

Interim separate financial statements for each of the nine-month periods ended September 30, 2024 and 2023 with the independent auditor's review report

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Report on review of interim separate financial statements

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Report on review of interim separate financial statements

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors KT&G Corporation

We have reviewed the accompanying interim separate financial statements of KT&G Corporation (the "Company"), which comprise the interim separate statement of financial position as of September 30, 2024, and the related interim separate statements of comprehensive income for each of the three and nine-month periods ended September 30, 2024 and 2023, interim separate statements of changes in equity and interim separate statements of cash flows for each of the nine-month periods ended September 30, 2024 and 2023 and a summary of material accounting policy information and other explanatory information.

Management's responsibility for the interim separate financial statements

Management is responsible for the preparation and presentation of these interim separate financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of interim separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these interim separate financial statements based on our review.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.



Other matters

We have audited the separate statement of financial position as of December 31, 2023, and the related separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended (not presented herein) in accordance with KSA, and our report dated March 4, 2024 expressed an unqualified opinion thereon. The accompanying separate statement of financial position as of December 31, 2023, presented for comparative purposes, is not different, in all material respects, from the above audited separate statement of financial position.

Ernst Joung Han Young

November 8, 2024

This review report is effective as of November 8, 2024, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's review report date to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim separate financial statements and may result in modifications to this review report.

Interim separate financial statements For each of the nine-month periods ended September 30, 2024 and 2023

The accompanying interim separate financial statements, including all footnotes and disclosur have been prepared by, and are the responsibility of, the Company."	es,
ung-Man Bang ief Executive Officer &G Corporation	

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Interim separate statements of financial position As of September 30, 2024 (Unaudited) and December 31, 2023





(in millions of Korean won)	Notes		September 30, 2024		December 31, 2023
Assets					
Current assets					
Cash and cash equivalents	23,24	₩	585,264	₩	210,392
Other financial assets	23,24		135,205		102,403
Current financial assets measured at fair value through profit or loss	23		246,769		342,933
Trade and other receivables	5,17,22,23,24		1,364,364		1,433,909
Derivative assets	23,24		10,259		7,751
Inventories	6		1,280,562		1,222,802
Refund assets and others			697		746
Accrued tobacco excise and other taxes			227,861		217,569
Advanced payments			15,275		441
Prepaid expenses			29,616		15,326
Assets held for sale	13		78,612		_
Total current assets			3,974,484		3,554,272
Non-current assets					
Long-term other financial assets	23,24		51,200		84,040
Long-term deposits in MSA Escrow Fund	23,24		1,523,224		1,479,737
Long-term financial assets measured at fair value through profit or loss	23,24		316,066		337,216
Long-term trade and other receivables	5,22,23,24		232,400		254,744
Long-term Financial assets measured at fair value through other comprehensive income or loss	23		221,179		182,106
Investments in associates and joint ventures	7,22,24		457,228		457,341
Investments in subsidiaries	8,22,24		1,612,256		1,475,656
Property, plant and equipment	9,22,24		1,426,905		1,282,113
Intangible assets	10,22		134,556		133,920
Investment properties	11,24		763,515		992,523
Right-of-use assets	12,22		24,472		26,299
Long-term prepaid expenses	,		10,409		9,652
Deferred tax assets	21		33,695		60,874
Net defined benefit assets	15		18,393		43,428
Total non-current assets			6,825,498		6,819,649
Total assets		₩	10,799,982	₩	10,373,921
Liabilities					
Current liabilities					
Short-term borrowings	14,23,24	₩	300,000	₩	-
Current bonds	14,23		99,862		-
Trade and other payables	22,23,24		1,351,185		1,416,275
Current lease liabilities	22,23		6,818		6,407
Advanced receipts	17		73,414		8,646
Current refund liabilities and provisions	16		6,671		7,154
Current tax liabilities	21		101,530		164,435
Tobacco excise and other taxes payables			600,143		561,303
Total current liabilities			2,539,623		2,164,220
Non-current liabilities					
Bonds	14,23		498,734		299,165
Long-term trade and other payables	22,23,24		59,104		51,938
Long-term lease liabilities	22,23		14,681		17,532
Long-term advance receipts	17		8,753		5,829
Long-term refund liabilities and provisions	16		3,098		2,712
Total non-current liabilities			584,370		377,176
Total liabilities		₩	3,123,993	₩	2,541,396





(in millions of Korean won)	Notes	September 30, 2024	-	December 31, 2023
Equity				
Share capital	₩	954,959	₩	954,959
Other capital surplus		4,594		4,030
Treasury shares		(1,372,674)		(1,236,933)
Gain on sale of treasury shares		529,029		528,894
Reserves		7,167,890		7,238,475
Retained earnings		392,191		343,100
Total equity	₩	7,675,989	₩	7,832,525
Total liabilities and equity	₩	10,799,982	₩.	10,373,921

[&]quot;The accompanying notes are an integral part of the interim separate financial statements."



Interim separate statements of comprehensive income
For each of the three-month and nine-month periods ended September 30, 2024 and 2023
(Unaudited)

(in millions of Korean won)			Septemb	er (30, 2024		Septemb	er 3	0, 2023
	Notes		Three-month period ended		Nine-month period ended	_	Three-month period ended	_	Nine-month period ended
Sales	4,22	₩	997,642	₩	2,733,509	₩	976,106	₩	2,679,760
Manufacture of tobacco	,		857,774		2,390,949		817,671		2,327,010
Real estate	17		90,342		205,607		120,752		245,014
Exports of leaf tobacco and others		_	49,526		136,953	_	37,683	_	107,736
Cost of sales	22		(488,750)		(1,339,442)		(489,803)		(1,324,562)
Manufacture of tobacco			(393,332)		(1,116,450)		(393,875)		(1,107,939)
Real estate	17		(64,563)		(130,384)		(68,524)		(127,284)
Exports of leaf tobacco and others		_	(30,855)		(92,608)	_	(27,404)	_	(89,339)
Gross profit			508,892		1,394,067		486,303		1,355,198
Selling, general and administrative expense	18,22,23	-	(202,100)		(597,063)	-	(192,378)	_	(587,220)
Operating profit			306,792		797,004		293,925		767,978
Other income	19,22,23	3	31,586		118,103		64,650		167,030
Other expense	19,22,23	3	(173,431)		(70,171)		(22,967)		(78,015)
Finance income	20,22,23	3	36,027		119,392		21,903		135,966
Finance costs	20,22,23		(6,480)		(25,887)	_	(11,787)	_	(16,375)
Profit before income tax			194,494		938.441		345,724		976,584
Income tax expense	21	_	(48,047)		(213,924)		(87,381)	_	(260,584)
Profit for the period		₩_	146,447	₩.	724,517	₩_	258,343	₩_	716,000
Other comprehensive income (loss) for the year after income tax									
Items that will not be reclassified to profit or loss									
Re-measurements of net defined benefit liabilities		₩	687	₩	(3,621)	₩	635	₩	(15,171)
Gain on valuation of financial assets measured at fair value through			21,799		50,261		7,052		5,739
other comprehensive income or loss		-				-		-	
Total comprehensive income for the period		₩-	22,486 168,933	₩	46,640 771,157	₩	7,687 266,030	₩	(9,432) 706,568
		-	· · · · · · · · · · · · · · · · · · ·	•	· ·	-	,	_	· _
Earnings per share (in Korean won)							0.000		0.100
Basic and diluted		₩_	1,302	₩	6,441	₩_	2,230	₩_	6,180

[&]quot;The accompanying notes are an integral part of the interim separate financial statements."



Interim separate statements of changes in equity For each of the nine-month periods ended September 30, 2024 and 2023 (Unaudited)

(in millions of Korean won)	·	Share capital	Other capital surplus	sn	Treasury shares	Gains	Gains on sale of treasury shares	Reserve		Retained earnings	Total equity
Balance as of January 1, 2023		954,959		3,582 ₩	(1.236.933)	*	528.894 W	6.814.100	 	₩ 100.686	8.053.603
Total comprehensive income for the period	i i										
Profit for the period Other comprehensive income (loss) for the period:		I		'						/16,000	/16,000
Re-measurements of net defined benefit liabilities					'		•			(15,171)	(15,171)
Gain on valuation of finacial assests measured at fair value through other comprehensive income or loss		•		,	•		1	5,739	69	•	5,739
Subtotal other comprehensive income (loss) for the period				'				5,739	69	(15,171)	(9,432)
Total comprehensive income for the period		1		'			1	5,739	6	700,829	706,568
Transactions with owners of the Company:											
Dividends paid		1		,	'		1		٠,	(720,935)	(720,935)
Transfer to other reserve		ı			'			407,601	Ξ.	(407,601)	'
Acquisition of treasury shares		1		' 8	(302,728)		ı		ı	ı	(302,728)
Share options Total Transactions with owners of the Commany				409	- (302 708)			- 407 601	٠ =	- (1 128 536)	409
Balance as of September 30, 2023	*	954.959		3.991 ##	(1,539,661)		528.894 W	7.227.440	 }	561.294 ₩	7.736.917
Balance as of January 1, 2024	*	954,959 ₩		4,030 ₩	(1,236,933)	\$	528,894 W	7,238,475	.2 ₩ 	343,100 #	7,832,525
Profit for the period		,			•					724,517	724,517
Other comprehensive income for the period:											
Re-measurements of net defined benefit liabilities		•		,	•		1		,	(3,621)	(3,621)
Gain on valuation of finacial assests measured at fair value		•		1	'		1	50,261	25	1	50,261
unough other comprehensive income or ross Transfer from gain on disposal of financial assets											
measured at fair value through other comprehensive income					•			(12,706)	3)	12,706	1
Or loss to retained earnings Subtotal other comprehensive income for the period							-	37.555	29	9.085	46.640
Total comprehensive income for the period		'		 '			'	37,555		733,602	771,157
Transactions with owners of the Company:											
Dividends paid		1		•	'		1		1	(586,619)	(586,619)
Transfer from other reserve		1		,	•		1	(108,140)	()	108,140	•
Acquisition of treasury shares		1			(342,133)		1			•	(342,133)
Retirement of treasury shares		1		•	206,032		1			(206,032)	•
Share options		1		564	360		135			•	1,059
Total Transactions with owners of the Company		1		564	(135,741)		135	(108,140)	<u>()</u>	(684,511)	(927,693)
Balance as of September 30, 2024	*	954,959 W		4,594 ₩	(1,372,674)	*	529,029 # W	7,167,890	# 06	392,191 #	7,675,989

"The accompanying notes are an integral part of the interim separate financial statements."

Interim separate statements of cash flows For each of the nine-month periods ended September 30, 2024 and 2023 (Unaudited)



(in millions of Korean won)	Notes	_	September 30, 2024	_	September 30, 2023
Net cash flows provided by operating activities		₩	848,322	₩	600,315
Cash generated from operations	25		1,114,701		917,586
Income taxes paid			(266,379)		(317,271)
Net cash flows used in investing activities			(116,566)		(439,175)
Interest received			43,945		22,636
Dividends received			79,376		20,084
Decrease in other financial assets			2,403		36,340
Decrease in current financial assets measured at fair value			172,563		397,778
through profit or loss			172,303		391,110
Decrease in long-term financial assets measured at			26,339		4,846
fair value through profit or loss Decrease in long-term financial assets measured at					
fair value through other comprehensive income or loss			29,216		-
Disposal of property, plant and equipment			5,745		3,871
Disposal of intangible assets			579		1,030
Disposal of investment properties			9,264		8,403
Disposal of assets held for sale			181		188
Disposal of investments in associates and joint ventures			25,982		_
Collection of loans			13,404		13,514
Collection of guarantee deposits			126		38
Increase in other financial assets			(2,367)		(16,942)
Increase in current financial assets measured at fair value through profit or loss			(35,865)		(181,020)
Increase in long-term financial assets measured at fair value through profit or loss			(35,277)		(32,160)
Increase in long-term deposits in MSA Escrow Fund			(68)		(1,635)
Acquisition of property, plant and equipment			(251,710)		(175,915)
Acquisition of intangible assets			(19,016)		(28,881)
Acquisition of investment properties			(7,671)		(13,127)
Acquisition of investments in associates and joint ventures			(19,500)		(188,478)
Acquisition of investments in subsidiaries			(136,600)		(190,874)
Increase in loans			(17,303)		(116,131)
Increase in guarantee deposits			(312)		(2,740)
Net cash flows used in financing activities			(356,166)		(736,227)
Interest paid			(19,961)		(5,620)
Dividends paid			(586,619)		(720,935)
Acquisition of treasury shares			(342,133)		(302,728)
Proceeds in short-term borrowings			630,000		1,230,000
Repayment in short-term borrowings			(330,000)		(1,230,018)
Proceeds from issuance of bond			298,990		299,073
Repayment of lease liabilities			(6,443)		(5,999)
Net increase (decrease) in cash and cash equivalents			375,590		(575,087)
Cash and cash equivalents at the beginning of the period			210,392		939,550
Effect of exchange rate fluctuation on cash and cash equivalents			(718)		7,215
Cash and cash equivalents at the end of the period		₩	585,264	₩	371,678

[&]quot;The accompanying notes are an integral part of the interim separate financial statements."

