KT&G 2025 Fourth Quarter and Full Year Results

Investor Relations

2026. 2. 5

Disclaimer

This presentation is prepared and provided for the convenience of investors and shareholders prior to the completion of the external audit. Therefore, certain contents are subject to change during the auditing process.

The financial information in this presentation is based on K-IFRS standards.

This presentation and related discussions contain certain forward-looking statements related to expected future business, financial performance and/or the industry forecasts which are uncertain.

Therefore, the recipients of this presentation shall be aware of that the forward-looking statements set forth herein may not correspond to the actual results.

Shareholder Return Update

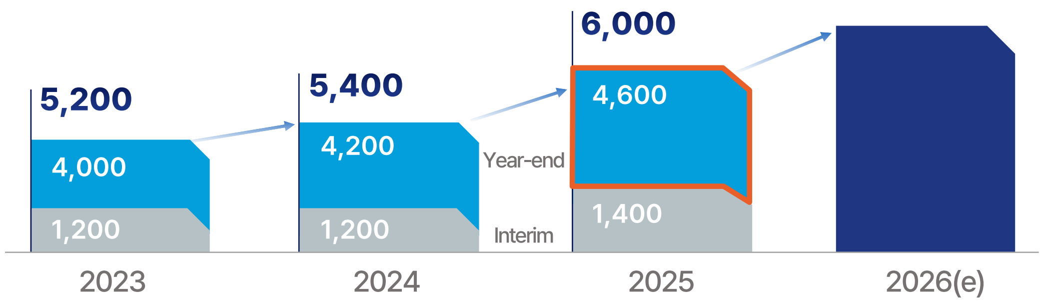
Dividend

Year-end Dividend	KRW **4,600** per share	Yearly DPS	KRW 6,000 (YoY 11.1% ↑)
		Payout Ratio	58%
Record Date	**Feb 27**	(transaction required by Feb 25)	
Payout Date	**end Apr**	(within 1 month from approval at AGM, precise date to be further announced)	

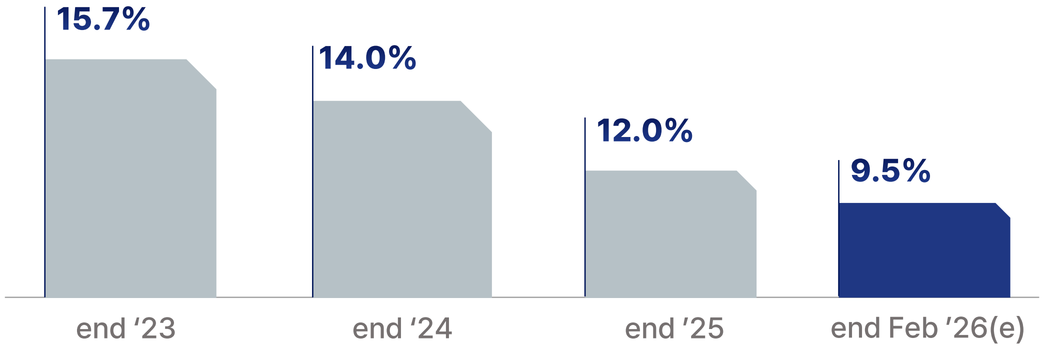
Share Cancellation

Scale	**3.3 mn** existing treasury shares — 14.3% cancelled since '24 vs. share count end '23; KRW 533.9 bn in market price
Timing	**Immediately**
Shares held after cancellation	**9.5%**

DPS (unit : KRW)



Treasury Shares Held



2025 Key Performance

Record-high Earnings

Double-Digit

Double-digit growth
in Annual Revenue
and Operating Profit

Valuation Re-rating

All-time High

Highest-ever share price
with **yearly stock price +32.7%**

Best-in-Class Shareholder Returns

109.8%

('24-'25) **Aggregate Total Shareholder Return Ratio 103.3%**

2026 Outlook

Earnings Target

Revenue

+3~5%

Operating Profit

+6~8%

Shareholder Return

Total Shareholder Return Ratio

100% +

Dividend	DPS Increase
Share Buyback/ Cancellation	KRW 300 bn +
Share Cancellation (newly acquired + existing)	4.0% + (vs. share count end '23)

