foreign currency		USD 3,186
Woori Bank	Guarantee for payment in foreign currency		USD 5,000
Korea Software Financial Cooperative	Advance payment/other guarantee and others		1,154,182
Information & Communication Financial Cooperative	Advance payment/other guarantee		700,000
Seoul Guarantee Insurance Company	Performance guarantee and others		24,768
Total	KRW		1,936,860
	USD		62,064

(3) The Company is jointly and severally obligated with KT Sat Co., Ltd. to pay KT Sat Co., Ltd.'s liabilities incurred prior to its spin-off. As of December 31, 2025, the Company and KT Sat Co., Ltd. are jointly and severally liable for reimbursement of ₩ 428 million (as of December 31, 2024: ₩ 433 million).

(4) For the year ended December 31, 2025, the Company entered into agreements with Securitization Specialty Companies (2025: First 5G 79th to 84th Securitization Specialty Co., Ltd., 2024: First 5G 73rd to 78th Securitization Specialty Co., Ltd.) and disposed of its trade receivables related to handset sales. The Company also made asset management agreements with each securitization specialty company and in accordance with the agreement, the Company will receive asset management fees upon liquidation of the securitization specialty company.

(5) As of December 31, 2025, the Company is a defendant in 111 lawsuits with a total claimed amount of ₩ 135,528 million (as of December 31, 2024: ₩ 124,384 million). As of December 31, 2025, litigation provisions of ₩ 21,311 million for pending lawsuits and unasserted claims are recorded as liabilities for potential loss in the ordinary course of business. The final outcomes of the cases cannot be estimated as of December 31, 2025 (Note 16).

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

(7) As of December 31, 2025, the Company participates in Algerie Sidi Abdela new town development consortium (percentage of ownership: 2.5%) and has joint liability with other consortium participants.

(8) As of December 31, 2025, the contract amount of properties and equipment and intangible assets acquisition agreements made but not yet recognized amounts to ₩ 375,028 million (as of December 31, 2024: ₩ 344,566 million).

(9) The Company entered into an agreement with financial investors of Epsilon Global Communications Pte., Ltd. regarding the acquisition of shares contract. If certain conditions are not met in the future as disclosed in the terms and conditions of the agreement, financial investors may exercise the Tag-Along Right, Drag-Along Right, or the right to sell shares for the convertible preferred shares they hold (Note 7).

(10) The Company has an obligation for additional contributions as per agreement to Storm Ventures FUND VII and others. As of December 31, 2025, remaining amounts of USD 27,050 thousand and JPY 160,000 thousand will be invested through the Capital Call method in the future.

(11) The Company has an obligation of ₩ 470,160 million (100%) to provide financial support as an operating investor during the operating period with respect to K Defense Co., Ltd. established in accordance with the Private Investment Act on Social Infrastructure.

(12) The Company entered into a stock sale contract with HYUNDAI MOBIS and HYUNDAI MOTOR COMPANY. If the Company intends to dispose of the acquired stocks to a third party after a certain period has elapsed from the date of the contract, HYUNDAI MOBIS and HYUNDAI MOTOR COMPANY may exercise a preferential purchase right to designate a buyer with priority.

(13) The Company entered into an agreement with equity investors who participated in the equity acquisition contract of kt Cloud Co., Ltd. According to this agreement, if conditions per the agreement are met, the financial investor may exercise a Tag-Along or a Put-Option to the Company in the future. In relation to this contract, the Company and the financial investor may settle mutual profits if there is a difference between the final public offering price and the preliminary public offering price (Note 7).

(14) As of December 31, 2025, the Company has the obligation of paying Minimum Guarantee as utilizing product bundling of Tving Co., Ltd., and the right to be paid a certain proportion of the excess as per agreement.

(15) As of December 31, 2025, the Company exercised a put option on all of its shares in KT Rwanda Networks Ltd. pursuant to the shareholders’ agreement with the Rwandan government. Following an objection raised by the Rwandan government on the exercise of the put option, an international arbitration proceeding is ongoing at an international arbitration institution located in Mauritius, and the outcome of the arbitration remains uncertain.

(16) Details of investment properties provided as collateral as December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		December 31, 2025				
Collateral		**Carrying amount**	**Secured amount**	**Related account**	**Related amount**	**Mortgagee**
Land and buildings	₩	173,280	38,311	Deposit received	30,176	leaseholder

(in millions of Korean won)		December 31, 2024				
Collateral		**Carrying amount**	**Secured amount**	**Related account**	**Related amount**	**Mortgagee**
Land and buildings	₩	177,229	35,573	Deposit received	29,899	leaseholder

(17) The Company has entered into supplier finance arrangements with certain suppliers, under which participating suppliers may receive early payment of the Company's obligations from an external finance provider. The Company pays the finance provider within 90 days, which is similar to the Company's customary payment terms to settle the debt. As of December 31, 2025, all financial liabilities subject to the supplier finance agreement are included in 'trade and other payables' in the separate statement of financial position, and the carrying amounts as of December 31, 2025 and 2024 are ₩ 28,500 million and ₩ 55,815 million, respectively. The carrying amount related to the payables for which the suppliers have already received payment from the finance provider as of December 31, 2025 is ₩ 876 million. There have been no significant non-cash changes in the carrying amount of the trade and other payables subject to the Company's supplier finance agreement.

(18) As of December 31, 2025, the Company became aware of damages caused by unauthorized small-value payments and security incidents, and is currently under investigation by the Personal Information Protection Commission regarding the timing and circumstances of these incidents. As the investigation is ongoing, the Company cannot reasonably estimate any obligations that may arise in connection with this matter.

20. Leases

Information for leases when the Company acts as a lessee is as follows. Information on leases when the Company acts as a lessor is described in Note 11.

(1) The separate statement of financial position shows the following amounts relating to leases:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Right-of-use assets			
Property and buildings	₩	735,568	800,961
Machinery and communication line facilities		64,180	38,977
Others		12,495	56,361
Total	₩	812,243	896,299

(In millions of Korean won)		December 31, 2025	December 31, 2024
Lease liabilities [1]			
Current	₩	270,725	259,747
Non-current		415,007	499,996
Total	₩	685,732	759,743

[1] Included in the line item other current liabilities and non-current liabilities in the separate statement of financial position (Note 9).

For the one-year periods ended December 31, 2025 and 2024, right-of-use assets related to leases increased by ₩ 282,304 million and ₩ 286,586 million, respectively.

(2) The separate statement of profit or loss shows the following amounts relating to leases:

(In millions of Korean won)		2025	2024
Depreciation of right-of-use assets			
Property and building	₩	291,567	287,753
Machinery and communication line facilities		26,862	25,172
Others		9,255	31,145
Total	₩	327,684	344,070
Interest expense relating to lease liabilities		23,398	34,184
Expense relating to Short-term leases		1,910	4,878
Expense relating to leases of low-value assets that are not short-term leases		12,528	12,765

The total cash outflow for leases for the year ended December 31, 2025 and 2024 is ₩ 352,661 million and ₩ 403,134 million, respectively.

21. Share Capital

As of December 31, 2025 and 2024, the Company has 1,000,000,000 shares authorized to issue, and the details are as follows:

	December 31, 2025				December 31, 2024			
	Number of issued shares		Par value per share *(in Korean won)*	Ordinary shares *(in millions of Korean won)*	Number of issued shares		Par value per share *(in Korean won)*	Ordinary shares *(in millions of Korean won)*
Ordinary shares[1]	252,021,685	₩	5,000	1,564,499	252,021,685	₩	5,000	1,564,499

[1] The Company retired 60,878,082 treasury shares against retained earnings. Therefore, the ordinary shares amount differs from the amount resulting from multiplying the number of shares issued.

22. Retained Earnings

(1) Details of retained earnings as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Legal reserve [1]	₩	782,249	782,249
Voluntary reserves [2]		4,651,362	4,651,362
Unappropriated retained earnings		6,786,249	6,284,318
Total	₩	12,219,860	11,717,929

[1] The Commercial Code of the Republic of Korea requires the 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 Company's Board of Directors or used to reduce accumulated deficits, if any, with the ratification of the 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.

The appropriation of retained earnings for the year ended December 31, 2025 is expected to be appropriated at the shareholders' meeting on March 31, 2026. The appropriation date for the year ended December 31, 2024 was March 31, 2025.

(2) The appropriation of retained earnings for the years ended December 31, 2025 and 2024, is as follows:

(in millions of Korean won)	Note		2025	2024
Unappropriated retained earnings from prior year		₩	6,161,425	6,627,844
Remeasurements of net defined benefit liabilities	17, 29		17,977	(82,380)
Gain (loss) on disposal of financial assets at fair value through other comprehensive income	4		(18,608)	(13,421)
Retirement of treasury stock			-	(205,956)
Interim Dividends				
Cash dividend (%): Ordinary shares:				
₩ 600 (12.0%) in 2025 1Q				
₩ 600 (12.0%) in 2025 2Q				
₩ 600 (12.0%) in 2025 3Q			(436,298)	(368,685)
Profit for the year			1,061,753	326,916
Retained earnings available for appropriation			6,786,249	6,284,318
Appropriation of loss on disposal of treasury stock	23		(91)	(57)
Dividends	31			
Cash dividend (%): Ordinary shares:				
₩ 600 (12.0%) in 2025 4Q				
₩ 2,400 (48.0%) in 2025				
₩ 500 (10.0%) in 2024 4Q				
₩ 2,000 (40.0%) in 2024			(144,657)	(122,836)
Appropriation of retained earnings [1]			(144,748)	(122,893)
Retained earnings after appropriation		₩	6,641,501	6,161,425

[1] The amount of appropriation of retained earnings for the current period has been calculated based on the dividend per share resolved at the Board of Directors meeting held on February 10, 2026, and the number of shares entitled to dividends as of December 31, 2025. The amount represents a provisional figure and is subject to change.