Notes to the interim separate financial statements

September 30, 2024 and 2023 (Unaudited)

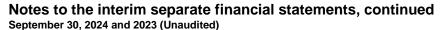
1. Overview of the Company

KT&G Corporation (the "Company") is engaged in manufacturing and selling tobaccos. As of September 30, 2024, the Company has three manufacturing plants, including the Daejeon plant, and 14 local headquarters and 101 branches for the sale of tobacco throughout the country. Also, the Company has the Gimcheon plant for fabrication of leaf tobacco and the Cheonan printing plant for manufacturing of packaging material. The headquarters of the Company is located at 71, Beotkkotgil, Daedeok-gu, Daejeon.

The Company was established as a government-owned enterprise pursuant to the Korea Monopoly Corporation Act on April 1, 1987. On April 1, 1989, the Company changed its name to Korea Tobacco and Ginseng Corporation pursuant to the Korea Tobacco and Ginseng Corporation Act. In order to secure financing and promote efficient management of monopoly business of red ginseng and tobacco, the Company was excluded from the application of Framework Act on the Management of Government-Invested Institutions and became an entity existing and operating under the Commercial Act of Korea, pursuant to the Act on Improvement of Managerial Structure and Privatization of Public Enterprises, proclaimed on August 28, 1997, and enforced on October 1, 1997.

The shareholders approved a plan to separate the Company into two companies by setting up a subsidiary for its red ginseng business segment effective from January 1, 1999, pursuant to the Korean government's privatization program and management reorganization plan. The separation into a wholly owned subsidiary, Korea Ginseng Corporation, was accomplished by the Company's contribution of the assets and liabilities in the red ginseng business segment. On December 27, 2002, the Company changed its name again to KT&G Corporation from Korea Tobacco and Ginseng Corporation.

On October 8, 1999, the Company sold 28,650,000 shares of government-owned interest to the public and listed its shares on Korea Exchange. The Company listed 45,400,000 and 35,816,658 shares of Global Depositary Receipts ("GDRs") on Luxembourg Stock Exchange, on October 17, 2002 and October 31, 2001, respectively (each GDR represents the right to receive one-half ordinary share of the Company). Then on June 25, 2009, the Company changed the trading market for its GDRs from BdL Market to Euro MTF, both within the Luxembourg Stock Exchange.





2. Material Accounting Policies

(1) Basis of Preparation

The interim separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the Republic of Korea("KIFRS") 1034 *Interim Financial Reporting*. The accompanying interim separate financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's review report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The Company's interim separate financial statements should be read in conjunction with its yearend separate financial statements, since the interim separate financial statements do not include all information and notes that are required for the year-end separate financial statements.

(2) New and amended standards and interpretations adopted by the Company

The Company does not have a history of early adoption of new accounting standards and interpretations that have been published but are not mandatory for the reporting period. There are various amendments and interpretations which have been applied for the first time in the 2024 reporting period. As of September 30, 2024, these amendments and interpretations do not have a significant impact on the interim separate financial statements.

(a) Amendments to KIFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period.

Notes to the interim separate financial statements, continued September 30, 2024 and 2023 (Unaudited)



2. Material Accounting Policies (cont'd)

(b) Amendments to KIFRS 1007 Statement of Cash Flows, KIFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk.

(c) Amendments to KIFRS 1116 Leases - Lease Liability in a Sale and Leaseback

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

(d) Amendments to KIFRS 1001 Presentation of Financial Statements – Disclosure of Virtual Assets

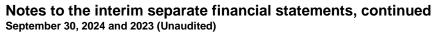
These amendments mandate entities to disclose material information for the financial statement users such as the impact of holding and issuing virtual assets on their accounting policies and financial statements. The entities should separately disclose information related to holding virtual assets, holding them on behalf of the customers, and issuing them.

(3) Material Accounting Policies

Material accounting policies and method of computation used in the preparation of the interim separate financial statements are consistent with those of the separate financial statements for the year ended December 31, 2023, except for the changes due to the application of amendment and enactments of standards described in Note 2.(2) and the one described below.

(a) Income Tax Expense

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





3. Material Accounting Estimates and Assumptions

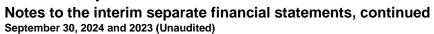
The preparation of financial statements requires the Company to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting estimates may not equal the related actual results.

Material accounting estimates and assumptions applied in the preparation of these interim separate financial statements are the same as those applied to the separate financial statements for the year ended December 31, 2023, except for the estimates used to determine the income tax expense.

4. Operating Segment

The Company obtains revenue by transferring goods and services over a period or at a point in time in the major business lines. The categories of major business lines are consistent with the revenue disclosure information per reporting segment in accordance with KIFRS 1108.

(in millions of Korean won)				September	30, 2024		September	30, 2023
				Three-month period ended	Nine-month period ended		Three-month period ended	Nine-month period ended
Revenue recognized at a point in time) :							
0-1	Korea	Wholesale and retail	₩	586,465 ₩	1,663,250	₩	582,603 ₩	1,648,372
Sales of tobacco/merchandise and service revenue and others	Notea	Direct sales		1,006	3,404		1,441	3,638
Service revenue una omers	Export	Wholesale and retail		270,303	724,295		233,627	675,000
Sales of semifinished tobacco	Korea	Direct sales		1,774	5,874		984	14,868
products/raw materials and others	Export	Direct sales		47,752	131,079		36,699	92,867
Sales of real estate	Korea	Sales		15	9,862		3,256	3,256
Subt	otal			907,315	2,537,764		858,610	2,438,001
Revenue recognized over time:								
Sales and rental of real estate	Korea	Sales		68,132	128,982		97,155	178,275
Sales and Tental of Teal estate	Korea	Rental		22,195	66,763		20,341	63,483
Subt	otal			90,327	195,745		117,496	241,758
Tot	al		₩	997,642 ₩	2,733,509	₩	976,106 ₩	2,679,759





5. Trade and Other Receivables

(a) Details of trade and other receivables as of September 30, 2024 and December 31, 2023 are as follows:

(in millions of Korean won)		Septeml	ber 3	0, 2024		Decemb	er 31	, 2023
		Current	_	Non-current	_	Current	_	Non-current
Trade receivables	₩	884,656	₩	90,250	₩	988,516	₩	62,818
Loans		381,425		87,040		315,083		139,676
Other receivables		35,702		17,146		82,403		8,778
Guarantee deposits		34,568		37,008		37,955		37,977
Accrued income		28,013		956		9,952		5,495
Total	₩	1,364,364	₩	232,400	₩	1,433,909	₩	254,744

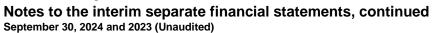
(b) Details of allowances for doubtful accounts in relation to trade and other receivables (as a gross amount before deduction of allowances for doubtful accounts) as of September 30, 2024 and December 31, 2023 are as follows:

(in millions of Korean won)		Septem	ber 30	0, 2024		Decemb	er 31	, 2023
	_	Current	_	Non-current	_	Current	_	Non-current
Total carrying amount Allowances:	₩	1,402,771	₩	376,154	₩	1,483,123	₩	392,891
Trade receivables		(37,714)		(105,092)		(49,113)		(96,203)
Other receivables		(693)		(38,662)		(101)		(41,944)
Subtotal		(38,407)	_	(143,754)		(49,214)		(138,147)
Net trade and other receivables	₩	1,364,364	₩	232,400	₩	1,433,909	₩	254,744

(c) Changes in allowance for doubtful accounts in relation to trade and other receivables for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)	Septer	mber 30, 2024	_	September 30, 2023
Beginning balance	₩	187,361	₩	203,467
Impairment loss		(5,200)		(5,663)
Ending balance	₩	182,161	₩	197,804

Impairment loss (reversal of impairment loss) on trade receivables is included as part of selling, general and administrative expense while impairment loss (reversal of impairment loss) on other receivables is included as part of other expense (income) in the separate statements of comprehensive income.





6. Inventories

(a) Details of inventories as of September 30, 2024 and December 31, 2023 are as follows:

(in millions of Korean won)			Sep	tember 30, 20	024			December 31, 2023					
	_	Acquisition cost		Valuation loss allowance	_	Carrying amount	-	Acquisition cost		Valuation loss allowance	_	Carrying amount	
Merchandise	₩	23,922	₩	(2,620)	₩	21,302	₩	19,213	₩	(1,597)	₩	17,616	
Finished goods		108,889		(11,944)		96,945		120,841		(13,157)		107,684	
Half-finished goods		35,237		(862)		34,375		43,706		(980)		42,726	
Work in progress		4,690		-		4,690		2,668		-		2,668	
Raw materials		688,689		(61)		688,628		692,687		(233)		692,454	
Materials		35,809		(2,921)		32,888		43,540		(2,999)		40,541	
Supplies		64,978		-		64,978		57,419		-		57,419	
By-products		6,608		-		6,608		7,577		-		7,577	
Buildings under construction		65,703		-		65,703		19,965		-		19,965	
Completed buildings		98,942		-		98,942		105,631		-		105,631	
Sites for construction of real estate		142,926		-		142,926		41,741		-		41,741	
Goods in transit		22,577		-		22,577		86,780		-		86,780	
Total	₩	1,298,970	₩	(18,408)	₩	1,280,562	₩	1,241,768	₩	(18,966)	₩	1,222,802	

(b) The amount of loss (reversal) on valuation and obsolescence of inventories recognized for each of the three-month and nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)		Septemb	er 3	30, 2024		September 30, 2023				
		Three-month period ended		Nine-month period ended		Three-month period ended	Nine-month period ended			
Cost of sales:										
Loss (reversal) on valuation of inventories	₩	(666)	₩	(558)	₩	2,063	₩	(71)		
Loss on obsolescence of inventories		728		4,674		210		4,758		
Other expense:										
Loss on obsolescence of inventories		-		-		-		260		
Total	₩-	62	₩	4,116	₩	2,273	₩	4,947		

Notes to the interim separate financial statements, continued September 30, 2024 and 2023 (Unaudited)



7. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures as of September 30, 2024 and December 31, 2023, are as follows:

n millions of Ko	orean won)			Septem	ber 3	30, 2024	Decem	ber 3	31, 2023
Туре	Name of entity	Location	Principal operation	Ownership (%)		Carrying amount	Ownership (%)		Carrying amount
Associates	LitePharmTech Co., Ltd. ¹	Korea	Manufacturing medical supplies	12.53	₩	1,830	12.53	₩	1,83
	KORAMCO Banpo PFV Co., Ltd. 1,2	Korea	Real estate investment, development and rental business	18.95		5,306	18.95		5,30
	KORAMCO Dongjak PFV Co., Ltd. ¹	Korea	Real estate investment, development and rental business	-		-	19.47		1,85
	KOCREF 36 REIT	Korea	Real estate investment, development and rental business	21.01		15,000	21.01		15,00
	KOCREF 41 REIT	Korea	Real estate investment, development and rental business	26.47		39,569	26.47		39,56
	AndaStation Professional Investment Private REIT No.1	Korea	Real estate investment, development and rental business	-		-	21.43		17,76
	Cheongna Medipolis PFV Co., Ltd. ³	Korea	Real estate development and sales	51.01		101,000	51.01		101,00
	INNODIS Co., Ltd.1	Korea	Advertizing agency	19.64		55	19.64		5
	SJ BIO MED Co., Ltd. 1,4	Korea	Manufacturing medical devices	14.39		-	14.39		
	LSK Global Pharma Service Co., Ltd.	Korea	New medicine development	21.92		-	21.92		
	Mirae Asset KT&G Investment Fund I	Korea	Healthcare, ESG, New growth industry	45.00		13,500	45.00		9,00
	KB KT&G New Growth Fund 1 ⁵	Korea	Healthcare, New growth industry	66.67		3,000	66.67		3,00
Joint ventures	KORAMCO Europe Private REIT 3-2 Fund ⁶	Korea	Renting of real estate	51.35		18,468	51.35		18,46
	Starfield Suwon Inc.	Korea	Real estate development and rental business	50.00	_	259,500	50.00	_	244,50
	Total				₩	457,228		₩	457,34

¹The Company has classified the ownership as investment in associates, notwithstanding its ownership percentage of less than 20%, as the Company determined it has a significant influence over the invested company with its right to participate in the invested company's Board of Directors meetings in accordance with the agreement with shareholders.

²As of September 30, 2024, the Company's holdings in KORAMCO Banpo PFV Co., Ltd. are pledged as a collateral for a PF loan (see Notes 22.(o) and 24.(c)).

³The Company has classified the ownership as investment in associates as the three-fourths of the Board of Directors' consent is required in making decisions on material financial and operational policies in accordance with the agreement with characteristics.

⁴As of September 30, 2024, liquidation procedures are in progress.

⁵Although the ownership exceeds 50%, the Company has classified the ownership as investment in associates as the Company does not have control over related activities and has significant influence through participating on investment decision-making authority.