Additional Shareholder Return

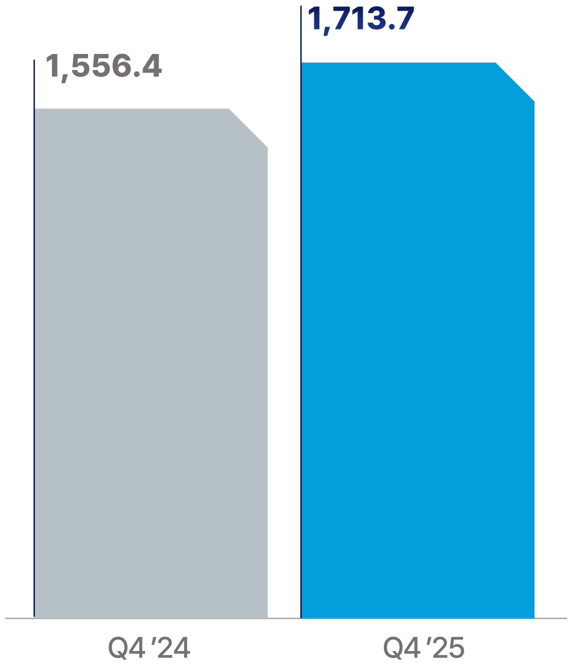
from non-core asset divestiture

Key Highlights_Q4 Consolidated Earnings

Revenue (KRW bn)

KRW 1.71 trn

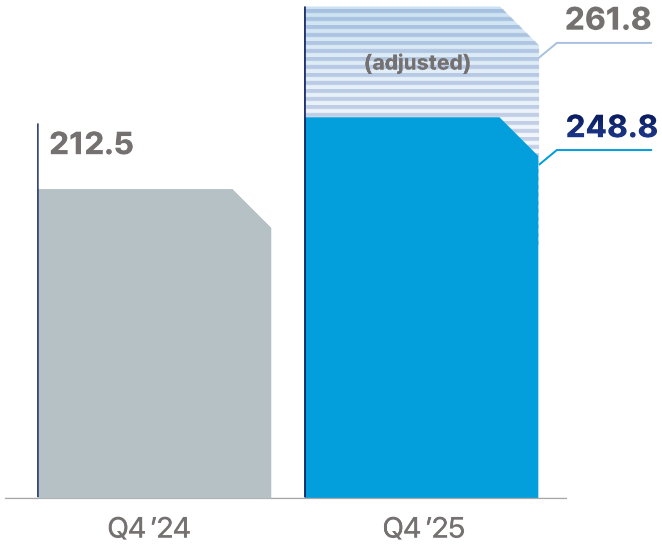
YoY +10.1%



Operating Profit (KRW bn)

KRW 248.8 bn

YoY +17.1%



Net Income

KRW 274.2 bn

YoY -15.7%

EPS

KRW 2,472

YoY -15.3%

EBITDA / EBITDA Margin

KRW 325.8 bn YoY +17.7%

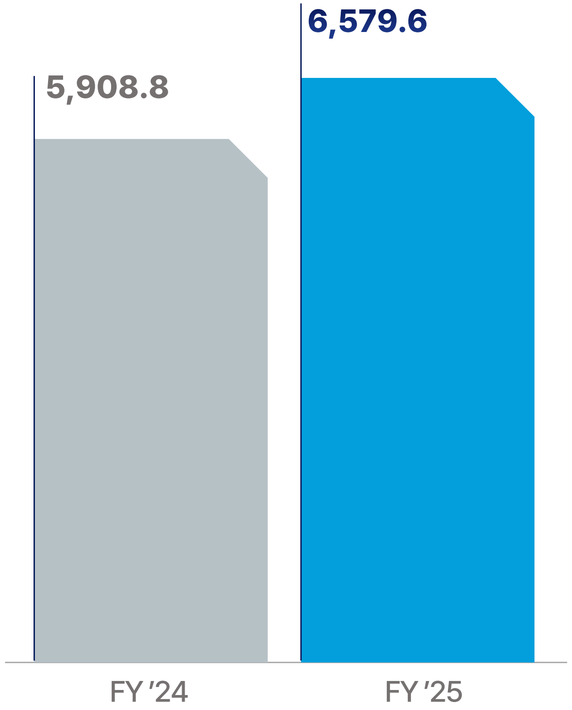
19.0% YoY +1.2%p

Key Highlights_Full Year Consolidated Earnings

Revenue (KRW bn)