23. Accumulated Other Comprehensive Income and Other Components of Equity

(1) As of December 31, 2025 and 2024, the details of the Company's accumulated other comprehensive income, are as follows:

(in millions of Korean won)		December 31, 2025	December 31, 2024
Gain on valuation of financial assets at fair value through other comprehensive income	₩	624,209	128,991
Gain (Loss) on derivatives valuation		12,756	(42,513)
Total	₩	636,965	86,478

(2) Changes in accumulated other comprehensive income for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025			
		Beginning	Increase (Decrease)	Reclassification to gain or loss	Ending
Gain on valuation of financial assets at fair value through other comprehensive income	₩	128,991	495,218	-	624,209
Gain (loss) on derivatives valuation		(42,513)	29,524	25,745	12,756
Total	₩	86,478	524,742	25,745	636,965

(in millions of Korean won)		2024			
		Beginning	Increase (Decrease)	Reclassification to gain or loss	Ending
Gain on valuation of financial assets at fair value through other comprehensive income	₩	95,090	33,901	-	128,991
Loss on derivatives valuation		(30,861)	266,775	(278,427)	(42,513)
Total	₩	64,229	300,676	(278,427)	86,478

(3) As of December 31, 2025 and 2024, the Company's other components of equity, are as follows:

(In millions of Korean won)		December 31, 2025	December 31, 2024
Treasury stock	₩	(461,135)	(215,210)
Loss on disposal of treasury stock [1]		(91)	(57)
Share-based compensation		7,119	7,106
Other		(180,915)	(180,863)
Total	₩	(635,022)	(389,024)

[1] The amount of income tax effect directly reflected in equity is ₩ 33 million for the year ended December 31, 2025 (December 31, 2024: ₩ 19 million).

(4) As of December 31, 2025 and 2024, details of treasury stock, are as follows:

		December 31, 2025	December 31, 2024
Number of shares *(in shares)*		10,926,622	6,188,739
Amount *(in millions of Korean won)*	₩	461,135	215,210

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

24. Share-Based Compensation

(1) Details of share-based compensation granted by the Company to executives and employees, including the CEO, by the resolution the Board of Directors as of December 31, 2025 and 2024, are as follows:

	2025
(in share)	**19th grant**
Grant date	July 15, 2025
Grantee	CEO, internal directors, external directors, executives
Vesting conditions	Service condition: 1 year Non-market performance condition: achievement of performance
Fair value per option *(in Korean won)*	Internal directors: ₩ 48,758 External directors: ₩ 58,400
Total compensation costs *(in Korean won)*	₩ 7,530 million
Estimated exercise date	During 2026
Valuation method	Fair value method

	2024
(in share)	**18th grant**
Grant date	June 20, 2024
Grantee	CEO, internal directors, external directors, executives
Vesting conditions	Service condition: 1 year Non-market performance condition: achievement of performance
Fair value per option (in Korean won)	₩ 38,484
Total compensation costs (in Korean won)	₩ 5,296 million
Exercise date	June 11, 2025
Valuation method	Fair value method

(2) Changes in the number of share-based compensation for the years ended December 31, 2025 and 2024, are as follows:

(in shares)	2025					
	Beginning	**Granted**	**Expired**	**Exercised**[1]	**Ending**	**Number of shares exercisable**
16th grant	7,631	-	-	-	7,631	-
18th grant	226,327	-	(123,693)	(102,634)	-	-
19th grant	-	193,716	-	-	193,716	-
Total	233,958	193,716	(123,693)	(102,634)	201,347	-

(in shares)	2024					
	Beginning	**Granted**	**Expired**	**Exercised**[1]	**Ending**	**Number of shares exercisable**
16th grant	20,960	-	(6,158)	(7,171)	7,631	-
17th grant	307,182	-	(199,054)	(108,128)	-	-
18th grant	-	226,327	-	-	226,327	-
Total	328,142	226,327	(205,212)	(115,299)	233,958	-

[1] The weighted average price of ordinary shares at the time of exercise of the 18th grant, during the year ended December 31, 2025, is ₩ 51,600 (2024: 16th grant ₩ 41,500, 17th grant ₩ 36,000).

(3) The Company granted Restricted Stock Units to its executives and employees, and the fair value per share is measured based on the closing market price on the grant date. Restricted Stock Units vest in accordance with the service conditions specified at the grant date.

Changes in the number of Restricted Stock Units for the years ended December 31, 2025 and 2024, are as follows:

(in shares)	2025			2024		
	Beginning	**Granted**	**Ending**	**Beginning**	**Granted**	**Ending**
Restricted Stock Unit	766	9,218	9,984	-	766	766

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

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

(In millions of Korean won)		2025	2024
Revenue from contracts with customers	₩	19,061,414	18,337,272
Revenue from other sources		262,610	242,406
Total	₩	19,324,024	18,579,678

(2) Operating revenues for the year ended periods ended December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		2025	2024
Services provided	₩	16,478,582	16,153,402
Sales of goods		2,845,442	2,426,276
Total	₩	19,324,024	18,579,678

Revenue from services provided is recognized over time and revenue from sales of goods is recognized at a point in time.

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

(In millions of Korean won)		December 31, 2025	December 31, 2024
Contract assets[1]	₩	974,387	863,884
Contract liabilities[1]		236,748	268,958
Deferred revenue[2]		82,763	74,275

[1] The Company recognized contract assets of ₩ 85,712 and contract liabilities of ₩ 26,233 million for long-term construction contracts as of December 31, 2025 (As of December 31, 2024: contract assets and liabilities of 128,376 million and ₩ 26,060 million, respectively). The Company recognizes contract assets as trade receivables and other receivables, and contract liabilities as other current liabilities.

[2] Deferred revenue related to government grants is excluded.

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

(In millions of Korean won)		December 31, 2025	December 31, 2024
Incremental cost of obtaining a contract	₩	2,024,433	1,650,500
Costs to fulfil a contract		154,545	151,721
Total	₩	2,178,978	1,802,221

As of December 31, 2025, The Company recognized ₩ 1,947,063 million (2024: ₩ 1,838,291 million) of operating expenses related to contract cost assets.

(5) For year ended December 31, 2025 and 2024, revenue recognized from contract liabilities and deferred revenue carried-forward, is as follows:

(In millions of Korean won)		2025	2024
Revenue recognized from the beginning balance of contract liabilities			
Allocation of the transaction price	₩	157,840	174,596
Deferred revenue of joining/installment fees		39,311	36,647
Total	₩	197,151	211,243

26. Operating Expenses

(1) Operating expenses for the year ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025	2024
Employee benefit cost	₩	1,847,903	3,251,685
Depreciation		2,438,366	2,427,333
Depreciation of intangible assets		475,260	459,118
Depreciation of right-of-use assets		327,684	344,070
Commissions		2,393,830	1,960,835
Interconnection charges		397,580	411,247
International interconnection fees		129,330	138,807
Purchase of inventories		2,710,198	2,365,593
Changes of inventories		130,395	143,440
Sales commission		2,834,985	2,493,721
Service cost		909,410	819,964
Purchase of contents		719,127	702,838
Utilities		404,005	397,572
Taxes and dues		201,827	201,827
Rent		126,262	125,384
Insurance premium		51,452	52,876
Installation fee		481,316	465,251
Advertising expenses		140,121	137,588
Research and development expenses		311,184	239,598
Allowance for bad debts		52,988	49,356
Others		935,828	1,045,086
Total	₩	18,019,051	18,233,189

(2) Details of employee benefits for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025	2024
Salaries & Wages	₩	1,720,433	2,057,500
Post-employment benefits (defined benefit plan)		91,939	112,832
Post-employment benefits (defined contribution plan)		35,303	50,050
Share-based payment		7,414	5,461
Others		(7,186)	1,025,842
Total	₩	1,847,903	3,251,685

27. Other Income and Other Expenses

(1) Other income for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025	2024
Gain on disposal of property and equipment	₩	16,745	47,418
Gain on disposal of right-of-use assets		2,226	2,492
Gain on disposal of intangible assets		1,641	99
Compensation on impairment of property and equipment		175,100	165,196
Gain on disposal of investments in subsidiaries, associates and joint ventures		6,725	65,303
Dividends received		43,967	41,649
Income from government subsidies		565	1,261
Others		20,825	25,608
Total	₩	267,794	349,026

(2) Other expenses for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025	2024
Loss on disposal of property and equipment	₩	41,918	63,221
Impairment loss on property and equipment		-	4,310
Loss on disposal of right-of-use assets		2,415	2,566
Impairment loss on intangible assets		7,506	8,759
Loss on disposition of investments in subsidiaries, associates and joint ventures		251	3,154
Impairment loss on investments in subsidiaries, associates and joint ventures		3,721	72,048
Donations		9,751	6,265
Others		50,098	102,382
Total	₩	115,660	262,705

28. Finance Income and Costs

(1) Details of finance income for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025	2024
Interest income	₩	183,675	219,457
Gain on foreign currency transactions		83,918	17,887
Gain on foreign currency translation		73,063	36,387
Gain on derivative transactions		11,785	38,849
Gain on valuation of derivatives		31,207	364,980
Dividends income		63,544	61,648
Gain on disposal of financial instruments		612	10,790
Gain on valuation of financial instruments		24,054	7,323
Total	₩	471,858	757,321