⁶The Company has classified the ownership as investment in joint ventures as the Board of Directors' unanimous consent is required in making decisions on material financial and operational policies in accordance with the agreement with shareholders.

Notes to the interim separate financial statements, continued September 30, 2024 and 2023 (Unaudited)



7. Investments in Associates and Joint Ventures (cont'd)

During the nine-month period ended September 30, 2024, the Company additionally acquired 300,000 shares (W 15,000 million) of Starfield Suwon, Inc., a joint venture, through the issuance of new stocks.

During the nine-month period ended September 30, 2024, the Company disposed of AndaStation Professional Investment Private REIT No.1, an associate, and recognized gain on disposal of investment in associates of \forall 5,974 million.

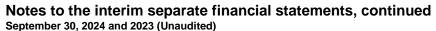
During the nine-month period ended September 30, 2024, the Company disposed of KORAMCO Dongjak PFV Co., Ltd., an associate, and recognized \(\psi\) 394 million as gain on disposal of investment in associates.

During the nine-month period ended September 30, 2024, the Company additionally acquired equity securities of Mirae Asset KT&G Investment Fund I (45 shares for \forall 4,500 million), an associate, through the issuance of new stocks.

During the year ended December 31, 2023, the Company has acquired additional equity securities of Mirae Asset KT&G Investment Fund I (45 shares for \forall 4,500 million), an associate, additionally acquired 16,795,600 preferred shares (\forall 83,978 million) of Cheongna Medipolis PFV Co., Ltd., an associate, and 2,000,000 shares (\forall 100,000 million) of Starfield Suwon Inc., a joint venture, through the issuance of new stocks.

During the year ended December 31, 2023, the Company newly invested ₩ 3,000 million to KB KT&G New Growth Fund 1, an associate.

During the year ended December 31, 2023, the Company partially disposed of KORAMCO Europe Private REIT 3-2 Fund, an associate, and recognized gain on disposal of investment in associates of \forall 9 million.





8. Investments in subsidiaries

(a) Details of investments in subsidiaries as of September 30, 2024 and December 31, 2023, are as follows:

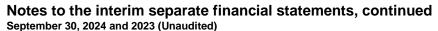
(in millions of Korean won)			Septemb	er :	30, 2024	Decemb	oer 3	1, 2023
Name of entity	Location	Principal operation	Ownership (%)		Carrying amount	Ownership (%)		Carrying amount
Korea Ginseng Corporation	Korea	Manufacturing and selling ginseng	100.00	₩	762,130	100.00	₩	762,130
Yungjin Pharm. Co., Ltd.	Korea	Manufacturing and selling pharmaceutical	52.45		73,299	52.45		73,299
Tae-A Industrial Co., Ltd.	Korea	Manufacturing reconstituted tobacco leaves	100.00		117,698	100.00		117,698
KT&G Tutun Mamulleri Sanayi ve Ticaret A.S.	Turkiye	Manufacturing and selling tobaccos	100.00		116,731	99.99		57,039
Korea Tabacos do Brasil Ltda.	Brazil	Assistance with purchasing tobacco leaf	99.99		2,891	99.99		2,891
KT&G Pars	Iran	Manufacturing and selling tobacco	99.99		-	99.99		-
KT&G Rus L.L.C.	Russia	Manufacturing and selling tobacco	100.00		68,947	100.00		68,947
KT&G USA Corporation	USA	Selling tobaccos	100.00		-	100.00		-
Cosmocos Co., Ltd.	Korea	Manufacturing and selling cosmetics	98.56		22,759	98.56		22,759
Renzoluc Pte., Ltd. ¹	Singapore	Holding Company	100.00		163,104	100.00		163,104
PT Trisakti Purwosari Makmur ²	Indonesia	Manufacturing and selling tobacco	6.56		1,162	6.56		1,162
SangSang Stay Inc.	Korea	Hotel	100.00		32,068	100.00		32,068
KT&G Global Rus L.L.C.	Russia	Selling tobaccos	100.00		936	100.00		936
Gwacheon SangSang PFV. Inc	Korea	Real estate development and sales business	51.00		3,570	51.00		3,570
KT&G Taiwan Corporation	Taiwan	Selling tobaccos	100.00		8,081	100.00		8,081
Mastern No. 144 PFV Co., Ltd.	Korea	Real estate development and sales business	92.50		37,000	92.50		37,000
KT&G Global Kazakhstan LLP	Kazakhstan	Selling tobaccos	100.00		18,510	100.00		18,510
KT&G Kazakhstan LLP	Kazakhstan	Manufacturing and selling tobacco	100.00		110,995	100.00		35,910
DNC Deogeun Co., Ltd. ³	Korea	Real estate development and sales business	38.25		35,552	38.25		35,552
Edn the pine central Seocho Co., Ltd. ⁴	Korea	Real estate development and sales business	78.65		36,623	78.65		35,000
Cheongna Medipolis Development Co., Ltd.	Korea	Real estate service business	66.67		200	-		-
	Total			₩	1,612,256		₩	1,475,656

¹The percentage of ownership is including preferred shares 6,978,948 shares (₩ 25,291 million) of Renzoluc Pte., Ltd.

²PT Trisakti Purwosari Makmur, the subsidiary of the Company, merged with PT KT&G Indonesia, the subsidiary of the Company, during the year ended December 31, 2023. The Company acquired 26,276,953 (6.56%) shares of PT Trisakti Purwosari Makur in exchange for 104,986 (99.99%) shares of PT KT&G Indonesia. The consolidated percentage of ownership of PT Trisakti Purwosari Makmur is 99.99%, including shares held by Renzoluc Pte., Ltd., the subsidiary of the Company, as of September 30, 2024.

³The Company has acquired 38.25% of preferred stocks with voting rights of DNC Deogeun Co., Ltd. during the year ended December 31, 2023, securing 51.00% of the voting rights of DNC Deogeun Co., Ltd., and the Company classified the shares as investments in subsidiaries as it is considered that the Company holds substantial decision-making right over related activities that has significant impact on the profit or losses of the Company through the general shareholders' meeting and Board of Directors of DNC Deogeun Co., Ltd.

⁴The book amount has increased due to the payment of acquisition tax during the nine-month period ended September 30, 2024.





8. Investments in subsidiaries (cont'd)

During the nine-month period ended September 30, 2024, the Company acquired 272,490,615 shares (\times 59,692 million) of KT&G Tutun Mamulleri Sanayi ve Ticaret A.S. through issuance of new stocks and additional equity securities of \times 75,085 million of KT&G Kazakhstan LLP.

During the nine-month period ended September 30, 2024, the Company newly established Cheongna Medipolis Development Co., Ltd. through capital investment of 40,000 shares ($\forall 200 \text{ million}$).

During the year ended December 31, 2023, the Company newly established KT&G Global Kazakhstan LLP and KT&G Kazakhstan LLP through capital investment of \forall 18,510 million and \forall 16,188 million, respectively.

During the year ended December 31, 2023, the Company acquired 3,825 shares (% 35,552 million) of preferred stocks with voting rights of DNC Deogeun Co., Ltd. and 7,000,000 shares (% 35,000 million) of preferred stocks with voting rights of Edn the pine central Seocho Co., Ltd. through equity purchase.

(b) Impairment

The Company conducts a review of impairment indicators for investments in subsidiaries and, if there is an indicator, the Company estimates the recoverable amount and performs an impairment test.

The Company has recognized impairment losses for its investment in subsidiaries where impairment indicators have been identified, such as the book value of net assets being lower than the book value of investments due to continuous accumulation of operating losses, etc. Details of such impairment loss recognized for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)	-	September 30, 2024	September 30, 2023	Method for evaluating recoverable amount
KT&G Tutun Mamulleri Sanayi ve Ticaret A.S.	₩	- ₩	4,390	Fair value less costs to sell
SangSang Stay Inc.	_	-	266	Fair value less costs to sell
	₩	- ₩	4,656	

On the other hand, fair value has been assessed using the adjusted net asset method and is classified as Level 3 in the fair value hierarchy based on the inputs used in the valuation technique.



Notes to the interim separate financial statements, continued September 30, 2024 and 2023 (Unaudited)

9. Property, Plant and Equipment

Changes in property, plant and equipment for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)		September 30, 2024	_	September 30, 2023		
Beginning balance	₩	1,282,113	₩	1,177,839		
Acquisition ¹		226,553		124,786		
Disposal/Impairment		(4,903)		(9,333)		
Depreciation		(77,851)		(75,635)		
Reclassification ²		993		(19,096)		
Ending balance	₩	1,426,905	₩	1,198,561		

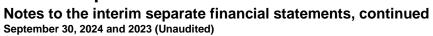
¹During the nine-month period ended September 30, 2024, the Company has capitalized borrowing costs amounting to ₩ 7,901 million for property, plant and equipment that are qualifying assets. The rate used to calculate capitalizable borrowing costs is 4.13% to 4.45%.

10. Intangible Assets

Changes in intangible assets for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)		September 30, 2024	_	September 30, 2023
Beginning balance	₩	133,920	₩	122,485
Acquisition		18,693		26,900
Disposal/Impairment		(788)		(1,441)
Amortization		(17,269)		(15,286)
Reclassification		-		(13)
Ending balance	₩	134,556	₩	132,645

²Consists of ₩ 993 million of transfers from investment properties for the nine-month period ended September 30, 2024. And ₩ 19,064 million of transfers to investment properties and ₩ 32 million of transfers to inventories for the nine-month period ended September 30, 2023.





11. Investment Properties

Changes in investment properties for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)	September 30, 2024	September 30, 2023
Beginning balance	992,523	₩ 1,029,217
Acquisition ¹	7,671	13,127
Disposal/Impairment	(947)	(1,775)
Depreciation	(20,470)	(20,728)
Reclassification ²	(215,262)	(25,104)
Ending balance	763,515	₩ 994,737

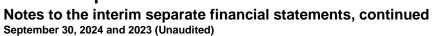
¹During the nine-month period ended September 30, 2024, the Company has capitalized borrowing costs amounting to ₩ 1,069 million are for investment properties that are qualifying assets. The rate used to calculate capitalizable borrowing costs is 4.13% to 4.45%.

12. Right-of-use Assets

Changes in right-of-use assets for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)		September 30, 2024	_	September 30, 2023
Beginning balance	₩	26,299	₩	25,640
Acquisition		6,760		11,044
Disposal		(208)		(531)
Depreciation		(8,379)		(7,556)
Ending balance	₩	24,472	₩_	28,597

²Consists of ₩ 993 million of transfers to property, plant and equipment, ₩ 78,612 million of transfers to assets held for sale and ₩ 135,657 million of transfers to inventories for the nine-month period ended September 30, 2024. And ₩ 19,064 million of transfers from property, plant and equipment and ₩ 44,168 million of transfers to inventories for the nine-month period ended September 30, 2023.





13. Assets held for Sale

Changes in assets held for sale for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)	_	September 30, 2024	_	September 30, 2023				
Beginning balance	₩	-	₩	-				
Disposal		-		-				
Reclassification ¹		78,612		-				
Ending balance	₩	78,612	₩	-				

 $^{^{1}}$ Reclassification consists of \forall 78,612 million of transfers from investment properties for the nine-month period ended September 30, 2024.