(2) Details of finance costs for years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025	2024
Interest expenses	₩	253,013	273,548
Loss on foreign currency transactions		13,130	43,514
Loss on foreign currency translation		61,865	389,541
Loss on derivative transactions		78,515	129
Loss on valuation of derivatives		55,806	-
Loss on disposal of trade receivables		9,864	7,955
Loss on valuation of financial instruments		113,671	68,759
Loss on disposal of financial instruments		1,193	2,888
Total	₩	587,057	786,334

29. Deferred Income Tax and Income Tax Expense

(1) Deferred Income Tax

1) Deferred tax assets and deferred tax liabilities as of December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		December 31, 2025	December 31, 2024
Deferred tax assets			
Deferred tax assets to be recovered within 12 months	₩	353,793	251,179
Deferred tax assets to be recovered after more than 12 months		1,006,714	1,038,591
Deferred tax assets before offsetting	₩	1,360,507	1,289,770
Deferred tax liabilities			
Deferred tax liabilities to be recovered within 12 months	₩	(838,950)	(769,316)
Deferred tax liabilities to be recovered after more than 12 months		(1,446,912)	(1,249,316)
Deferred tax liabilities before offsetting		(2,285,862)	(2,018,632)
Deferred tax liabilities after offsetting	₩	(925,355)	(728,862)

2) The movement in deferred income tax assets and liabilities as of December 31, 2025 and 2024, before taking into consideration the offsetting of balances, is as follows:

(in millions of Korean won)		2025			
		Beginning	Statement of profit or loss	Other comprehensive income	Ending
Deferred tax liabilities					
Investment in subsidiaries, associates and joint ventures	₩	(33,705)	31,624	-	(2,081)
Depreciation expense and impairment loss		(102,281)	16,431	-	(85,850)
Plan assets		(327,672)	(37,028)	-	(364,700)
Deferred tax gain on disposal of fixed assets		(531,138)	63,719	-	(467,419)
Contract assets		(643,025)	(183,906)	-	(826,931)
Financial assets at fair value through other comprehensive income		(62,805)	(17,953)	(193,526)	(274,284)
Others		(318,006)	61,148	(7,739)	(264,597)
Total	₩	(2,018,632)	(65,965)	(201,265)	(2,285,862)
Deferred tax assets					
Investments in subsidiaries, associates and joint ventures	₩	5,692	4,933	(54)	10,571
Depreciation expense and impairment loss		24,185	659	-	24,844
Contract liabilities		109,308	(4,262)	-	105,046
Defined benefit liabilities		340,611	17,404	14,005	372,020
Provisions		258,483	67,045	-	325,528
Financial assets at fair value through other comprehensive income		-	32,481	6,997	39,478
Trade receivables		1,260	(282)	-	978
Others		406,733	(51,981)	(11,388)	343,364
Total	₩	1,146,272	65,997	9,560	1,221,829
Temporary difference, net		(872,360)	32	(191,705)	(1,064,033)
Tax credit carryforwards		143,498	(4,820)	-	138,678
Total net balance	₩	(728,862)	(4,788)	(191,705)	(925,355)

(in millions of Korean won)		2024			
		Beginning	**Statement of profit or loss**	**Other comprehensive income**	**Ending**
Deferred tax liabilities					
Investment in subsidiaries, associates and joint ventures	₩	(35,805)	2,093	7	(33,705)
Depreciation expense and impairment loss		(109,481)	7,200	-	(102,281)
Plan assets		(404,868)	77,196	-	(327,672)
Deferred tax gain on disposal of fixed assets		(526,009)	(5,129)	-	(531,138)
Contract assets		(648,908)	5,883	-	(643,025)
Financial assets at fair value through other comprehensive income		(66,304)	28,198	(24,699)	(62,805)
Others		(242,701)	(77,720)	2,415	(318,006)
Total	₩	(2,034,076)	37,721	(22,277)	(2,018,632)
Deferred tax assets					
Investments in subsidiaries, associates and joint ventures	₩	7,316	(1,624)	-	5,692
Depreciation expense and impairment loss		26,021	(1,836)	-	24,185
Contract liabilities		111,880	(2,572)	-	109,308
Defined benefit liabilities		389,623	(78,821)	29,809	340,611
Provisions		260,930	(2,447)	-	258,483
Financial assets at fair value through other comprehensive income		-	(12,910)	12,910	-
Trade receivables		1,538	(278)	-	1,260
Others		311,564	93,538	1,631	406,733
Total	₩	1,108,872	(6,950)	44,350	1,146,272
Temporary difference, net		(925,204)	30,771	22,073	(872,360)
Tax credit carryforwards		129,117	14,381	-	143,498
Total net balance	₩	(796,087)	45,152	22,073	(728,862)

3) Total unrecognized temporary differences as deferred tax liabilities as of December 31, 2025 is ₩ 167,786 million (2024: ₩ 552,397 million), relating to investment in subsidiaries, associates and joint ventures, and the total of unrecognized temporary differences as deferred tax assets as of December 31, 2025 is ₩ 3,209,862 million (2024: ₩ 3,472,774 million), relating to investment in subsidiaries, associates and joint ventures.

4) The tax impact recognized directly to equity as of December 31, 2025 and 2024, is as follows:

(in millions of Koreans won)	2025			2024		
	Before recognition	**Tax effect**	**After recognition**	**Before recognition**	**Tax effect**	**After recognition**
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	681,748	(186,530)	495,218	45,690	(11,789)	33,901
Hedge instruments valuation gain (loss)	74,395	(19,126)	55,269	(15,698)	4,046	(11,652)
Remeasurements of net defined benefit liabilities	3,972	14,005	17,977	(112,189)	29,809	(82,380)
Loss on disposal of treasury stock	(125)	33	(92)	(76)	19	(57)
Total	759,990	(191,618)	568,372	(82,273)	22,085	(60,188)

(2) Income Tax Expense

1) Details of income tax expenses for the years ended December 31, 2025 and 2024, are calculated as follows:

(in millions of Korean won)		2025	2024
Current income tax expenses	₩	275,367	122,033
Impact of change in temporary differences		4,788	(45,152)
Total income tax expense	₩	280,155	76,881

2) The relationship between the Company profit before tax and income tax expense for the years ended December 31, 2025 and 2024, is as follows:

(in millions of Korean won)		2025	2024
Profit before income tax	₩	1,341,908	403,797
Expected tax expense at statutory tax rate	₩	343,902	96,240
Tax effects of			
Income not taxable for tax purposes		(8,507)	(10,802)
Expenses not deductible for tax purposes		17,309	6,559
Tax credit and deferred tax effects due to consolidated tax return		(74,871)	(38,738)
Temporary difference not recognized as deferred tax		32,798	18,956
Others		(30,476)	4,666
Income tax expense	₩	280,155	76,881

(3) The Company is subject to Pillar Two income taxes and has reviewed the impact on the financial statements. As a result of this assessment, no Pillar Two current tax expense is recognized for the current year, and the exception to the recognition and disclosure of deferred taxes has been applied.

30. Earnings per Share

(1) Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period, excluding ordinary shares held by the Company as treasury stock.

Basic earnings per share for the years ended December 31, 2025 and 2024, are calculated as follows:

		2025	2024
Profit attributable to ordinary shares *(in millions of Korean won)*	₩	1,061,753	326,916
Weighted average number of ordinary shares outstanding *(In number of shares)*		242,993,522	245,910,192
Basic earnings per share *(In Korean won)*	₩	4,369	1,329

(2) Diluted Earnings per Share

Diluted earnings per share from operations are calculated by adjusting the weighted average number of ordinary shares outstanding assuming that all dilutive potential ordinary shares are converted into ordinary shares. The Company has dilutive potential ordinary shares from other share-based compensation.

Diluted earnings per share for the years ended December 31, 2025 and 2024, is calculated as follows

		2025	2024
Profit attributable to ordinary shares *(in millions of Korean won)*	₩	1,061,753	326,916
Diluted profit attributable to ordinary shares *(in millions of Korean won)*	₩	1,061,753	326,916
Number of dilutive potential ordinary shares outstanding *(In number of shares)* *(In number of shares)*		97,777	94,393
Weighted average number of ordinary shares outstanding *(In number of shares)* *(In number of shares)*		243,091,299	246,004,585
Diluted earnings per share *(in Korean won)*	₩	4,368	1,329

Diluted earnings per share is calculated by dividing the profit for the period by the sum of the weighted average number of ordinary shares and dilutive potential ordinary shares. This calculation takes into account both ordinary shares and all dilutive potential shares.

31. Dividends

The dividends paid by the Company in 2025 were ₩ 122,836 million (₩ 500 per share). The quarterly dividends paid by the Company in 2025 were ₩ 436,298 million (₩ 600 per share). The dividends paid by the Company in 2024 were ₩ 482,970 million (₩ 1,960 per share). The quarterly dividends paid by the Company in 2024 were ₩ 368,685 million (₩ 500 per share). A dividend in respect of the year ended December 31, 2025, of ₩ 600 per share, amounting to a total dividend of ₩ 144,657 million, is to be proposed at the shareholders' meeting on March 31, 2026.