14. Borrowings and Bonds

(a) Details of short-term borrowings as of September 30, 2024 and December 31, 2023 are as follows:

(in millions of Korean won)	Lender	Septem	ber 30, 2024	December 31, 2023
Limit loan	Hana Bank	₩	300,000	₩ -

(b) Details of bonds as of September 30, 2024 and December 31, 2023 are as follows:

Issued Date	Maturity	Annual interest rate (%)	_ <u>_</u>	eptember 30, 2024	_	December 31, 2023
2023.09.13	2025.09.12	4.180	₩	100,000	₩	100,000
2023.09.13	2026.09.11	4.322		200,000		200,000
2024.04.25	2026.04.24	3.624		50,000		-
2024.04.25	2027.04.23	3.763		150,000		-
2024.04.25	2029.04.25	3.808		100,000		-
Subtotal				600,000	_	300,000
Discount on bone	ds			(1,404)		(835)
Total			₩	598,596	₩_	299,165
				99,862		-
				498,734		299,165
Total			₩	598,596	₩	299,165
	2023.09.13 2023.09.13 2024.04.25 2024.04.25 2024.04.25 Subtotal Discount on bone Total	2023.09.13 2025.09.12 2023.09.13 2026.09.11 2024.04.25 2026.04.24 2024.04.25 2027.04.23 2024.04.25 2029.04.25 Subtotal Discount on bonds	2023.09.13 2025.09.12 4.180 2023.09.13 2026.09.11 4.322 2024.04.25 2026.04.24 3.624 2024.04.25 2027.04.23 3.763 2024.04.25 2029.04.25 3.808 Subtotal Discount on bonds Total	2023.09.13	2023.09.13 2025.09.12 4.180 ₩ 100,000 2023.09.13 2026.09.11 4.322 200,000 2024.04.25 2026.04.24 3.624 50,000 2024.04.25 2027.04.23 3.763 150,000 2024.04.25 2029.04.25 3.808 100,000 Subtotal 600,000 Discount on bonds (1,404) Total ₩ 598,596 99,862	2023.09.13 2025.09.12 4.180 # 100,000 # 2023.09.13 2026.09.11 4.322 200,000 2024.04.25 2026.04.24 3.624 50,000 2024.04.25 2027.04.23 3.763 150,000 2024.04.25 2029.04.25 3.808 100,000 Subtotal 600,000 Discount on bonds (1,404) Total # 598,596 # 99,862 498,734



Notes to the interim separate financial statements, continued September 30, 2024 and 2023 (Unaudited)



15. Employee Benefits

(a) Details of profit or loss recognized related to employee benefits for each of the three-month and nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)		September 30, 2024				Septemb	September 30, 2023		
	-	Three-month period ended		Nine-month period ended	-	Three-month period ended		Nine-month period ended	
Defined benefit plan:	_						-		
Current service cost	₩	7,575	₩	22,652	₩	7,312	₩	20,982	
Net interest on net defined benefit liabilities		(330)		(1,259)		(541)		(2,600)	
Subtotal		7,245		21,393		6,771		18,382	
Defined contribution plan:	-				-		_		
Contributions recognized as expense		1,787		4,882		1,379		4,138	
Other long-term employee benefits:									
Current service cost, etc.		1,326		8,862		1,119		4,120	
Termination benefits:									
Voluntary retirements, etc.		589		2,132		-		355	
Total	₩	10,947	₩	37,269	₩	9,269	₩	26,995	

(b) Details of net defined benefit liabilities (assets) as of September 30, 2024 and December 31, 2023 are as follows:

(in millions of Korean won)	_	September 30, 2024	-	December 31, 2023
Present value of defined benefit obligations	₩	393,796	₩	391,192
Fair value of plan assets		(412,189)		(434,620)
Total	₩_	(18,393)	₩	(43,428)

16. Refund Liabilities and Provisions

(a) Details of refund liabilities and provisions as of September 30, 2024 and December 31, 2023 are as follows:

(in millions of Korean won)		Septemb	er 3	0, 2024		December 31, 2023						
		Current		Non-current		Current	_	Non-current				
Provision for product warranty	₩	1,343	₩	-	₩	1,780	₩	-				
Refund liabilities		5,237		2,958		5,221		2,575				
Provision for site restoration		59		111		84		111				
Provision for financial guarantee		22		29		18		26				
Provision for greenhouse gases		10		-		51		-				
Total	₩	6,671	₩	3,098	₩	7,154	₩_	2,712				



Notes to the interim separate financial statements, continued September 30, 2024 and 2023 (Unaudited)

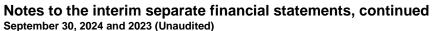


16. Refund Liabilities and Provisions (cont'd)

(b) Changes in refund liabilities and provisions for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)	September 30, 2024												
	_	Beginning balance	_	Increase	_	Decrease	_	Ending balance					
Provision for product warranty	₩	1,780	₩	3,300	₩	(3,737)	₩	1,343					
Refund liabilities		7,796		4,436		(4,037)		8,195					
Provision for site restoration		195		59		(84)		170					
Provision for financial guarantee		44		34		(27)		51					
Provision for greenhouse gases		51		-		(41)		10					
Total	₩	9,866	₩	7,829	₩_	(7,926)	₩_	9,769					

(in millions of Korean won)	September 30, 2023												
	_	Beginning balance	_	Increase	_	Decrease	_	Ending balance					
Provision for product warranty	₩	4,172	₩	1,460	₩	(3,259)	₩	2,373					
Refund liabilities		6,789		88		(656)		6,221					
Provision for site restoration		186		84		(84)		186					
Provision for financial guarantee		134		29		(86)		77					
Provision for greenhouse gases		194		-		(125)		69					
Total	₩	11,475	₩	1,661	₩	(4,210)	₩_	8,926					





17. Real Estate Pre-sales Contracts

(a) Details of ongoing real estate pre-sale contracts for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)

-	September 30, 2024													
Construction project	Initial sales contract date	Expected completion date	Progress (%)		Total sales value ¹		Total sales contract value	_	Revenue (cumulative) ²	_	Revenue (period) ³	Cost (cumulative) ⁴		
Suwon Hwaseo Prugio Briciel	June 2020	September 2023	100.00	₩	803,056	₩	747,970	₩	747,946	₩	- ₩	338,101		
ePyeonhansesang Daejeon station Centum Vista	December 2022	June 2026	54.11		226,951		193,218		104,297		39,913	87,156		
Nokbeon-dong Mixed-use building	April 2023	February 2025	72.44		29,720		25,220		18,269		9,387	12,017		
Elif Mia station Complex 1	May 2023	August 2026	32.98		61,562		44,907		14,743		7,514	11,033		
Elif Mia station Complex 2	May 2023	August 2026	31.43		155,141		108,542		34,024		15,936	24,767		
ePyeonhansesang Pyeongchon Urban Valley	April 2024	October 2026	13.80		399,869		397,291		54,814		54,814	33,559		
Digital Empire Pyeongchon Biz Valley	April 2024	March 2027	14.40		352,768		11,586		1,418		1,418	1,133		
	Total			₩	2,029,067	₩	1,528,734	₩	975,511	₩	128,982 ₩	507,766		

¹Includes the expected sales value for commercial buildings, efficiency apartments, and apartments that are scheduled to be recognized as sales at a point when the construction is completed and control of the goods is transferred to the customer.

(in millions of Korean won)

September 30, 2023

Construction project	Initial sales contract date	Expected completion date	Progress (%)	-			Revenue (cumulative) ²	Revenue (period)	Cost (cumulative) ³			
Suwon Hwaseo Prugio Briciel	June 2020	September 2023	100.00	₩	803,056	₩	750,352	₩	750,328 ₩	123,63	7 ₩	348,542
ePyeonhansesang Daejeon station Centum Vista	December 2022	June 2026	18.99		226,951		194,148		36,865	36,34	0	30,422
Nokbeon-dong Mixed-use building	April 2023	February 2025	19.03		29,720		25,220		4,799	4,79	9	3,144
Elif Mia station Complex 1	May 2023	August 2026	8.51		61,562		25,568		2,176	2,17	6	1,563
Elif Mia station Complex 2	May 2023	August 2026	8.84		155,141		88,161		7,797	7,79	7	5,434
Gireum-dong Neighborhood Commercial Facilities	July 2023	December 2023	12.78		27,580		27,580		3,526	3,52	6	236
	Total			₩	1,304,010	₩	1,111,029	₩.	805,491 ₩	178,27	— . 5 ₩	389,341

¹Includes the expected sales value for commercial buildings, efficiency apartments that are scheduled to be recognized as sales at a point when the construction is completed and control of the goods is transferred to the customer.

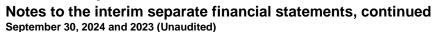
²This is the amount after deducting prepayment discounts, etc. from the total sales contract value.

³Excludes the revenue of W 9,862 million recognized as sales at a point when the construction is completed and control of the goods is transferred to the customer for the nine-month period ended September 30, 2024.

⁴Excludes cumulative cost for common infrastructure, amounting to ₩ 242,167 million.

²This is the amount after deducting prepayment discounts, etc. from the total sales contract value.

³Excludes cumulative cost for common infrastructure, amounting to ₩ 109,492 million.





17. Real Estate Pre-sales Contracts (cont'd)

(b) Details of receivables and payables for ongoing real estate pre-sale contracts as of September 30, 2024 and December 31, 2023 are as follows:

(in millions of Korean won)		September 30, 2024												
Construction project		Revenue (cumulative)		Cash collected, etc. (cumulative)		Trade receivables for sale in lots ¹		Advanced receipts for sale in lots ²						
Suwon Hwaseo Prugio Briciel	₩	747,946	₩	747,361	₩	587	₩	2						
ePyeonhansesang Daejeon station Centum Vista		104,297		30,166		74,846		715						
Nokbeon-dong Mixed-use building		18,269		12,609		5,660		-						
Elif Mia station Complex 1		14,743		5,359		9,470		86						
Elif Mia station Complex 2		34,024		13,075		21,166		217						
ePyeonhansesang Pyeongchon Urban Valley		54,814		47,756		7,166		108						
Digital Empire Pyeongchon Biz Valley		1,418		908		510		-						
Total	₩	975,511	₩	857,234	₩	119,405	₩	1,128						

¹As of September 30, 2024, contract assets unclaimed to customers are ₩ 115,558 million and will be reclassified to receivables in accordance with the billing schedule as pursuant to the contract.

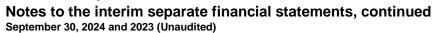
²Includes advanced receipts for the option contract (balcony) in relation to main construction, which is recognized using the percentage of completion method.

(in millions of Korean won)		December 31, 2023												
Construction project		Revenue (cumulative)		Cash collected, etc. (cumulative)		Trade receivables for sale in lots ¹		Advanced receipts for sale in lots ²						
Suwon Hwaseo Prugio Briciel	₩	747,946	₩	708,687	₩	39,500	₩	241						
ePyeonhansesang Daejeon station Centum Vista		64,384		23,852		41,250		718						
Nokbeon-dong Mixed-use building		8,882		-		8,882		-						
Elif Mia station Complex 1		7,229		4,815		2,505		91						
Elif Mia station Complex 2		18,088		12,529		5,782		223						
Gireum-dong Neighborhood Commercial Facilities	_	27,580		27,580		-		-						
Total	₩	874,109	₩	777,463	₩	97,919	₩	1,273						
	_													

¹As of December 31, 2023, contract assets unclaimed to customers are ₩ 58,406 million and will be reclassified to receivables in accordance with the billing schedule as pursuant to the contract.

(c) No material changes in estimated total contract revenues and total contract costs have occurred for the nine-month period ended September 30, 2024. Estimated total contract revenue and total contract cost of the ongoing real estate pre-sale contracts are based on the circumstances that have occurred until September 30, 2024 and subject to probable changes in the future.

²Includes advanced receipts for the option contract (balcony) in relation to main construction, which is recognized using the percentage of completion method.





17. Real Estate Pre-sales Contracts (cont'd)

(d) Details of receivables and payables in relation to real estate pre-sales contracts recognized at a point in time as of September 30, 2024 and December 31, 2023, are as follows:

(in millions of Korean won)	_	Septemb	er 3	30, 2024	_	December 31, 2023						
Construction project		Trade receivables for sale in lots	Advanced receipts for sale in lots ¹			Trade receivables for sale in lots		Advanced receipts for sale in lots ¹				
Suwon Hwaseo Prugio Briciel	₩	-	₩	806	₩	-	₩	1,465				
ePyeonhansesang Daejeon station Centum Vista		-		105		-		93				
Elif Mia station Complex 1		-		457		-		322				
Elif Mia station Complex 2		-		3,569		-		666				
Sangbong station Ubora First Live and Four Square		9,549		797		6,626		774				
Total	₩	9,549	₩	5,734	₩	6,626	₩	3,320				

¹Excludes advanced receipts for the option contract (balcony) in relation to main construction, which is recognized using the percentage of completion method.

18. Selling, General and Administrative Expenses

Details of selling, general and administrative expenses for each of the three-month and nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)		Septemb	oer 3	0, 2024		September 30, 2023					
	-	Three-month period ended	-	Nine-month period ended		Three-month period ended		Nine-month period ended			
Salaries	₩	75,725	₩	224,808	₩	77,901	₩	229,713			
Retirement and termination benefits		6,561		19,245		5,539		15,497			
Employee welfare		22,499		46,898		12,134		32,195			
Travel expenses		4,263		10,322		3,754		10,215			
Communication cost		756		2,191		635		2,037			
Utilities		3,861		10,808		4,205		10,925			
Taxes and dues		1,123		23,466		689		24,799			
Supplies		554		1,406		385		1,724			
Rent		795		3,131		2,645		6,287			
Depreciation		7,722		23,098		4,828		21,475			
Amortization		3,606		11,853		5,741		15,189			
Repairs and maintenance		2,663		5,310		1,946		3,523			
Vehicles		917		2,430		837		2,422			
Insurance		419		1,374		389		1,043			
Commissions		30,293		108,651		32,424		113,287			
Freight and custody		5,535		15,499		5,711		16,963			
Conferences		738		2,278		715		2,266			
Advertising		21,158		61,722		21,708		62,303			
Education and training		1,457		4,025		1,492		4,496			
Prizes and rewards		523		1,045		283		1,062			
Research and development		6,631		20,014		5,790		14,079			
Impairment loss (reversal of impairment loss) on trade receivables		4,301		(2,511)		2,627		(4,280)			
Total	₩	202,100	₩	597,063	₩	192,378	₩	587,220			



Notes to the interim separate financial statements, continued September 30, 2024 and 2023 (Unaudited)

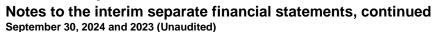
19. Other Income and Expense

(a) Details of other income for each of the three-month and nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)		Septemb	oer 3	30, 2024		September 30, 2023			
	-	Three-month period ended	-	Nine-month period ended		Three-month period ended	_	Nine-month period ended	
Gain on foreign currency transaction	₩	7,639	₩	30,751	₩	6,998	₩	22,847	
Gain on foreign currency translation		-		47,301		53,862		123,846	
Gain on valuation of derivatives		15,111		12,657		1,424		5,988	
Reversal of impairment loss on other receivables		1,935		2,689		2,334		1,383	
Gain on disposal of property, plant and equipment		2,947		3,242		14		1,415	
Gain on disposal of intangible assets		-		4		3		3	
Gain on disposal of investment properties		2,056		6,932		-		6,732	
Gain on disposal of investment in associates		394		6,368		-		-	
Gain on lease contract adjustments		13		132		15		47	
Miscellaneous income		1,491		8,027		-		4,769	
Total	₩	31,586	₩	118,103	₩	64,650	₩	167,030	

(b) Details of other expense for each of the three-month and nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)	nillions of Korean won) September 30, 2024					September 30, 2023			
	-	Three-month period ended	-	Nine-month period ended	-	Three-month period ended	-	Nine-month period ended	
Loss on foreign currency transaction	₩	11,932	₩	20,020	₩	3,757	₩	12,729	
Loss on foreign currency translation		160,070		25,982		3,355		22,114	
Loss on valuation of derivatives		-		21,489		8,958		22,374	
Loss on disposal of property, plant and equipment		134		144		24		1,753	
Loss on impairment of property, plant and equipment		303		304		1,165		7,082	
Loss on disposal of intangible assets		87		92		9		9	
Loss on impairment of intangible assets		47		122		282		405	
Loss on disposal of investment properties		141		196		-		59	
Loss on impairment of investments in subsidiaries		-		-		-		4,656	
Loss on lease contract adjustments		8		14		4		10	
Donations		709		1,459		983		1,994	
Miscellaneous loss		-		349		4,430		4,830	
Total	₩	173,431	₩	70,171	₩	22,967	₩	78,015	





20. Finance Income and Costs

Details of finance income and costs for each of the three-month and nine-month periods ended September 30, 2024 and 2023 are as follows:

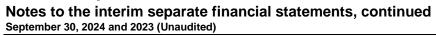
(in millions of Korean won)		Septemb	er 3	30, 2024	September 30, 2023						
	-	Three-month period ended	-	Nine-month period ended		Three-month period ended	-	Nine-month period ended			
Finance income:											
Interest income ¹	₩	25,718	₩	71,618	₩	16,249	₩	44,820			
Dividend income		3,620		27,613		3,736		54,301			
Gain on valuation of financial assets measured at fair value through profit or loss	_	6,689	_	20,161		1,918	_	36,845			
Total finance income	₩	36,027	₩	119,392	₩	21,903	₩	135,966			
Finance cost:								_			
Interest expense	₩	7,414	₩	16,171	₩	5,811	₩	8,454			
Loss on valuation of financial assets measured at fair value through profit or loss		(934)		9,716		5,976		7,921			
Total finance cost	₩	6,480	₩	25,887	₩	11,787	₩	16,375			
Net finance income	₩	29,547	₩.	93,505	₩.	10,116	₩.	119,591			
	-										

¹The interest income is generated from financial instruments measured at amortized cost.

21. Income Tax Expense and Deferred Tax Asset

- (a) Income tax expense is recognized based on the best estimate of weighted average annual effective income tax rate expected for the full financial year. The average effective tax rates for each of the nine-month periods ended September 30, 2024 and 2023, are 22.80% and 26.68%, respectively.
- (b) Pillar Two legislation has been enacted or substantially enacted in some jurisdictions where the Company operates. According to the amendment to the Adjustment of International Taxes Act No. 19191 in the Republic of Korea, the Company expects to be subject to the application of Pillar Two Model Rules legislation starting from the fiscal year commencing on January 1, 2024. The Company is currently assessing the impact of implementing Pillar Two Model Rules on the Company, and it is expected that the implication of Pillar Two legislation shall affect the net profits of the Company's constituent entities domiciled in certain jurisdictions where the effective tax rate of Pillar Two income tax is predicted to be less than 15%.

As of September 30, 2024, the Company estimates that the impact of Pillar Two income taxes on its separate financial statements will be immaterial, in accordance with its assessment result identified so far. The Company will apply the temporary exception to the recognition and disclosure of deferred income tax assets and liabilities related to Pillar Two legislation.





22. Related Parties

(a) Details of the Company's related parties as of September 30, 2024 and December 31, 2023 are as follows:

Туре	Name	1	Percentage of ownership (%) September 30, 2024 December 31, 2023									
Type	Name of entity	Location		ptember 30, 202 Subsidiary	4 Total	Parent						
Subsidiarios IV 0: 7		Parent	Subsidiary	Total	rarent	Subsidiary	Total					
Subsidiaries	Korea Ginseng Corporation	Korea	100.00	_	100.00	100.00	_	100.0				
	Yungjin Pharm. Co., Ltd.	Korea	52.45	_	52.45	52.45	-	52.4				
	Tae-A Industrial Co., Ltd.	Korea	100.00	-	100.00	100.00	-	100.0				
	KT&G Tuntun Mamulleri Sanyi ve Ticaret A.S.	Turkiye	100.00	-	100.00	99.99	-	99.9				
	Korea Tabacos do Brasil Ltda.	Brazil	99.99	-	99.99	99.99	-	99.9				
	KT&G Pars	Iran	99.99	_	99.99	99.99	-	99.9				
	KT&G Rus L.L.C.	Russia	100.00	-	100.00	100.00	-	100.0				
	KT&G USA Corporation	USA	100.00	-	100.00	100.00	-	100.0				
	Cosmocos Co., Ltd.	Korea	98.56	-	98.56	98.56	-	98.5				
	Renzouluc Pte., Ltd. ¹	Singapore	100.00	-	100.00	100.00	-	100.0				
	PT Trisakti Purwosari Makmur ²	Indonesia	6.56	93.43	99.99	6.56	93.43	99.9				
	PT TSPM FLAVOR AND FRAGRANCE ³	Indonesia	-	99.99	99.99	-	-					
	SangSang Stay Inc.	Korea	100.00	_	100.00	100.00	-	100.0				
	KT&G Global Rus L.L.C	Russia	100.00	_	100.00	100.00	-	100.0				
	Gwacheon SangSang PFV. Inc	Korea	51.00	-	51.00	51.00	-	51.0				
	KT&G Taiwan Corporation	Taiwan	100.00	=	100.00	100.00	=	100.0				
	Mastern No.144 PFV Co. Ltd.	Korea	92.50	-	92.50	92.50	-	92.5				
	KT&G Kazakhstan LLP ⁴	Kazakhstan	100.00	_	100.00	100.00	-	100.0				
	KT&G Global Kazakhstan LLP ⁴	Kazakhstan	100.00	_	100.00	100.00	_	100.0				
	DNC Deogeun Co., Ltd. ⁵	Korea	38.25	_	38.25	38.25	_	38.2				
	Edn the pine central Seocho Co., Ltd.	Korea	78.65	_	78.65	78.65	-	78.6				
	CHEONGNA MEDIPOLIS DEVELOPMENT CO., LTD. ⁶	Korea	66.67	-	66.67	-	-					
	K&I China Co., Ltd.	China	-	98.56	98.56	_	98.56	98.5				
	KGCyebon Corporation	Korea	-	100.00	100.00	_	100.00	100.0				
	KGC Life & Gin Co., Ltd.	Korea	_	100.00	100.00	_	100.00	100.0				
	Jilin Hanzheng Ginseng Co., Ltd.	China	_	100.00	100.00	_	100.00	100.0				
	Cheong Kwan Jang Taiwan Corporation	Taiwan	-	100.00	100.00	-	100.00	100.0				
	Korea Red Ginseng Corp., Inc.	USA	-	100.00	100.00	-	100.00	100.0				
	Korea Ginseng (China) Corp.	China	-	100.00	100.00	-	100.00	100.0				
	Korea Ginseng Corp. Japan	Japan	-	100.00	100.00	-	100.00	100.0				
	PT Nusantara Indah Makmur	Indonesia	-	99.96	99.96	-	99.96	99.9				
Associates	LitePharmTech, Co., Ltd. ⁷	Korea	12.53	-	12.53	12.53	-	12.				
	KORAMCO Banpo PFV Co., Ltd.7	Korea	18.95	-	18.95	18.95	-	18.9				
	KOCREF 36 REIT	Korea	21.01	-	21.01	21.01	-	21.0				
	KOCREF 41 REIT	Korea	26.47	-	26.47	26.47	-	26.4				
	Cheongna Medipolis PFV Co., Ltd.8	Korea	51.01	-	51.01	51.01	-	51.0				
	INNODIS CO., Ltd.7	Korea	19.64	-	19.64	19.64	-	19.6				
	SJ BIO MED Co., Ltd. ^{7,9}	Korea	14.39	-	14.39	14.39	-	14.3				
	LSK Global Pharma Services Co., Ltd.	Korea	21.92	-	21.92	21.92	-	21.9				
	Mirae Asset KT&G Investment Fund I	Korea	45.00	5.00	50.00	45.00	5.00	50.0				
	JIELGWANGJIN CITY DEVELOPMENT Co., Ltd.	Korea	-	35.00	35.00	-	35.00	35.0				
	KB KT&G New Growth Fund 110	Korea	66.67	-	66.67	66.67	-	66.6				
Joint ventures	KORAMCO Europe Private REIT 3-2 Fund ¹¹	Korea	51.35	=	51.35	51.35	=	51.3				
	Starfield Suwon Inc.	Korea	50.00	-	50.00	50.00	-	50.0				
Others	AndaStation Professional Investment Private REIT No.1 ¹²	Korea	-	-	-	21.43	=	21.4				
	KORAMCO Dongjak PFV Co., Ltd. 12	Korea	-	-	-	19.47	-	19.4				

Notes to the interim separate financial statements, continued September 30, 2024 and 2023 (Unaudited)



22. Related Parties (cont'd)

¹The percentage of ownership is including preferred shares 6,978,948 shares (₩ 25,291 million) of Renzoluc Pte., Ltd.

²PT Trisakti Purwosari Makmur, the subsidiary of the Company merged with PT KT&G Indonesia, the subsidiary of the Company during the year ended December 31, 2023. The Company acquired 26,276,953 (6.56%) shares of PT Trisakti Purwosari Makur in exchange for 104,986 (99.99%) shares of PT KT&G Indonesia's equity securities. The consolidated share of PT Trisakti Purwosari Makmur is 99.99%, including shares held by Renzoluc Pte., Ltd., the subsidiary of the Company, as of September 30, 2024.

³PT Trisakti Purwosari Makmur, the subsidiary of the Company acquired 217,372,000 shares (₩ 18,563 million) of PT TSPM FLAVOR AND FRAGRANCE through a capital contribution establishment method during the nine-month ended September 30, 2024.

⁴The Company newly acquired 100.00% of KT&G Global Kazakhstan LLP and KT&G Kazakhstan LLP during the year ended 31, 2023, and the Company has classified the shares as investments in subsidiaries.

⁵The Company acquired 38.25% of preferred stocks with voting rights of DNC Deogeun Co., Ltd. during the year ended December 31, 2023, securing 51.00% of the voting rights of DNC Deogeun Co., Ltd., and the Company classified the shares as investments in subsidiaries. As the Company holds substantial decision-making right over related activities that has significant impact on the profit or losses of DNC Deogeun Co., Ltd. through the general shareholders' meeting and Board of Directors of DNC Deogeun Co., Ltd.

⁶The Company newly acquired 66.67% of Cheongna Medipolis Development Co., Ltd. during the nine-month period ended September 30, 2024, and the Company has classified the shares as investments in subsidiaries.

⁷The Company has classified the ownership as investment in associates, notwithstanding its ownership percentage of less than 20%, as the Company determined it has a significant influence over the investee with its right to participate in the investee's Board of Directors meetings in accordance with the agreement with shareholders.

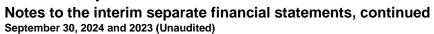
⁸The Company has classified the ownership as investment in associates as the three-fourths of the Board of Directors' consent is required in making decisions on material financial and operational policies in accordance with the agreement with shareholders.

⁹As of September 30, 2024, liquidation procedures are in progress.

¹⁰Although the Company's percentage of ownership for the invested company exceeds 50%, the Company has classified the ownership as investment in associates as the Company does not have control over related activities and has significant influence through participating on the entity's investment decision-making authority.

11 The Company has classified the ownership as investment in joint ventures as the Board of Directors' unanimous consent is required in making decisions on material financial and operational policies in accordance with the agreement with shareholders.

¹²The Company excluded the entity from its related parties, as the entity was disposed during the nine-month period ended September 30, 2024.