32. Cash Generated from Operations

(1) Cash flows from operating activities for year ended December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		2025	2024
1. Profit for the year	₩	1,061,753	326,916
2. Adjustments for:			
Income tax expense		280,155	76,881
Interest income		(183,675)	(219,457)
Interest expense		253,013	273,548
Dividend income		(107,512)	(103,297)
Depreciation		2,485,957	2,464,714
Amortization of intangible assets		480,347	467,806
Depreciation of right-of-use assets		327,684	344,070
Provisions for severance benefits (defined benefits)		103,798	125,970
Impairment losses on trade receivables		67,671	68,850
Gain on disposal of investments in subsidiaries, associates and joint ventures		(6,474)	(62,149)
Impairment loss on interests in subsidiaries, associates and joint ventures		3,721	72,048
Loss on disposal of property and equipment		25,173	15,803
Loss on disposal of intangible assets		5,865	8,660
Loss on disposal of right-of-use assets		189	74
Loss (gain) on foreign currency translation		(11,198)	353,154
Loss (gain) on valuation and settlement of derivatives, net		91,329	(405,025)
Loss on valuation of financial assets at fair value through profit or loss		89,617	62,760
Loss (gain) on disposal of financial assets at fair value through profit or loss		573	(8,225)
Others		106,492	3,652
3. Changes in operating assets and liabilities			
Decrease (increase) in trade receivables		(92,361)	259,849
Decrease (increase) in other receivables		(32,801)	28,024
Decrease (increase) in other current assets		(433,619)	48,762
Increase in other non-current assets		(157,287)	(18,496)
Decrease in inventories		165,276	161,029
Increase (decrease) in trade payables		134,973	(198,622)
Increase in other payables		27,914	127,803

(In millions of Korean won)		2025	2024
Decrease in other current liabilities		(1,847)	(54,552)
Decrease in other non-current liabilities		(9,063)	(6,691)
Decrease in provisions		(2,092)	(3,571)
Increase (decrease) in deferred revenue		(9,371)	3,687
Payment of post-employment benefits (defined benefits)		(253,940)	(445,507)
Decrease in plan assets		118,765	321,965
4. Cash generated from operations (1+2+3)	₩	4,529,025	4,090,433

(2) Significant transactions not affecting cash flows for the year ended December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		2025	2024
Reclassification of the current portion of borrowings	₩	1,387,662	2,269,951
Reclassification of construction-in-progress to property and equipment		2,325,654	2,270,040
Change of other payables relating to acquisition of property and equipment		(173,352)	176,349
Change of other payables relating to acquisition of intangible assets		(272,955)	(272,955)
Reclassification of other payables from net defined benefit liabilities		(11,427)	5,081
Increase in financial assets due to stock exchange		-	52,841

33. Changes in Liabilities Arising from Financing Activities

Details of changes in liabilities arising from cash flows that have been classified as financing activities or will be classified as financing activities in the separate statement of cash flows for the year ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)	2025							
				Others				
		Beginning	Cash flows	Acquisition	Changes in FX rate	Fair value change	Other changes	Ending
Borrowings	₩	7,871,919	(723,897)	-	(20,337)	-	(58,980)	7,068,705
Lease liabilities		759,743	(316,475)	281,475	-	-	(39,011)	685,732
Derivative liabilities		-	-	-	-	13,862	-	13,862
Derivative assets		(442,144)	126,738	-	-	(52,277)	55,349	(312,334)
Total	₩	8,189,518	(913,634)	281,475	(20,337)	(38,415)	(42,642)	7,455,965

(In millions of Korean won)	2024							
				Others				
		Beginning	Cash flows	Acquisition	Changes in FX rate	Fair value change	Other changes	Ending
Borrowings	₩	7,559,933	(114,281)	-	386,579	-	39,688	7,871,919
Lease liabilities		851,610	(346,868)	293,521	-	-	(38,520)	759,743
Derivative liabilities		23,076	(855)	-	-	-	(22,221)	-
Derivative assets		(156,774)	80,410	-	-	(358,880)	(6,900)	(442,144)
Total	₩	8,277,845	(381,594)	293,521	386,579	(358,880)	(27,953)	8,189,518

34. Related Party Transactions

(1) The list of related parties of the Company as of December 31, 2025, is as follows:

Relationship	Name of Entity
Subsidiaries	78 entities including KT Estate Inc., KT Skylife Co., Ltd., BC Card Co., Ltd.
Associates and joint ventures	48 entities including K Bank Inc., KIF Investment Fund, Megazone Cloud Corporation
Others[1]	Goody Studio Co., Ltd., Rebellion Inc., Digital Pharm Co., Ltd., Mastern No.127 Logispoint Daegu Co., Ltd., KORAMKO No. 143 General Private Real Estate Investment Company, etc.

[1] Included within the scope of related parties under Korean IFRS 1024 due to the presence of significant influence, even though treated in accordance with Korean IFRS 1109

(2) The amount of the installment handset sales receivable inherited from KTIS Corporation, KTCS Corporation, KT Telecop Co., Ltd., KT M&S Co., Ltd. and KT Service Nambu Co., Ltd. for the year ended December 31, 2025 is ₩ 483,439 million.

(3) The Company has entered into an additional agreement in relation to providing communication service in wholesale with KT M Mobile Co., Ltd. in connection with the agreement, the Company offsets all or partial receivables against payables for joining mobile telecommunication services and usage of network arising from telecommunication operations.

(4) Significant balances of receivables and payables in relation to transaction with related parties as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025					
		Receivables			**Payables**		
		Trade receivables	**Loans and others**	**Other receivables**	**Trade payables**	**Other payables**	**Lease liabilities**
Subsidiaries							
KT Telecop Co., Ltd.	₩	332	-	499	-	32,573	-
KTCS Corporation		275	-	8,840	-	47,296	1
KTIS Corporation		10,647	-	-	-	46,046	-
KT Service Bukbu Co., Ltd.		21	-	-	-	26,519	-
KT Service Nambu Co., Ltd.		-	-	1	-	40,159	-
KT Skylife Co., Ltd.		27,719	-	7,426	-	15,144	-
KTDS Co., Ltd.		1,337	-	1,976	-	149,144	-
KT Estate Inc.		1	-	42,565	-	28,329	10,283
KT ENA Co., Ltd. (formerly. Skylife TV Co., Ltd.)		613	-	-	-	3,020	-
BC Card Co., Ltd. [1]		4,768	-	6	-	12,509	5
KT Sat Co., Ltd.		1,190	-	-	-	1,149	-
KT Alpha Co., Ltd.		5,827	-	1,312	-	8,568	-
KT Commerce Inc.		5	-	121	11,222	21,108	14,907
KT M&S Co., Ltd.		284	-	55	-	49,363	-
KT GENIE Music Corporation. (formerly. GENIE Music Corporation.)		-	-	12,628	-	22,315	-
KT M Mobile Co., Ltd.		57,590	-	58	-	1,283	-
kt Nasmedia, Inc. (formerly. Nasmedia, Co., Ltd.)		1,727	-	139	-	165	-
KT MOS Bukbu Co., Ltd.		62	-	657	-	20,526	-
KT MOS Nambu Co., Ltd.		-	-	60	-	16,301	-
KT Engineering Co., Ltd		2,360	-	1	182	74,466	-
KT Studio Genie Co., Ltd.		34	-	15,926	-	17,311	-
kt cloud Co., Ltd.		13,760	-	16,283	-	92,623	352
East Telecom LLC		5,178	16,010	-	-	-	-
kt netcore Co. Ltd		4,911	-	4	-	107,930	-
kt p&m Co. Ltd		-	-	-	-	17,803	-
Others		7,344	-	5,400	2,266	14,552	8,804
Associates and joint ventures							
K Bank Inc.		695	-	3,348	-	-	-
Others		750	-	7	-	224	553
Total	₩	147,430	16,010	117,312	13,670	866,426	34,905

(In millions of Korean won)		December 31, 2024					
		Receivables			Payables		
		Trade receivables	Loans and others	Other receivables	Trade payables	Other payables	Lease liabilities
Subsidiaries							
KT Linkus Co., Ltd.	₩	-	-	2	-	11,050	-
KT Telecop Co., Ltd.		224	-	978	1,137	29,487	-
KTCS Corporation		186	-	5,466	-	53,067	4
KTIS Corporation		12,956	-	-	-	46,564	-
KT Service Bukbu Co., Ltd.		19	-	3	-	24,652	-
KT Service Nambu Co., Ltd.		-	-	-	-	25,537	-
KT Skylife Co., Ltd.		27,816	-	5,223	-	20,335	-
KTDS Co., Ltd.		1,067	-	2,005	-	135,524	-
KT Estate Inc.		581	-	42,422	-	22,115	3,743
KT ENA Co., Ltd. (formerly. Skylife TV Co., Ltd.)		1,006	-	1,541	-	5,018	-
BC Card Co., Ltd. [1]		4,402	-	6	-	12,288	5
KT Sat Co., Ltd.		1,266	-	-	-	1,309	-
KT Alpha Co., Ltd.		5,738	-	25	2,081	5,516	-
KT Commerce Inc.		14	-	99	8,640	23,215	6,007
KT M&S Co., Ltd.		223	8,400	71	-	52,773	-
KT GENIE Music Corporation. (formerly. GENIE Music Corporation.)		1	-	14,715	-	14,996	-
KT M Mobile Co., Ltd.		49,224	-	51	-	4,016	-
kt Nasmedia, Inc. (formerly. Nasmedia, Inc.)		1,549	-	1	-	42	-
KT MOS Bukbu Co., Ltd.		64	-	736	-	15,122	-
KT MOS Nambu Co., Ltd.		-	-	211	-	12,881	-
KT Engineering Co., Ltd		-	-	367	2,965	123,402	-
KT Studio Genie Co., Ltd.		15	-	4,825	1,235	30,524	-
KT cloud Co., Ltd.		31,683	-	274	-	47,789	345
East Telecom LLC		5,811	15,307	-	89	-	-
Others		15,099	-	1,871	2,746	13,071	18
Associates and joint ventures							
K Bank Inc.		518	-	3,706	-	1	-
Others		247	-	20	117	365	963
Total	₩	159,709	23,707	84,618	19,010	730,659	11,085

[1] As of December 31, 2025, the unsettled amount of ₩ 12,496 million (December 31, 2024: ₩ 12,145 million) in credit card transaction with BC Card Co., Ltd. is included in other payables.