22. Related Parties (cont'd)

(b) The Company conducts transactions with related parties, such as sales of goods and provision of services, etc. Details of transactions with related parties for each of the three-month and ninemonth periods ended September 30, 2024 and 2023 are as follows:

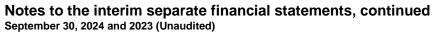
1) Sales and other income

in millions of Korean won)			Septemb	ber	30, 2024		September 30, 2023					
Туре	Type Name of entity		Three-month period ended		Nine-month period ended	-	Three-month period ended	_	Nine-month period ended			
Subsidiaries	Korea Ginseng Corporation	₩	3,183	₩	10,240	₩	2,965	₩	9,96			
	Yungjin Pharm. Co., Ltd.		293		963		311		870			
	Tae-A Industrial Co., Ltd.		275		719		215		60			
	KT&G Tutun Mamulleri Sanayi ve Ticaret A.S. ^{1,2}		10,917		20,140		1,143		16,58			
	KT&G Rus L.L.C. ¹		21,088		49,694		12,447		36,277			
	KT&G USA Corporation ¹		4		13		9		18			
	Cosmocos Co., Ltd.		34		112		27		67			
	PT Trisakti Purwosari Makmur ¹		26,157		78,450		13,377		42,424			
	SangSang Stay Inc.		1,512		4,536		1,231		3,689			
	KT&G Global Rus L.L.C. ¹		5,109		11,352		1,384		4,962			
	Gwacheon Sangsang PFV. Inc.		127		8,918		-		36,939			
	KT&G Taiwan Corporation		4,386		12,200		4,332		10,905			
	KT&G Kazakhstan LLP		1,126		1,146		7		11			
	KT&G Global Kazakhstan LLP		1,846		4,574		245		304			
	DNC Deogeun Co., Ltd.		-		5,075		-					
	KGCyebon Corporation		14		40		6		22			
	KGC Life&Gin Co., Ltd.		13		42		14		44			
	CHEONGNA MEDIPOLIS DEVELOPMENT CO., LTD.		9		9		-					
Associates	KOCREF 36 REIT		-		600		-		600			
	KOCREF 41 REIT		-		938		-		914			
Joint venture	Starfield Suwon Inc.		91		91		-					
Others	AndaStation Professional Investment Private REIT No.13		-		-		-		473			
	Total	₩.	76,184	₩	209,852	₩-	37,713	- t aj	165,673			

¹Excludes impairment loss (reversal) of ₩ 5,858 million and ₩ 7,641 million in relation to the related parties for each of the nine-month periods ended September 30, 2024 and 2023.

²The amount of sales related to OEM transactions presents the amount before adjustment considering receivables related to payment to subcontractors.

³The Company excluded the entity from its related parties, as the entity was disposed during the nine-month period ended September 30, 2024.



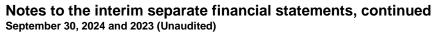


22. Related Parties (cont'd)

2 Purchases and other expenses

(in millions of Korean won)			Septemb	oer 3	0, 2024		September 30, 2023					
Туре	Type Name of entity		Three-month period ended		Nine-month period ended	-	Three-month period ended	-	Nine-month period ended			
Subsidiaries	Korea Ginseng Corporation	₩	472	₩	1,021	₩	368	₩	955			
	Yungjin Pharm. Co., Ltd.		60		284		2		224			
	Tae-A Industrial Co., Ltd.		9,215		27,589		9,092		28,229			
	KT&G Tutun Mamulleri Sanayi ve Ticaret A.S. ¹		8,810		14,035		-		-			
	Cosmocos Co., Ltd.		211		224		14		17			
	PT Trisakti Purwosari Makmur		457		457		-		14			
	SangSang Stay Inc.		49		157		17		155			
	KT&G Kazakhstan LLP		358		358		-		-			
	KGCyebon Corporation		232		669		206		618			
	KGC Life&Gin Co., Ltd.		-		3		211		214			
	Renzoluc Pte., Ltd.		48		48		-		-			
Associate	INNODIS Co., Ltd.		74		221		73		196			
Joint venture	Starfield Suwon Inc.		28		76		-		-			
	Total	₩	20,014	₩	45,142	₩	9,983	₩	30,622			

¹The amount of purchase related to OEM transactions presents the amount before adjustment considering payables related to payment to subcontractors.





22. Related Parties (cont'd)

(c) Details of account balances of receivables and payables with related parties as of September 30, 2024 and December 31, 2023 are as follows:

(in millions of Korean won)			Septemb	oer 30,	2024		December 31, 2023					
Type Name of entity			Receivables	_	Payables		Receivables	_	Payables			
Subsidiaries	Korea Ginseng Corporation	₩	1,649	₩	2,271	₩	2,965	₩	2,967			
	Youngjin Pharm. Co., Ltd. ²		5,062		50		4,903		50			
	Tae-A Industrial Co., Ltd. KT&G Tutun Mamulleri Sanayi		16		9,001		4		6,423			
	ve Ticaret A.S. ^{1,3}		46,342		4,538		34,655					
	Korea Tabacos do Brasil Ltda. 1,2		122		-		122		-			
	KT&G Pars ^{1,2}		44,526		-		44,526		-			
	KT&G Rus L.L.C. ¹		137,578		-		98,785		-			
	KT&G USA Corporation ¹		53,107		330		53,094		322			
	Cosmocos Co., Ltd.		30		204		9					
	PT Trisakti Purwosari Makmur ^{1,2}		429,684		-		404,956					
	SangSang Stay Inc.		7		=		28					
	KT&G Global Rus L.L.C.1		19,109		=		7,322					
	Gwacheon SangSang PFV. Inc4		8,541		1,845		57,763		2,222			
	KT&G Taiwan Corporation		2,785		-		1,684					
	KT&G Kazakhstan LLP		5,957		-		380					
	KT&G Global Kazakhstan LLP ²		11,644		-		12,244					
	KGCyebon Corporation		12		7,628		3		7,747			
	KGC Life & Gin Co., Ltd.		13		=		1					
	Renzoluc Pte., Ltd.		-		48		-					
Associates	INNODIS Co., Ltd.		-		27		-					
Joint venture	Starfield Suwon Inc.		138		10		8		37			
Others	AndaStation Professional											
	Investment Private REIT No.15	_				_	481					
	Total	₩	766,322	₩	25,952	₩	723,933	₩	19,768			

¹Presented in total amount of receivables before deducting loss allowance of W 150,971 million and W 145,113 million as of September 30, 2024 and as of December 31, 2023.

(d) Details of purchase and sale of property, plant and equipment, intangible assets and right-of-use assets with related parties for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

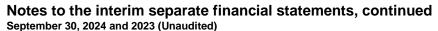
(in millions of Ko	orean won)	<u> </u>		S	eptember 30, 2024				September 30, 2023
Туре	Name of entity		Purchase of Right-of-use assets	-	Purchase of property, plant and equipment		Sale of property, plant and equipment and intangible assets	-	Sale of property, plant and equipment
Subsidiaries	PT Trisakti Purwosari Makmur	₩	-	₩	854	₩	-	₩	3,120
	KT&G Tutun Mamulleri Sanayi ve Ticaret A.S.		-		=		2		-
	Korea Ginseng Corporation		302		-		-		-
	KGCyebon Corporation		392		-		764		-
	KT&G Kazakhstan LLP		-		-		3,999		_
	Total	₩	694	₩	854	₩	4,765	₩	3,120

²Includes loans to related parties.

³The amount of receivables and payables related to OEM transactions presents the amount before adjustment considering receivables and payables related to the payment to subcontractors.

⁴Includes other receivables in relation to dividends to related parties.

⁵The Company excluded the entity from its related parties, as the entity was disposed during the nine-month period ended September 30, 2024.





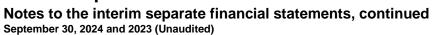
22. Related Parties (cont'd)

(e) Details of fund transactions with related parties for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

in millions of Ko	rean won)		Septen	ber 30, 2024				September 30, 2023				
Туре	Name of entity	Name of entity Equity investment Repayment of lease liabilities Equity re-		Equity recovery		Equity investment		Repayment of lease liabilities	Loan of Fund			
Subsidiaries	Korea Ginseng Corporation	₩ -	₩	48	₩	-	₩	-	₩	- ₩		
	SangSang Stay Inc.	-		-		-		30,000		-		
	Youngjin Pharm. Co., Ltd.	-		-		-		-		-	4,500	
	Tae-A Industrial Co., Ltd.	-		-		-		65,000		-		
	KGCyebon Corporation	-		510		-		-		461		
	PT Trisakti Purwosari Makmur			-		-		-		-	58,627	
	KT&G Tutun Mamulleri Sanayi ve Ticaret A.S.	59,692		-		-		25,623		-		
	KT&G Kazakhstan LLP	75,085		-		-		16,188		-		
	KT&G Global Kazakhstan LLP	-		-		-		18,510		-	9,319	
	DNC Deogeun Co., Ltd.	-		-		-		35,552		-		
	Edn the pine central Seocho Co., Ltd.	1,623		-		-		-		-		
	CHEONGNA MEDIPOLIS DEVELOPMENT CO., LTD.	200		-		-		-		-		
Associates	Mirae Asset KT&G Investment Fund I	4,500		-		-		4,500		-		
	Cheongna Medipolis PFV Co., Ltd.	-		-		-		83,978		-		
Joint venture	Starfield Suwon Inc.	15,000		-		-		100,000		-		
Others	AndaStation Professional Investment Private REIT No.1 ¹	-		-		23,738		-		-		
	KORAMCO Dongjak PFV Co., Ltd.1			-		2,244		-		-		
	Total	₩ 156,100	₩	558	₩	25,982	₩	379,351	₩	461 ₩	72,446	

¹The Company excluded the entity from its related parties, as the entity was disposed during the nine-month period ended September 30, 2024.

- (f) As of September 30, 2024, KT&G Taiwan Corporation receives a payment guarantee from Citi Bank Taiwan (executed amount: TWD 200,000 thousand), for import clearance. The Company has a recourse liability up to the limit of TWD 200,000 thousand to Citi Bank Taiwan (see Note 24.(c)).
- (g) During the nine-month period ended September 30, 2024, the Company signed a financial support letter for its subsidiaries, KT&G USA Corporation, Yungjin Pharm. Co., Ltd. and Cosmocos Co., Ltd., to provide operating funds, debt repayment and other management-related business support.
- (h) The Company established Starfield Suwon Inc., a 50:50 joint venture with Shinsegae Property Inc. for the year ended December 31, 2018. The disposal of the shares is limited for 5 years from the date Starfield Suwon Inc.'s temporary operation is approved. In the event that the Company or the joint venturer wishes to transfer all of its shares, the other party may elect to exercise the preemptive right to purchase the shares or exercise its joint put-option rights.
- (i) The Company has entered into a contribution agreement in relations to equity instruments of Cheongna Medipolis PFV Co., Ltd., an associate, with the ceiling of ₩ 101,000 million. As of September 30, 2024, a capital contribution has been completed. Furthermore, the equity shares shall not be transferred without the approval of Incheon Free Economic Zone and all the shareholders. In addition, when transferring the equity shares of Cheongna Medipolis PFV Co., Ltd., the equity shares of Cheongna Medipolis Development Co., Ltd., a subsidiary of the Company, shall also be transferred.

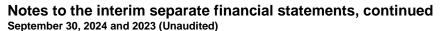




22. Related Parties (cont'd)

- (j) The Company is required to obtain a unanimous consent of other shareholders upon disposal of the equity shares of Gwacheon Sangsang PFV. Inc.
- (k) As of September 30, 2024, the Company has entered into a capital call agreement in relations to KORAMCO Europe Private REIT 3-2 Fund. The agreement might have a payment obligation if the maturity exchange rate rises compared to the contractual exchange rate.
- (I) The Company has entered into a capital contribution agreement in relations to Mirae Asset KT&G Investment Fund I and KB KT&G New Growth Fund 1, with the ceiling of \forall 28,000 million. As of September 30, 2024, the remaining contribution amount is \forall 11,500 million, and the detailed timeline for contribution is yet to be determined (see Note 24.(d)).
- (m) The Company has a joint disposal right to require other investors to dispose their ownership under the same condition of the Company's disposal of Mastern No. 144 PFV Co., Ltd.'s shares. Also, if the shareholders other than the Company dispose of the shares by obtaining the approvals from the Board of Directors and Shareholders, the Company has a pre-emptive right to purchase the shares under the condition notified by those shareholders. However, the pre-emptive right to purchase the shares is not an obligation, and the other investors will have delegated their right to dispose of the shares, to the Company.
- (n) The Company has entered into an agreement to extend the maturity of loans to KT&G Global Kazakhstan LLP worth at USD 7,000 thousand during the nine-month period ended September 30, 2024, and loans to PT Trisakti Purwosari Makmur worth at USD 100,816 thousand during the year ended December 31, 2023, respectively.
- (o) As of September 30, 2024, the Company's holdings in KORAMCO Banpo PFV Co., Ltd. are pledged as a collateral for a PF loan of KORAMCO Banpo PFV Co., Ltd. (see Notes 7 and 24.(c)).
- (p) The Company was ordered to pay a sewage fee of ₩ 6,350 million for 1 block of Daeyupyeong District by Suwon City, and Starfield Suwon Inc. completed the payment during the year ended December 31, 2023 (see Note 24.(d)).
- (q) As of September 30, 2024, the Company's holdings in Mastern No.144 PFV Co., Ltd. are pledged as a collateral for a loan of Gwacheon Sangsang PFV. Inc (see Note 24.(c)).
- (r) Key management personnel compensation for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)	_5	September 30, 2024	-	September 30, 2023
Long (short)-term employee benefits	₩	19,801	₩	15,700
Retirement benefits		1,790		1,515
Total	₩	21,591	₩	17,215





23. Risk Management and Fair Value of Financial Instruments

In relation to financial instruments, the Company is exposed to market risk, credit risk and liquidity risk. The purpose of risk management of the Company is to identify potential risks affecting the financial performance of the Company and to eliminate, avoid and reduce them to an acceptable level. The Company prepares and operates the companywide risk management policies and procedures and the finance department of the Company has overall responsibility for risk management. The finance department of the Company is responsible for monitoring and managing the financial risks associated with the operations of the Company in accordance with the risk management policies and procedures approved by the board of directors, and it periodically analyzes the nature and exposure of the financial risks. In addition, the Company's management continuously reviews compliance with risk management policies and procedures limits on risk exposure. The Company's overall financial risk management strategy is the same as the previous fiscal years.