(5) Significant transactions with related parties for the year ended December 31, 2025 and 2024, are as follows:

(In millions of Korean won)

	2025							
	Sales		Purchases					
	Operating revenue	Other income	Operating expenses	Others [1]	Acquisition of right-of-use assets	Finance income	Finance costs	Dividends received
Subsidiaries								
KT Telecop Co., Ltd. [1]	8,538	-	148,580	3,695	16	2	-	-
KTCS Corporation[1]	101,335	3	354,009	22	-	-	-	318
KTIS Corporation	80,613	-	369,022	-	-	-	-	1,224
KT Service Bukbu Co., Ltd. [1]	9,732	7	219,956	6,967	-	-	-	-
KT Service Nambu Co., Ltd.[1]	15,098	8	338,325	7,800	1	-	-	-
KT Skylife Co., Ltd. [1]	148,873	8	18,514	76	-	-	-	8,368
KTDS Co., Ltd. [1]	14,800	-	445,068	68,527	-	1	-	6,096
KT Estate Inc. [1]	66,490	-	78,802	5,396	32,571	-	588	6,876
KT ENA Co., Ltd. (formerly. Skylife TV Co., Ltd.) [1]	16,047	-	12,710	1,400	-	-	-	-
BC Card Co., Ltd.	9,656	20	25,356	-	2	2	-	-
KT Sat Co., Ltd.	6,217	-	10,468	-	-	-	-	-
KT Alpha Co., Ltd.	64,178	52	38,923	-	-	3	-	-
KT Commerce Inc. [1]	1,226	-	75,876	86,047	12,372	-	749	-
KT M&S Co., Ltd.	260,140	40	302,734	-	-	-	-	-
KT GENIE Music Corporation. (formerly. GENIE Music Corporation.)	452	-	57,522	-	-	-	-	-
KT M Mobile Co., Ltd. [1]	288,465	141	6,259	6	-	-	-	-
kt Nasmedia, Inc. (formerly. Nasmedia, Inc.)	361	-	1,350	-	-	1	-	3,487
KT MOS Nambu Co., Ltd. [1]	2,635	-	97,347	7,474	-	-	-	-
KT MOS Bukbu Co., Ltd. [1]	3,936	-	95,261	11,193	-	-	-	-
KT Engineering Co., Ltd. [1]	5,102	15	48,029	171,039	-	-	-	-
KTHS Corporation (formerly. KHS Corporation)	20	-	7,928	-	-	-	-	-
KT Studio Genie Co., Ltd. [1]	894	-	10,261	79,902	-	1	-	-
kt cloud Co., Ltd.	81,617	-	246,791	-	421	4	8	-
kt netcore Co. Ltd [1,2]	15,096	-	290,267	488,846	-	1	-	-
kt p&m Co. Ltd [1,2]	3,053	-	55,615	13,010	-	-	-	-
Others [3]	42,388	12	116,438	2,763	9,882	1	99	12,519
Associates and joint ventures								
K Bank Inc.	8,075	-	7	-	-	1	-	-
Others [4]	2,664	-	12,301	-	-	-	34	5,079
Others								
Others	2	-	-	-	-	-	-	-
Total	₩ 1,257,703	306	3,483,719	954,163	55,265	17	1,478	43,967

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

[2] kt netcore Co., Ltd. and kt p&m Co., Ltd. were established in the fourth quarter of 2024.

[3] Transactions with KT Linkus Co., Ltd., PlayD Co., Ltd., H&C Network and Initech Co., Ltd. before it was excluded from subsidiaries are included.

[4] Transactions with Trustay Co., Ltd. before they were excluded from associates and joint ventures are included.

(In millions of Korean won)	2024							
	Sales		Purchases					
	Operating revenue	Other income	Operating expenses	Others [1]	Acquisition of right-of-use assets	Finance income	Finance costs	Dividends received
Subsidiaries								
KT Linkus Co., Ltd. [1]	₩ 5,432	14	58,083	250	1	-	-	-
KT Telecop Co., Ltd. [1]	10,063	8	142,820	457	15	3	-	-
KTCS Corporation	86,739	9	343,423	1	1	-	-	318
KTIS Corporation[1]	66,482	127	334,113	849	-	-	-	1,224
KT Service Bukbu Co., Ltd. [1]	11,033	3	215,341	3,880	-	-	-	-
KT Service Nambu Co., Ltd. [1]	13,485	5	262,273	4,333	-	-	-	-
KT Skylife Co., Ltd. [1]	142,302	9	24,266	66	-	-	-	8,368
KTDS Co., Ltd. [1]	14,019	5	452,554	64,307	-	1	-	4,848
KT Estate Inc. [1]	61,319	14	81,179	2,918	28,076	-	510	8,600
KT ENA Co., Ltd. (formerly. Skylife TV Co., Ltd.) [1]	13,951	-	12,945	1,000	-	-	-	-
BC Card Co., Ltd.	9,533	-	28,928	-	5	3	-	4,589
KT Sat Co., Ltd.	7,315	1	11,495	-	-	-	-	-
KT Alpha Co., Ltd.	62,624	5	42,950	-	-	3	-	-
KT Commerce Inc. [1]	1,213	1	84,605	126,261	5,545	-	177	-
KT M&S Co., Ltd.	320,738	30	272,474	-	-	-	-	-
KT GENIE Music Corporation. (formerly. GENIE Music Corporation.)	401	-	55,645	-	-	-	-	-
KT M Mobile Co., Ltd.	256,222	121	3,956	-	-	-	-	-
kt Nasmedia, Inc. (formerly. Nasmedia, Inc.)	267	2	2,652	-	-	1	-	3,487
KT MOS Nambu Co., Ltd. [1]	2,071	8	94,519	7,335	-	-	-	-
KT MOS Bukbu Co., Ltd. [1]	3,249	8	93,298	9,105	-	1	-	-
KT Engineering Co., Ltd. [1]	4,748	2	58,403	195,391	-	-	-	-
KTHS Corporation (formerly. KHS Corporation)	18	-	7,533	-	-	-	-	-
KT Studio Genie Co., Ltd. [1]	9,107	-	6,647	70,321	-	-	-	-
kt cloud Co., Ltd. [1]	106,657	5	169,214	259	413	1	8	-
Others [1,2]	43,155	356	107,914	1,518	11	1	1	6,091
Associates and joint ventures								
K Bank Inc.	5,963	-	113	-	-	918	-	-
Others [3]	3,719	-	11,391	-	11	-	53	4,124
Others								
Others	40	4	25	-	-	-	-	-
Total	₩ 1,261,865	737	2,978,759	488,251	34,078	932	749	41,649

[1] The amount of acquisition of properties, equipment and others is included.

[2] Transactions with Lolab Co., Ltd., KT NEXR Co., Ltd., and Juice before it was excluded from subsidiary are included.

[3] Transactions with LS Marine Solution Co., Ltd., QTT Global (Group) Company Ltd. and OASISALPHA Corporation before they were excluded from Associates and joint ventures are included.

(6) Key management compensation for the years ended December, 2025 and 2024, consists of:

(In millions of Korean won)		2025	2024
Short-term benefits	₩	1,947	1,666
Post-employment benefits		280	193
Stock-based compensation		952	1,225
Total	₩	3,179	3,084

(7) Fund transactions with related parties for the years ended December, 2025 and 2024, are as follows:

(In millions of Korean won)		2025				
		Loan transactions		Borrowing transactions[1]		
		Loans	Collections	Borrowings	Repayments	Equity contributions in cash and others
Subsidiaries						
KT M&S Co., Ltd.	₩	29,400	37,800	-	-	-
KT Estate Inc.		-	-	58	23,872	-
Others		-	-	22,362	5,384	14,158
Associates and joint ventures						
IBK-KT Young Entrepreneurs MARS Investment Fund		-	-	-	-	5,000
KT-IBKC Future Investment Fund 1		-	-	-	-	(1,690)
Others Investment Association		-	-	-	441	(140)
Total	₩	29,400	37,800	22,420	29,697	17,328

[1] Borrowing transactions include lease transactions.

(In millions of Korean won)		2024				
		Loan transactions		Borrowing transactions[1]		
		Loans	Collections	Borrowings	Repayments	Equity contributions in cash and others
Subsidiaries						
KT M&S Co., Ltd.	₩	62,300	62,300	-	-	150
KT Estate Inc.		-	-	-	25,136	-
KT ES Pte. Ltd.		-	-	-	-	68,270
kt netcore Co. Ltd		-	-	-	-	61,000
kt p&m		-	-	-	-	10,000
Others		-	-	6,495	1,106	1,417
Associates and joint ventures						
IBK-KT Young Entrepreneurs MARS Investment Fund		-	-	-	-	5,000
KT-IBKC Future Investment Fund 1		-	-	-	-	(1,820)
TeamFresh Corp. [2]		-	-	-	-	52,841
Others Investment Association		-	-	-	432	2,980
Total	₩	62,300	62,300	6,495	26,674	199,838

[1] Borrowing transactions include lease transactions.

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

(8) As of December 31, 2025, the Company has entered into a credit card agreement with a limit of ₩ 20,824 million (December 31, 2024: ₩ 18,481 million) with BC Card Co., Ltd.

(9) The Company has an obligation to invest in KIAMCO Data Center Development Real Estate General Private Placement Investment Blind Trusts, a related party, and others according to the agreement. As of December 31, 2025, the Company is planning to make an additional investment of ₩ 41,690 million.