(a) Market risk

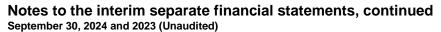
Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and prices of equity securities – will affect the fair value or future cash flows of the Company's financial instruments. The Company manages and controls the market risk exposure to be within the acceptable range, while optimizing revenue.

① Currency risk

The Company is exposed to the risk of changes in foreign exchange rates in relation to the export of manufactured tobacco and the import of tobacco leaves, etc. The Company's management internally measures the risk of currency fluctuations on a regular basis.

② Price risk

The Company is exposed to other price risks related to fluctuations of fair values and future cash flows of assets measured at fair value through other comprehensive income or loss, that may be caused by the changes in market prices and others of listed stocks the Company invests in. The Company's management regularly measures the risk that the fair values or future cash flows may fluctuate due to the changes in market prices for the listed stocks the Company invests in. Material investments in the Company's portfolio are individually managed, for which acquisitions and disposals are required to be approved by the Company's management.





23. Risk Management and Fair Value of Financial Instruments (cont'd)

③ Interest rate risk

The Company is exposed to interest rate fluctuation risk in relation to the borrowings, trade payables and other payables and lease liabilities. The management of the Company regularly measures the risk of changes in the fair value or future cash flows of the financial instrument due to changes in the market interest rate, maintaining an appropriate balance between fixed and variable interest borrowings. Considering the size of the interest bearing liabilities of the Company as of September 30, 2024, the effect of changes in interest rates on the fair values of financial liabilities or future cash flows is immaterial.

(b) Credit risk

The Company is exposed to credit risk that one of the contracting parties to the financial instrument may incur financial losses to the other party due to the failure of performing its obligations. In order to manage such credit risk, the Company's management only transacts with parties over certain level of creditworthiness, and establishes and manages the credit enhancement policies and procedures for financial assets. The Company evaluates the creditworthiness of new transacting parties using the financial information disclosed upon entering the contract and the information provided by the credit rating agency, which provides the basis for determining credit limits; the Company then receives collaterals and/or payment guarantees as necessary. In addition, the Company periodically reassesses the credit limits and readjusts the collaterals by reassessing the contracting party's creditworthiness, and for financial assets with delayed collection, their status and collection strategies are reported quarterly and appropriate measures are taken in accordance with the reasons for delay.

As of September 30, 2024 and December 31, 2023, the carrying amount of financial assets is the maximum exposure to credit risk.

(c) Liquidity risk

The Company is exposed to liquidity risk that will be difficult to meet its obligations related to financial liabilities that are settled by delivering cash etc., or other financial assets. To manage liquidity risk, the management of the Company establishes short and mid-to-long term financial management plan and continuously analyzes and reviews the cash outflow budget and actual cash outflows to respond to the maturity of financial liabilities and financial assets. Management of the Company determines that the financial liabilities are redeemable through cash flows from operating activities and cash inflows from financial assets.



Notes to the interim separate financial statements, continued September 30, 2024 and 2023 (Unaudited)

23. Risk Management and Fair Value of Financial Instruments (cont'd)

(d) Details of the carrying amounts of each category of financial instrument as of September 30, 2024 and December 31, 2023 are as follows:

(in millions of Korean won)	_	September 30, 2024	_	December 31, 2023
Financial assets:				
Financial assets measured at fair value through profit or loss ¹	₩	668,403	₩	680,149
Financial assets measured at fair value through other comprehensive income or loss		221,179		182,106
Derivative assets		10,259		7,751
Financial assets measured at amortized cost				
Cash and cash equivalents ¹		479,696		210,392
Other financial assets		186,405		186,443
Trade and other receivables		1,596,764		1,688,653
Long-term deposits		1,523,224		1,479,737
Subtotal	_	3,786,089	_	3,565,225
Total financial assets	₩	4,685,930	₩	4,435,231
Financial liabilities:	_			
Financial liabilities measured at amortized cost				
Short-term borrowings	₩	300,000	₩	-
Bonds		598,596		299,165
Trade and other payables		1,054,051		1,097,480
Lease liabilities		21,499		23,939
Subtotal		1,974,146		1,420,584
Total financial liabilities	₩_	1,974,146	₩_	1,420,584
¹ Among cash equivalents, the money market trust of	 f \ \ \ 105 <i>F</i>	568 million is classified as f	inanci	al accete measured at fair

¹Among cash equivalents, the money market trust of ₩ 105,568 million is classified as financial assets measured at fair value through profit or loss as of September 30, 2024.

(e) When measuring the fair value of an asset or a liability, the Company uses the observable inputs in the market as much as possible. Fair value is classified within the fair value hierarchy, based on the inputs used in valuation techniques as follows:

	Inputs used									
Level 1	Unadjusted quoted price in an active market accessible at the measurement date for the same asset or liability									
Level 2	Inputs that are observable directly or indirectly for an asset or liability other than the quoted price of Level 1									
Level 3	Unobservable inputs for an asset or liability									



Notes to the interim separate financial statements, continued September 30, 2024 and 2023 (Unaudited)

23. Risk Management and Fair Value of Financial Instruments (cont'd)

Details of the fair value of financial instruments measured by each hierarchy as of September 30, 2024 and December 31, 2023 are as follows:

(in millions of Korean won)				Septemb	oer 30,	2024			
		Carrying				Fair value			
	_	amount		Level 1	_	Level 2	_	Level 3	
Financial assets measured at fair value through profit or loss ¹	₩	668,403	₩	-	₩	296,206	₩	372,197	
Financial assets measured at fair value through other comprehensive income or loss		221,179		212,179		-		9,000	
Derivative assets		10,259		-		10,259		-	
Total financial assets	₩	899,841	₩	212,179	₩	306,465	₩	381,197	

¹Among cash equivalents, the money market trust of ₩ 105,568 million is classified as financial assets measured at fair value through profit or loss as of September 30, 2024.

(in millions of Korean won)	December 31, 2023										
		Carrying	ing Fair value								
	_	amount		Level 1		Level 2		Level 3			
Financial assets measured at fair value through profit or loss Financial assets measured at fair value	₩	680,149	₩	-	₩	299,639	₩	380,510			
through other comprehensive income or loss		182,106		173,106		-		9,000			
Derivative assets		7,751		-		7,751		-			
Total financial assets	₩	870,006	₩	173,106	₩	307,390	₩	389,510			

There is no movement between the levels of fair value hierarchy during the nine-month period ended September 30, 2024 and the year ended December 31, 2023.

As of September 30, 2024 and December 31, 2023, the fair value of investment trust's equity securities classified as financial assets at fair value through profit or loss (other comprehensive income or loss) was measured using the adjusted net asset method and the discounted cash flow, and was classified as Level 3 fair value based on the inputs used in the valuation technique.



Notes to the interim separate financial statements, continued September 30, 2024 and 2023 (Unaudited)

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23. Risk Management and Fair Value of Financial Instruments (cont'd)

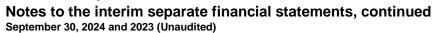
Changes in Level 3 fair value for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)		September 30, 2024	_	September 30, 2023
Beginning balance	₩	389,510	₩	360,125
Acquisition		36,142		34,118
Disposal		(43,157)		(28,279)
Changes in fair value		3,661		4,852
Others		(4,959)		_
Ending balance	₩	381,197	₩	370,816

(f) Details of net gain or loss by each financial instrument category for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)		September 30, 2024										
	meas valu	icial assests sured at fair ue through ofit or loss	Financial assests measured at fair value through other comprehensive income or loss		Derivatives		Financial assets measured at amortized cost	Financial liabilities measured at amortized cost		Total		
Profit for the period:				_		-						
Interest income	₩	- ∀	4 -	₩	-	₩	71,618 ₩	-	₩	71,618		
Dividend income		6,026	6,433		-		-	-		12,459		
Gain or loss on valuation		10,445	=		(8,833)		=	=		1,612		
Gain on lease contract adjustments		-	-		-		-	118		118		
Interest expense		-	=		=		=	(16,171)		(16,171)		
Reversal of impairment loss		-	-		-		5,200	-		5,200		
Total	₩	16,471 ∀	₹ 6,433	₩	(8,833)	₩	76,818 ₩	(16,053)	₩	74,836		
Other comprehensive income before tax:				_		-						
Net change in fair value	₩	- \	₹ 68,290	₩	-	₩	- ₩	_	₩	68,290		

(in millions of Korean won)		September 30, 2023									
	mea val	ncial assests isured at fair ue through ofit or loss	Financial assests measured at fair value through other comprehensive income or loss		Derivatives		Financial assets measured at amortized cost	Financial liabilities measured at amortized cost		Total	
Profit for the period:						_					
Interest income	₩	- 4	₩ -	₩	-	₩	44,820 ₩	-	₩	44,820	
Dividend income		7,699	7,676	i	-		-	-		15,375	
Gain or loss on valuation		28,924	-		(16,386)		-	-		12,538	
Gain on lease adjustments		-	-		-		-	37		37	
Interest expense		-	-		-		-	(8,454)		(8,454)	
Reversal of impairment loss		-	-		-		5,663	-		5,663	
Total	₩	36,623	₩ 7,676	₩	(16,386)	₩	50,483 ₩	(8,417)	₩	69,979	
Other comprehensive income before tax:						•			_		
Net change in fair value	₩	_ 4	₩ 7,887	₩	-	₩	- ₩	-	₩	7,887	





24. Contingent Liabilities and Commitments

(a) Litigation cases

As of September 30, 2024, the Company has 10 cases of pending litigations under progress where the Company is the defendant and the litigation amounts are \forall 154,530 million. It is not possible to reasonably predict the impact of the outcome of pending litigation on the separate financial statements of the Company as of September 30, 2024.

(b) Commitments with financial institutions

Details of the Company's major arrangements with financial institutions as of September 30, 2024 are as follows:

(in millions of Korean won or thousands of US dollars)

Туре	Financial institutions	Currency	Limit	Execution	
Opening import letter of credits	Hana Bank	USD	200,000	69,851	
Derivatives trading ¹	KB Kookmin Bank and five others	USD	219,213	12,039	
Limit loan	NH Bank and three others	KRW	800,000	300,000	

¹Derivatives are composed of foreign exchange forward contracts and are held for trading as of September 30, 2024.

As of September 30, 2024, the Company has a short-term export credit insurance contract with Korea Trade Insurance Corporation (covered amount: USD 115,473 thousand, EUR 1,800 thousand) related to the overseas export of manufactured cigarettes and other products.

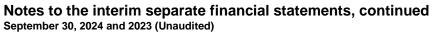
(c) Payment guarantees and collaterals

Details of payment guarantees and collaterals provided by other parties to the Company as of September 30, 2024 are as follows:

(in millions of Korean won or thousands of US dollars)

Provider	Currency	Limit	Details		
Korea Housing & Urban Guarantee Corporation	KRW	237,581	Housing distribution guarantee, etc.		
Seoul Guarantee Insurance	KRW	9,446	License guarantee, etc.		
Hana Bank	USD	2,000	Performance and tender guarantee related to exporting reconstituted tobacco leaves		

As of September 30, 2024, KT&G Taiwan Corporation receives a payment guarantee from Citi Bank Taiwan (executed amount: TWD 200,000 thousand), for import clearance. The Company has a recourse liability up to the limit of TWD 200,000 thousand to Citi Bank Taiwan.





24. Contingent Liabilities and Commitments (cont'd)

Details of payment guarantees provided by the Company to other parties as of September 30, 2024 and December 31, 2023 are as follows:

(in millions of Korean won)	September 30, 2024			December	31, 2023		
Guarantee user	Guaranteed by	Limit amount		Execution amount	Limit amount	Execution amount	Details of guarantee
Buyer of Suwon Hwaseo Prugio Briciel	Shinhan Bank	₩	- ₩	- ₩	76,720 ₩	9,160	•
Buyer of ePyeonhansesang Daejeon station Centum Vista	Hana Bank		8,000	1,781	8,000	515	intermediate payment of off-plan sales construction ¹
Buyer of Digital Empire Pyeongchon Biz Valley	Hana Bank		9,960	239	-	-	Loan guarantee for the contract deposit

¹The limit amount of this table excludes the portion of guarantees provided by Korea Housing & Urban Guarantee Corporation (80%) in the limit amount prescribed in the intermediate payment loan agreement.

Details of assets pledged as collaterals as of September 30, 2024 are as follows:

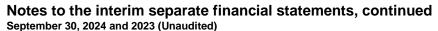
(in millions of Korean won)	_	Carrying amount	_	Debt amount		Collateralized amount	Collateral holder	Туре
Investment properties	₩	286,853	₩	21,896	₩	24,000	CJ Foodville Co., Ltd., etc.	Establishment of right to collateral security on rent deposits/ Establishment of lease contracts
Other financial assets and other receivables		5,203		-		5,203	Korea Land & Housing Corporation	Establishment of a pledge for property development
		597		597		597	Samsung Fire & Marine Insurance	Establishment of a pledge for leasehold deposits
		600		-		720	Suhyup Bank	Establishment of pledge related to loan arrangement for Elif Mia contract deposit
Financial assets measured at fair value through profit or loss		5,019		-		5,280	Suhyup Bank	Establishment of pledge related to loan arrangement for Elif Mia contract deposit
Investments in associates		5,306		=		5,306	Hyundai Marine & Fire Insurance, NH Bank	Collateral for PF Loan of KORAMCO Banpo PFV Co., Ltd. ¹
Investments in subsidiaries		37,000		-		3,250	Gwacheon Sangsang PFV. Inc.	Collateral for Loan of Mastern No.144 PFV Co., Ltd.
Total	₩	340,578	₩	22,493	₩	44,356		

¹Equity holdings of all investors in KORAMCO Banpo PFV Co., Ltd. are pledged as collaterals for a PF loan amounting to ₩ 90,000 million.

Details of restricted financial assets as of September 30, 2024 and December 31, 2023 are as follows:

(in millions of Korean won)			September 30, 2024		December 31, 2023
Cash and cash equivalents	Establishment of a pledge for Bundang Tower sales contract guarantee deposits	₩	1,000	₩	-
Other financial assets and other receivables	Establishment of a pledge for property development		5,203		5,203
	Establishment of a pledge for leasehold deposits		597		597
	Deposit in the Accompanied Growth Cooperation Loan Fund		100,000		100,000
	Security deposits for checking accounts		2		2
	Establishment of pledge related to loan arrangement for Elif Mia contract deposit		600		600
Financial assets measured at fair value through profit or loss	Establishment of pledge related to loan arrangement for Elif Mia contract deposit		5,019		4,960
	Total	₩	112,421	₩	111,362

The contracted amount for the acquisition of major items of property, plant and equipment that have not yet been incurred as of September 30, 2024, is ₩ 113,817 million.





24. Contingent Liabilities and Commitments (cont'd)

(d) Others

Each year, the Company deposits a certain proportion of the United States bound tobacco sales proceeds into the US state government in accordance with the Tobacco Master Settlement Agreement ("MSA") legislated under the Escrow Statute of the US. According to the Escrow Statute, if the Company inflicts damage on tobacco consumers due to any illegal activities committed by the Company and leads the US state government to spend medical expenditure accordingly, the deposits in the MSA Escrow Fund may be classified to the state government's medical expenditures. Otherwise, the fund shall be refunded to the Company, in whole, after 25 years from each date of deposit. The Company recognized $\forall 1,523,224$ million in long-term deposits for MSA Escrow Fund as of September 30, 2024 (as of December 31, 2023: $\forall 1,479,737$ million), and they consist of US Treasury bond, and demand deposits.

The Company established Starfield Suwon Inc. a 50:50 joint venture with Shinsegae Property Inc. for the year ended December 31, 2018. The disposal of the shares is limited for 5 years from the date Starfield Suwon Inc.'s temporary operation is approved. In the event that the Company or the joint venturer wishes to transfer all of its shares, the other party may elect to exercise the pre-emptive right to purchase the shares or exercise its joint put-option rights.

The Company was ordered to pay a sewage fee of $\mbox{$W$}$ 6,350 million for 1 block of Daeyupyeong District by Suwon City, and Starfield Suwon Inc. completed the payment during the year ended December 31, 2023.

As of September 30, 2024, the Company has entered into currency hedge capital call agreement in relations to the Company's overseas real estate funds. The agreement might have a payment obligation if the maturity exchange rate rises compared to the contractual exchange rate. The amount of payment obligation during the nine-month period ended September 30, 2024 is \$\footnote{\pi}\$ 15,446 million.

The Company has entered into a capital contribution agreement in relations to the debt instruments and associates of Mirae Asset KT&G Investment Fund I, KB KT&G New Growth Fund 1, Smilegate New Deal Fund, etc., with the ceiling of \forall 148,131 million and USD 15,000 thousand. As of September 30, 2024, the remaining contribution amount is \forall 50,433 million and USD 760 thousand, and the detailed timeline for contribution is yet to be determined.

The Company has entered into a contribution agreement in relations to equity instruments of Cheongna Medipolis PFV Co., Ltd., an associate, with the ceiling of ₩ 101,000 million. As of September 30, 2024, a capital contribution has been completed. Furthermore, the equity shares shall not be transferred without the approval of Incheon Free Economic Zone and all the shareholders. In addition, when transferring equity shares of Cheongna Medipolis PFV Co., Ltd., the equity shares of Cheongna Medipolis Development Co., Ltd., a subsidiary of the Company, should also be transferred.

The Company is required to obtain a unanimous consent of other shareholders for disposal of the equity shares of Gwacheon Sangsang PFV. Inc.

Notes to the interim separate financial statements, continued September 30, 2024 and 2023 (Unaudited)



24. Contingent Liabilities and Commitments (cont'd)

The Company has a joint disposal right to require other investors to dispose their ownership under the same conditions of the Company's disposal of Mastern No.144 PFV Co., Ltd.'s shares. Also, if the shareholders other than the Company dispose of the shares by obtaining the approvals from Board of Directors and at Shareholders, the Company has a pre-emptive right to purchase the shares under the condition notified by those shareholders. However, the pre-emptive right to purchase the shares is not an obligation, and the other investors will have delegated their right to dispose of the shares, to the Company.

As of September 30, 2024, the Company is being provided with a commitment to complete the construction and guarantee from contractors and mutual aid associations for the sale contract (ePyeonhansesang Daejeon station Centum Vista, etc.) proceeded by the Company.

As of September 30, 2024, in relation to construction of mixed-use building at Nokbeon-dong performed by the Company, the land and accompanying buildings are pledged as collateral and surface rights for the land by Korea Land & Housing Corporation and the maximum amount of claims related thereto is \$\text{\psi}\$ 15,341 million.

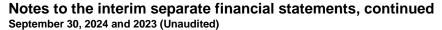
The Company is obligated to return infrastructure such as roads and neighbourhood parks to Suwon City for free related to sales project in Suwon Daeyupyeong district. And as blocks 1, 2, and 3 of Suwon Daeyupyeong district were completed during the year ended December 31, 2023, additional expected costs of fulfiling infrastructure-related obligations are being reflected in construction costs

In relation to the sales project of Elif Mia station Complex 1 and 2, the Company has an obligation to sell a portion of the residential and commercial facilities built by the Company at a low price and to donate roads to Seoul City.

In relation to the sales project of Digital Empire Pyeongchon Biz Valley and ePyeonhansesang Pyeongchon Urban Valley, the Company has an obligation to donate park and roads located in the district and a portion of the facilities built by the Company to Anyang City.

As of September 30, 2024, in relation to the Daejeon station Centum Vista sales project, the Company has agreed with the constructor (DL Construction Co., Ltd.) to compensate for the liabilities incurred by the contractor due to termination of the contract with the sub-subsidiary for the amount of $\mbox{$W$}$ 6,074 million loaned to the sub-subsidiary and problems related to the loan contract such as non-repayment of the loan.

During the year ended December 31, 2022, in relation to the construction of residential and commercial complexes in Sangbong-dong, the Company has reached an agreement with Bando Engineering & Construction Co., Ltd. to resolve the dispute over increase in construction costs due to the permission for change through arbitration judgement ordered by Korea Commercial Arbitration Board. For the progress of the construction, the Company also promised to pay $\mbox{$W$}$ 10 billion to Bando Engineering & Construction Co., Ltd. in installment according to the completion rate until the point of completion. The construction was completed during the year ended December 31, 2023, however, the arbitration is in progress and the ultimate outcome of the arbitration is unpredictable as of September 30, 2024.



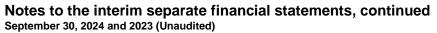


24. Contingent Liabilities and Commitments (cont'd)

During the nine-month period ended September 30, 2024, the Company signed a financial support letter for its subsidiaries, KT&G USA Corporation, Yungjin Pharm. Co., Ltd. and Cosmocos Co., Ltd., to provide operating funds, debt repayment and other management-related business support.

As of September 30, 2024, the Company and KT&G USA Corporation received a notification from the US Department of Justice ("DOJ") to submit a comprehensive document on the regulatory compliance status of tobacco products sold in the US, for which the investigation is underway. The Company and KT&G USA Corporation cannot predict the ultimate outcome of the investigation and its impact as of September 30, 2024.

The Company's subsidiaries are engaged in manufacturing and selling tobacco in Russia. As of September 30, 2024. The US and other countries have imposed the economic sanctions on Russia, including restrictions on SWIFT international payment network. The ultimate impact of such sanctions on the Company's business in Russia and its financial position therein cannot be reasonably estimated as of September 30, 2024.

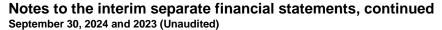




25. Cash Flows

Details of cash generated from operations for each of the nine-month periods ended September 30, 2024 and 2023 are as follows:

(in millions of Korean won)		September 30, 2024	September 30, 2023
Profit for the nine-month period ended September 30	₩	724,517	₩ 716,000
Adjustments:		121,011	110,000
Employee welfare		9,721	4,774
Retirement benefits		21,393	18,382
Loss on valuation or obsolescence of inventories		4,116	4,947
Depreciation		106,700	103,919
Amortization		17,269	15,286
Reversal of impairment loss on trade and other receivables		(5,200)	(5,663)
Loss on foreign currency translation		25,982	22,114
Loss on valuation of derivatives		21,489	22,374
Loss on disposal of property, plant and equipment		144	1,753
Loss on impairment of property, plant and equipment		304	7,082
Loss on disposal of intangible assets		92	9
Loss on impairment of intangible assets		122	405
Loss on disposal of investment properties		196	59
Loss on impairment of investments in subsidiaries		-	4,656
Other expenses, etc.		3,840	1,158
Finance cost		25,887	16,375
Share based payment expense		1,059	119
Income tax expense		213,924	260,581
Gain on foreign currency translation		(47,301)	(123,846)
Gain on valuation of derivatives		(12,657)	(5,988)
Gain on disposal of property, plant and equipment		(3,242)	(1,415)
Gain on disposal of intangible assets		(4)	(3)
Gain on disposal of investment properties		(6,932)	(6,732)
Gain on disposal of investments in associates and joint ventures		(6,368)	-
Other income, etc.		(6,099)	(6,539)
Finance income		(119,392)	(135,966)
Changes in working capital:			
Decrease (increase) in trade and other receivables		53,851	(231,114)
Decrease (increase) in derivatives		(11,341)	13,587
Decrease (increase) in inventories		73,780	(9,775)
Increase in accrued tobacco excise and other taxes		(10,292)	(92,898)
Increase in advance payments		(14,834)	(12,413)
Increase in prepaid expenses		(14,325)	(7,392)
Increase (decrease) in trade and other payables		(35,641)	226,017
Increase in advance receipts		66,467	9,147
Increase in tobacco excise and other taxes payable		38,840	106,023
Decrease in provision for site restoration		(84)	(84)
Increase (decrease) in net defined benefit liabilities (assets)	_	(1,280)	2,647
Cash generated from operations	₩_	1,114,701	₩ 917,586





26. Events After the Reporting Period

On October 15, 2024, the Company retired all treasury shares (3,610,000 shares, ₩ 385,373 million) acquired from August 9, 2024 to October 7, 2024 for the purpose of retirement.

According to the resolution of Board of Directors made on November 7, 2024, the Company plans to acquire and retire 1,350,000 shares of its treasury stocks in 2024 through trading on the floor.

On October 8, the Company issued ₩ 310,000 million of bearer-type interest unsecured bonds of KT&G (4-1st to 4-3rd)' for the acquisition of construction-in-progress.

During October 2024, the Company invested USD 47,282 thousand to KT&G Kazakhstan LLP, a subsidiary.

During October 2024, the Company lent USD 10,000 thousand to KT&G Global Kazakhstan LLP, a subsidiary.