(10) The Company has transferred tangible and intangible assets, including machinery and software, to KT Cloud Co., Ltd., a related party, for ₩ 22,331 million. The carrying amount of the assets transferred was ₩ 21,232 million.

35. Financial Risk Management

(1) Financial Risk Factors

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

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

1) Market risk

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

(i) Sensitivity analysis

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

(ii) Foreign exchange risk

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

As of December 31, 2025 and 2024, if the foreign exchange rate had strengthened or weakened by 10% with all other variables held constant, the effects on profit before income tax and equity would have been as follows:

(in millions of Korean won)	Fluctuation of foreign exchange rate	Impact on profit before income tax [1]	Impact on equity
2025.12.31	+ 10%	₩ (4,819)	₩ (1,451)
	- 10%	4,819	1,451
2024.12.31	+ 10%	₩ (7,930)	₩ (12,287)
	- 10%	7,930	12,287

[1] Computed with consideration of derivatives hedging effect applied by the Company to hedge foreign exchange risk of liabilities in foreign currencies.

The analysis above is a simple sensitivity analysis, which assumes that all the variables other than foreign exchange rates are held constant. Therefore, the analysis does not reflect any correlation between foreign exchange rates and other variables, nor management's decision to decrease the risk. Details of financial assets and liabilities in foreign currencies as of December 31, 2025 and 2024, are as follows:

(in thousands of foreign currencies)	December 31, 2025		December 31, 2024	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
USD	67,324	2,020,394	48,504	2,222,517
SDR	255	721	254	721
JPY	-	30,000,000	-	-
TZS	20	-	21,868	-
BWP	659	-	664	-
PKR	21,050	-	13,732	-
THB	702	-	712	-
UZS	8,346	-	-	-
KGS	2,457	-	-	-

(iii) Price risk

As of December 31, 2025 and 2024, the Company is exposed to equity securities price risk because the securities held by the Company are traded in active markets. If the increased or decreased by 10% with all other variables held constant, the effects on profit before income tax and equity would have been as follows:

(in millions of Korean won)	Fluctuation of price	Impact on profit before tax	Impact on equity
2025.12.31	+ 10%	₩ -	₩ 194,898
	- 10%	-	(194,898)
2024.12.31	+ 10%	₩ -	₩ 128,996
	- 10%	-	(128,996)

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

(iv) Cash flow and fair value interest rate risk

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

As of December 31, 2025 and 2024, if the market interest rate increased or decreased by 100bp with other variables held constant, the effects on profit before income tax and equity would be as follows:

(in millions of Korean won)	**Fluctuation of interest rate**		**Impact on profit before tax**		**Impact on equity**
2025.12.31	+ 100 bp	₩	(22)	₩	3,608
	- 100 bp		23		(3,374)
2024.12.31	+ 100 bp	₩	(37)	₩	(9,732)
	- 100 bp		39		10,144

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

2) Credit risk

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

- Risk management

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

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

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

- Security

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

- Impairment of financial assets

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

- trade receivables for sales of goods and provision of services,
- contract assets relating to provision of services, and
- other financial assets carried at amortized cost.

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

The maximum exposure to credit risk of the Company's financial instruments without considering the value of collaterals as of December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		December 31, 2025		December 31, 2024
Cash and cash equivalents (except for cash on hand)	₩	1,580,262	₩	1,536,744
Trade and other receivables				
Financial assets at amortized costs		3,171,002		3,099,178
Financial assets at fair value through other comprehensive income		107,644		114,774
Contract assets		888,675		735,508
Other financial assets				
Derivatives financial assets for hedging purposes		312,333		442,144
Financial assets at fair value through profit or loss		344,938		456,224
Financial assets at amortized costs		110,465		80,465
Total	₩	6,515,319	₩	6,465,037

The Company is exposed to credit risk for financial guarantee contracts. As of December 31, 2025, the Company's maximum exposure amount is ₩ 428 million (December 31, 2024: ₩ 433 million).

(i) Trade receivables at amortized costs

The Company applies the simplified approach to measuring expected credit loss allowance, which uses lifetime expected credit loss for all trade receivables at amortized costs.

The Company measures the expected credit loss by considering the future non-recoverable rate of the remaining balance of trade receivables and other receivables at the end of the reporting period. Each trade receivables and other receivables are classified considering the credit risk characteristics and overdue periods in order to measure expected credit loss. The expected credit loss rate calculation is based on historical payment and credit loss information in relation to revenue for 36 months period up to December 31, 2025.

The expected credit losses reflect forward-looking information. Provision for impairment as of December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		December 31, 2025			
		Less than 6 months	7-12 months	More than 1 years	Total
Expected credit loss rate		6.60%	20.61%	50.51%	
Gross carrying amount	₩	2,727,076	53,548	212,931	2,993,555
Provision for impairment	₩	(180,040)	(11,034)	(107,558)	(298,632)

(in millions of Korean won)		December 31, 2024			
		Less than 6 months	7-12 months	More than 1 years	Total
Expected credit loss rate		5.64%	12.07%	55.45%	
Gross carrying amount	₩	2,637,189	38,576	248,894	2,924,659
Provision for impairment	₩	(148,766)	(4,657)	(138,006)	(291,429)

Details of changes in provisions for impairment the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025	2024
Beginning balance	₩	291,429	279,643
Increase in loss allowance recognized in profit or loss during the year		52,988	49,356
Receivables written off during the year as uncollectible		(45,785)	(37,570)
Ending balance	₩	298,632	291,429

As of December 31, 2025, the maximum exposure of the trade receivables carrying amount to credit risk is ₩ 2,694,923 million (December 31, 2024: ₩ 2,633,230 million).

Losses recognized in profit or loss in relation to impaired trade receivables for the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025	2024
Impairment loss			
Allowance for bad debts	₩	52,988	49,356

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

The Company is also exposed to credit risk in relation to cash equivalents. The maximum exposure, as of December 31, 2025, is the carrying amount of these investments.

(iii) Other financial assets at amortized costs

Other financial assets at amortized cost include time deposits, other long-term financial instruments, and others.

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

Details of changes in provisions for impairment the years ended December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		2025	2024
Beginning balance	₩	34,806	30,046
Increase in loss allowance recognized in profit or loss during the year		14,683	19,494
Receivables written off during the year as uncollectible		(13,037)	(14,734)
Ending balance	₩	36,452	34,806

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

The Company is also exposed to credit risk in relation to financial assets that are measured at fair value through profit or loss. The maximum exposure, as of December 31, 2025, is the carrying amount of these investments.

3) Liquidity risk

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

The table below analyzes the Company's liabilities (including interest expenses) into relevant maturity groups based on the remaining period at the report date to the contractual maturity date and these amounts are contractual undiscounted cash flows and can differ from the amount in the separate financial statement:

(in millions of Korean won)		December 31, 2025			
		Less than 1 year	**1-5 years**	**More than 5 years**	**Total**
Trade and other payables	₩	4,158,124	174,772	12,049	4,344,945
Borrowings (including debentures)		1,539,470	4,735,170	1,625,039	7,899,679
Lease liabilities		272,787	412,038	134,480	819,305
Others[1]		428	-	-	428
Total	₩	5,970,809	5,321,980	1,771,568	13,064,357

(in millions of Korean won)		December 31, 2024			
		Less than 1 year	**1-5 years**	**More than 5 years**	**Total**
Trade and other payables	₩	4,332,613	729,640	3,030	5,065,283
Borrowings (including debentures)		2,649,384	4,465,263	1,599,040	8,713,687
Lease liabilities		273,401	498,621	102,128	874,150
Others[1]		433	-	-	433
Total	₩	7,255,831	5,693,524	1,704,198	14,653,553

[1] Consists of the maximum limit related to joint responsibility and agreement of assumption of debts. The cash flows on agreements are classified based on the earliest period that the agreement can be executed (Note 19).

As of December 31, 2025, the cash outflows and inflows by maturity of the Company's derivatives held for trading and gross-settled derivatives, are as follows:

(in millions of Korean won)		December 31, 2025			
		Less than 1 year	1-5 years	More than 5 years	Total
Derivatives held for trading [1]					
Outflows	₩	10,359	-	-	10,359
Derivatives settled gross [2]					
Outflows	₩	1,679,601	3,039,986	25,036	4,744,623
Inflows		687,988	2,567,414	36,159	3,291,561

[1] As of December 31, 2025, derivative liabilities held-for-trading are classified under the 'less than 1 year' category as they are relevant to the fair value of derivatives liabilities in the amount of ₩ 10,359 million, which is recognized in connection with the acquisition of Epsilon Global Communications Pte. Ltd. (Note 19). As these derivatives held-for-trading are managed based on net fair value, their contractual maturities are not necessarily taking into consideration to understand the timing of cash flows.

[2] Cash outflow and inflow of gross-settled derivatives are undiscounted contractual cash flow and may differ from the amount in the separate statement of financial position.

(in millions of Korean won)		December 31, 2024			
		Less than 1 year	1-5 years	More than 5 years	Total
Derivatives held for trading [1]					
Outflows	₩	-	-	28	28
Derivatives settled gross [2]					
Outflows	₩	1,186,175	1,539,565	26,283	2,752,023
Inflows		1,406,220	1,871,237	38,955	3,316,412

[1] As of December 31, 2024, derivative liabilities held-for-trading are classified under the 'more than 5 years' category as they are relevant to the fair value of derivatives liabilities in the amount of ₩ 28 million, which is recognized in connection with the acquisition of Epsilon Global Communications Pte. Ltd. (Note 19). As these derivatives held-for-trading are managed based on net fair value, their contractual maturities are not necessarily taking into consideration to understand the timing of cash flows.

[2] Cash outflow and inflow of gross-settled derivatives are undiscounted contractual cash flow and may differ from the amount in the separate statement of financial position.

(2) Capital Risk Management

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

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

The Company's debt-to-equity ratios as of December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		December 31, 2025	December 31, 2024
Total liabilities	₩	14,451,027	15,108,740
Total equity		15,226,560	14,420,140
Debt-to-equity ratio		95%	105%

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

The Company's gearing ratios as of December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		December 31, 2025	December 31, 2024
Total borrowings	₩	7,068,705	7,871,919
Less: cash and cash equivalents		(1,585,921)	(1,540,570)
Net debt		5,482,784	6,331,349
Total equity		15,226,560	14,420,140
Total capital	₩	20,709,344	20,751,489
Gearing ratio		26%	31%

(3) Offsetting Financial Assets and Financial Liabilities

1) Details of the Company's financial assets recognized, subject to enforceable master netting arrangements or similar agreements, as of December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		December 31, 2025					
					Amounts not offset		
		Gross assets	Gross liabilities offset	Net amounts presented in the statement of financial position	Financial instruments	Cash collateral	Net amount
Trade receivables	₩	58,360	(7,201)	51,159	(49,930)	-	1,229

(in millions of Korean won)		December 31, 2024					
					Amounts not offset		
		Gross assets	Gross liabilities offset	Net amounts presented in the statement of financial position	Financial instruments	Cash collateral	Net amount
Trade receivables	₩	41,709	(1,253)	40,456	(39,306)	-	1,150

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

2) Details of the Company's financial liabilities recognized, subject to enforceable master netting arrangements or similar agreements, as of December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		December 31, 2025					
					Amounts not offset		
		Gross liabilities	Gross assets offset	Net amounts presented in the statement of financial position	Financial instruments	Cash collateral	Net amount
Trade payables	₩	68,881	(7,201)	61,680	(49,930)	-	11,750

(in millions of Korean won)		December 31, 2024					
					Amounts not offset		
		Gross liabilities	Gross assets offset	Net amounts presented in the statement of financial position	Financial instruments	Cash collateral	Net amount
Trade payables	₩	52,748	(1,252)	51,496	(39,306)	-	12,190

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

36. Fair Value

During the period ended December 31, 2025, there have been no significant changes in the business or economic environment that affect the fair value of the Company's financial assets and liabilities.

(1) Fair Value by Financial Instruments Category

Carrying amount and fair value of financial instruments by category as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025		December 31, 2024	
		Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets					
Cash and cash equivalents	₩	1,585,921	[1]	1,540,570	[1]
Trade and other receivables					
Financial assets measured at amortized cost		3,171,002	[1]	3,099,178	[1]
Financial assets at fair value through other comprehensive income		107,644	107,644	114,774	114,774
Other financial assets					
Financial assets measured at amortized cost		110,465	[1]	80,465	[1]
Financial assets at fair value through profit or loss		344,938	344,938	456,224	456,224
Financial assets at fair value through other comprehensive income		2,139,753	2,139,753	1,458,891	1,458,891
Derivative financial assets for hedging purpose		312,333	312,333	442,144	442,144
Total	₩	7,772,056		7,192,246	
Financial liabilities					
Trade and other payables	₩	4,328,561	[1]	4,315,375	[1]
Borrowings		7,068,705	6,018,495	7,871,919	7,769,937
Other financial liabilities					
Financial assets at fair value through profit or loss		10,359	10,359	28	28
Derivative financial liabilities for hedging purpose		13,862	13,862	-	-
Total	₩	11,421,487		12,187,322	

[1] The Company did not conduct fair value estimation as the book amount is a reasonable approximation of the fair value.

(2) Fair Value Hierarchy

Assets measured at fair value or for which the fair value is disclosed are categorized within the fair value hierarchy, and the defined levels are as follows:

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

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured or disclosed at fair value or its fair value is disclosed as of December 31, 2025 and 2024, are as follows:

(In millions of Korean won)		December 31, 2025			
		Level 1	**Level 2**	**Level 3**	**Total**
Assets					
Trade and other receivables					
Financial assets at fair value through other comprehensive income	₩	-	107,644	-	107,644
Other financial assets					
Financial assets at fair value through profit or loss		-	-	344,938	344,938
Financial assets at fair value through other comprehensive income		2,043,513	-	96,240	2,139,753
Derivative financial assets for hedging		-	312,333	-	312,333
Investment properties		-	-	6,304,516	6,304,516
Total	₩	2,043,513	419,977	6,745,694	9,209,184
Liabilities					
Borrowings	₩	-	6,018,495	-	6,018,495
Other financial liabilities					
Financial assets at fair value through profit or loss		-	-	10,359	10,359
Derivative financial liabilities for hedging		-	13,862	-	13,862
Total	₩	-	6,032,357	10,359	6,042,716

(In millions of Korean won)		December 31, 2024			
		Level 1	Level 2	Level 3	Total
Assets					
Trade and other receivables					
Financial assets at fair value through other comprehensive income	₩	-	114,774	-	114,774
Other financial assets					
Financial assets at fair value through profit or loss		-	-	456,224	456,224
Financial assets at fair value through other comprehensive income		1,317,876	-	141,015	1,458,891
Derivative financial assets for hedging		-	442,144	-	442,144
Investment properties		-	-	5,227,418	5,227,418
Total	₩	1,317,876	556,918	5,824,657	7,699,451
Liabilities					
Borrowings	₩	-	7,769,937	-	7,769,937
Other financial liabilities					
Financial assets at fair value through profit or loss		-	-	28	28
Total	₩	-	7,769,937	28	7,769,965

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

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

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

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

Details of changes in Level 3 of the fair value hierarchy for recurring fair value measurements for the year ended December 31, 2025 and 2024 are as follows:

(In millions of Korean won)		**2025**		
		Financial assets		**Financial liabilities**
		Financial assets at FVTPL	**Financial assets at FVOCI**	**Financial liabilities at FVTPL**
Beginning balance	₩	456,224	141,015	28
Acquisition		9,410	145	-
Transfer		(28,026)	(4,641)	-
Disposal		(6,030)	(146)	-
Amount recognized in profit or loss		(86,640)	-	10,331
Amount recognized in other comprehensive income		-	(40,133)	-
Ending balance	₩	344,938	96,240	10,359

(In millions of Korean won)		**2024**		
		Financial assets		**Financial liabilities**
		Financial assets at FVTPL	**Financial assets at FVOCI**	**Financial liabilities at FVTPL**
Beginning balance	₩	441,321	201,189	1,403
Acquisition		15,367	-	-
Transfer		48,646	2	-
Disposal		(14,313)	-	-
Amount recognized in profit or loss		(34,797)	-	(1,374)
Amount recognized in other comprehensive income		-	(60,176)	-
Ending balance	₩	456,224	141,015	29

(4) Valuation Techniques and Inputs

Valuation methods used in recurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy as of December 31, 2025 and 2024, are as follows:

(in millions of Korean won)		**December 31, 2025**			
		Fair value	**Level**	**Valuation techniques**	**Inputs**
Assets					
Trade and other receivables					
Financial assets at fair value through other comprehensive income	₩	107,644	2	DCF Model	Guaranteed bond interest rate
Other financial assets					
Financial assets at fair value through profit or loss		344,938	3	DCF Model, Adjusted Net Asset Model, Backsolve Model, Binomial Option Pricing Model, T-F Model	
Financial assets at fair value through other comprehensive income		96,240	3	DCF Model, Backsolve Model, T-F Model	
Derivative financial assets for hedging		312,333	2	DCF Model	Market observation discount rate
Investment properties		6,304,516	3	DCF Model	
Liabilities					
Borrowings	₩	6,018,495	2	DCF Model	Corporate bond interest rate
Other financial liabilities					
Financial assets at fair value through profit or loss		10,359	3	Binomial Option Pricing Model	
Derivative financial liabilities for hedging		13,862	2	DCF Model	Market observation discount rate

(in millions of Korean won)		December 31, 2024			
		Fair value	**Level**	**Valuation techniques**	**Inputs**
Assets					
Trade and other receivables					
Financial assets at fair value through other comprehensive income	₩	114,774	2	DCF Model	Guaranteed bond interest rate
Other financial assets					
Financial assets at fair value through profit or loss		456,224	3	DCF Model, Adjusted Net Asset Model, Market Approach Model, Binomial Option Pricing Model, T-F Model	
Financial assets at fair value through other comprehensive income		141,015	3	DCF Model	
Derivative financial assets for hedging		442,144	2	DCF Model	Market observation discount rate
Investment properties		5,227,419	3	DCF Model	
Liabilities					
Borrowings	₩	7,769,937	2	DCF Model	Corporate bond interest rate
Other financial liabilities					
Financial assets at fair value through profit or loss		28	3	Binomial Option Pricing Model	

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

The Company engages 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 valuation processes and results with the CFO in line with the Company's closing dates.

37. Events After the Reporting Period

(1) The Company has decided to acquire treasury stocks (₩ 250,000 million) in accordance with a resolution of the Board of Directors dated February 10, 2026, to implement the 'Corporate Value-Up Plan'.

(2) The Company issued the following bonds after the end of the reporting period (unit: ₩ million).

Type	Issued Date	Annual interest rates	Maturity	Korean won
The 203-1st Public bond	Mar. 04, 2026	3.487%	Mar. 04, 2029	160,000
The 203-2nd Public bond	Mar. 04, 2026	3.619%	Mar. 04, 2031	50,000
The 203-3rd Public bond	Mar. 04, 2026	3.910%	Mar. 04, 2036	50,000
The 203-4th Public bond	Mar. 04, 2026	4.018%	Mar. 04, 2046	40,000

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

English Translation of Independent Auditor's Report on Internal Control over Financial Reporting Originally Issued in Korean on March 13, 2026

To the shareholders and the Board of Directors of KT Corporation

Audit Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of KT Corporation (the "Company") as of December 31, 2025, based on 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting'.

In our opinion, the Company's internal control over financial reporting is designed and operated effectively as of December 31, 2025, in all material respects, in accordance with the 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting'.

We have also audited, in accordance with the Korean Standards on Auditing ("KSAs"), the separate financial statements of the Company, which comprise the separate statement of financial position as of December 31, 2025, and the separate statement of profit or loss, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows, for the years then ended, and notes to the separate financial statements, including material accounting policy information, and our report dated March 13, 2026, expressed an unqualified opinion.

Basis for Audit Opinion

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

Responsibilities of Management and Those Charged with Governance for the Internal Control over Financial Reporting

Management is responsible for designing, operating and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report on the Effectiveness of the Internal Control over Financial Reporting by the CEO.

Those Charged with Governance are responsible for the oversight of internal control over financial reporting of the Company.

Deloitte.

Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

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

Deloitte Anjin LLC

March 13, 2026

<u>Notice to Readers</u>

This report is effective as of March 13, 2026, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the Company's internal control over financial reporting and may result in modifications to the auditor's report.

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

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

We, as the Chief Executive Officer ("CEO") and the Internal Control over Financial Reporting ("ICFR") Officer of KT Corporation (the "Company"), assessed the effectiveness of the design and operation of the Company's ICFR for the year ended December 31, 2025.

The Company's management, including the CEO and the ICFR Officer, is responsible for designing and operating ICFR.

We assessed whether the Company's ICFR has been effectively designed and operated in order to prevent and detect errors or frauds which may cause material misstatements to ensure preparation and disclosure of reliable financial statements.

We used, as the basis for the design and operation of the Company's ICFR, the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea (the "ICFR Committee"). In addition, in assessing the design and operation of ICFR, we used, as the evaluation criteria, the Appendix 6 of the *Implementation Guidelines for the Regulation on External Audit and Accounting., etc.*, the *Standard for Evaluation and Reporting of ICFR*.

Based on the assessment results, we believe that the Company's ICFR, as of December 31, 2025, is effectively designed and operated in all material respects, in conformity with the *Conceptual Framework for Design and Operation of ICFR*.

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

As stipulated in Paragraph 9 of *Conceptual Framework for Design and Operation of ICFR*, because of its inherent limitations, risks arising from the operation of ICFR may not be avoided and ICFR may not prevent or detect material misstatements of the financial statements arising from intentional fraudulent acts. The attachment to the report provides additional assessment results of key internal controls that are designed and operated by the Company in order to respond to the fraud risks identified in treasury processes.

(Attachment)
<u>Internal control activities performed by the Company in response to treasury fraud risks such as embezzlements, etc.</u>

February 24, 2026

Chief Executive Officer	Young Shub Kim	김
Internal Control over Financial Reporting Officer	Min Jang	장민

(Attachment)

Internal control activities performed by the Company in response to treasury fraud risks such as embezzlements, etc.

The disclosure of control activities performed by the Company below is made in accordance with the illustrative attachment format (to be attached to the Management's report on the effectiveness of the ICFR) described in *Guideline for Evaluation and Reporting of ICFR* enacted by Financial Supervisory Services, and does not include all of the Company's operating controls in response to fraud risks.

Type	Control activities performed by the Company	Assessment result of design and operation
Entity level Controls	**<Monitoring>** Management has established a continuous monitoring system to evaluate the design and operation of controls in the course of performing control activities. Issues identified that require additional review (e.g. changes in business processes, deficiencies in internal controls) are addressed with appropriate improvement measures.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jul. 2025)
	<Fraud Prevention System> Management has established an internal whistleblower channel and a protection system for whistleblowers for detecting violations of the code of ethics, as a part of management's commitment to compliance with the code of ethics.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jul. 2025)
	< Review of Performance Assessment Criteria> When assessing the fraud risk, management regularly reviews the Company's compensation programs and performance assessment processes to ensure that the Company does not provide any inappropriate incentives that could induce its employees to commit fraud and its employees do not bear any excessive accountability or disadvantages for failure to achieve financial and performance goals.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jul. 2025)
	<Management over Segregation of Duties> The duties of all positions, with defined responsibilities corresponding to the assigned tasks in each department, are documented in the Company's policy on work position system and organization management.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jul. 2025)
	<Fraud Risk Assessment> In order to manage information on risks having material impact on the Company's ICFR, the Company has established and operated its risk assessment system, considering various types of fraud risks.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jul. 2025 and Jan. 2026)
	< Expertise and Independence of Board of Directors> The entire members of the Company's audit committee should be non-executive directors for ensuring independence from management, and are required to have sufficient practical experience and expertise as professionals.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jul. 2025 and Jan. 2026)
	<Strengthening Compliance and Ethical Accountability> The Company has established measures to assess whether its employees comply with its code of ethics and other applicable laws and training programs related thereto, ensuring that appropriate counter measures shall be imposed on any violations in a timely manner.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jul. 2025 and Jan. 2026)

(Attachment)

Internal control activities performed by the Company in response to treasury fraud risks such as embezzlements, etc. (continued)

Type	Control activities performed by the Company	Assessment result of design and operation
Treasury Controls	**<Expense Management>** Expenses such as travel expenses are processed with approval, and the HR team leader, etc. conducts a review and approval on any inappropriate expense executions through ex-post inspection and monitoring, leading to appropriate measures taken.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Oct. 2025)
	<Management of Financial Instruments> For trading of financial instruments, the review of counter-party financial institutions and financial instruments is performed and the Finance team leader gives approval thereof.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jul. 2025 and Jan. 2026)
	<Management of Company-issued Credit Card> Requests for the issuance or cancellation of company-issued credit cards are reviewed based on the Company's policy, which shall be reviewed and approved by the AX Planning team leader.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jul. 2025 and Oct. 2025)
	<Treasury Planning> The finance manager reviews and reports the monthly treasury plan and obtains approval from the Finance team leader.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Oct. 2025)
	<Restrictions on Access to Treasury Operations> Access to treasury operations on the system is restricted only to the authorized members.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jul. 2025)
	<Segregation of Duties between Requestor and Approver in Executing Payment> The payment execution via the online banking system shall be requested and approved by different people in charge.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jan. 2026)
	<Segregation of Duties between Approver of Payment Request and Person in Charge of Payment Execution> Payment request forms are approved after reviewing the appropriateness of accounts and supporting documents, and the approver of the payment request and the person in charge of processing the payments are different.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jul. 2025, Oct. 2025 and Jan. 2026)
	<Restriction on Payment Execution and Review on the Validity of Banking Accounts (firm banking)> When making payments to vendors, the Company's system shall only allow transfer to vendors having banking accounts registered in the Company's Vendor Master.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Oct. 2025)
	<Cash Balance Reconciliation (Monthly Basis)> The finance manager in charge reconciles the bank balance statement with the cash balance in the Company's system at the end of each month and obtains approval on the reconciliation result from the Finance team leader.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Oct. 2025)

(Attachment)

Internal control activities performed by the Company in response to treasury fraud risks such as embezzlements, etc. (continued)

Type	Control activities performed by the Company	Assessment result of design and operation
	<Cash Balance Reconciliation (Daily Basis)> The finance manager in charge closes daily transactions, compiles evidence received from financial institutions, reconciles it with the records on the Company's system, and obtains approval on the reconciliation result from the Finance team leader.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Oct. 2025)
Treasury Controls	**<Prevention of Duplicating Transaction Records>** Upon confirming the expense records, the confirmed records shall be offset, and the amounts offset cannot be counted as expense for the same transaction.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Oct. 2025)
	<Physical Security (including Segregated Storage) of Certificates, Corporate Seals, OTP Devices and Physical Bank Accounts and Management of Usage thereof> Material tangible assets such as key certificates, corporate seals, OTPs and physical accounts are separately stored in a safe place under the proper physical security system, and any use of the seals requires prior approval from the leader of the team in charge.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Oct. 2025 and Jan. 2026)
	<Execution of Borrowings> Borrowings shall be executed under the approval from the Board of Directors, etc. in accordance with the policies on delegation and arbitrary decision.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jul. 2025 and Jan. 2026)
	<Repayment of Borrowings> While repaying principal and interest, the finance manager in charge reconciles repayment request details received from the financial institutions with borrowings statements, reviews the details and obtains approval from the Finance team leader who also conducts reviews thereof.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Oct. 2025)
	<Investments> In case of investments, the review on the details of transactions including the investee, investment amount and profitability shall be performed by the companywide council in accordance with the Company's policies on delegation and arbitrary decision, of which result shall be approved.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jan. 2026)
	<Derivative Management> When trading derivatives, the selection of derivatives and financial institutions shall be reviewed, of which details shall be reviewed and approved by the Finance team leader.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Oct. 2025 and Jan. 2026)
	<Management of the Company's Banking Accounts (Opening and Closing)> When an account is required to be opened (or, closed), the reason of account opening (or closing) shall be reviewed, of which details shall be reviewed and approved by the Finance team leader.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Oct. 2025 and Jan. 2026)
	<Management of the Company's Banking Accounts (Monitoring)> The finance manager shall verify the integrity of accounts by obtaining account details from domestic financial institutions that have transactions with the Company and reconciling such details with corporate accounts registered in the Company's system, of which details shall be reviewed and approved by the Finance team leader.	Upon assessment, no material weakness was found (KT Corporation's Internal Control Team, Jan. 2026)