KRW 6.58 trn

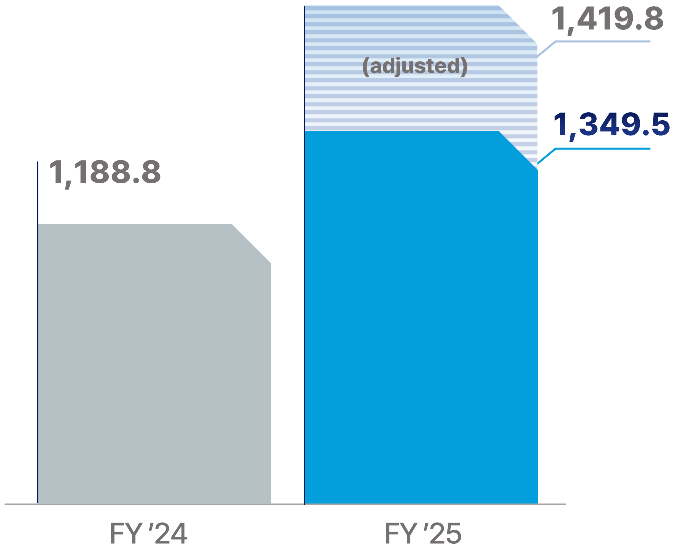
YoY +11.4%



Operating Profit (KRW bn)

KRW 1.35 trn

YoY +13.5%



Net Income

KRW 1,094.4 bn

YoY -6.1%

EPS

KRW 10,143

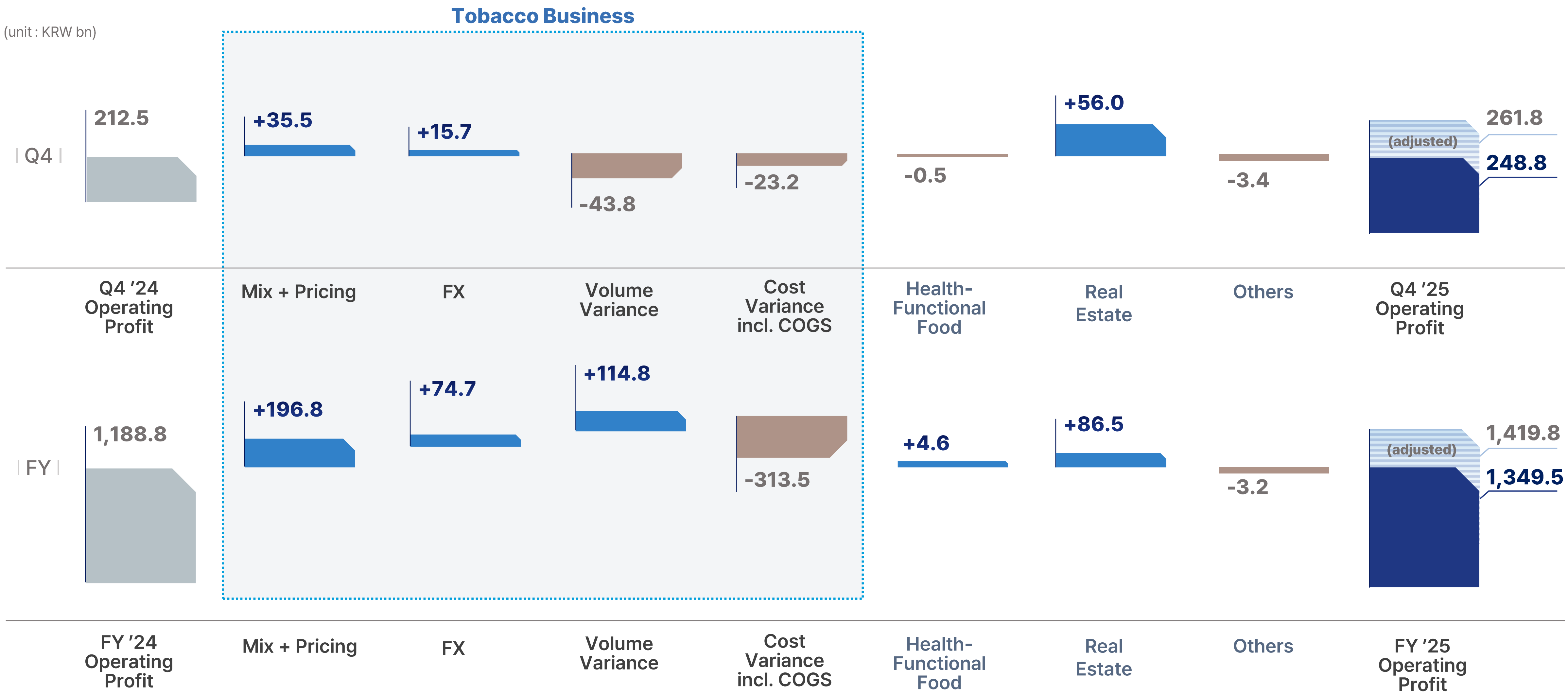
YoY -3.0%

EBITDA / EBITDA Margin

KRW 1,641.6 bn YoY +14.1%

24.9% YoY +0.5%p

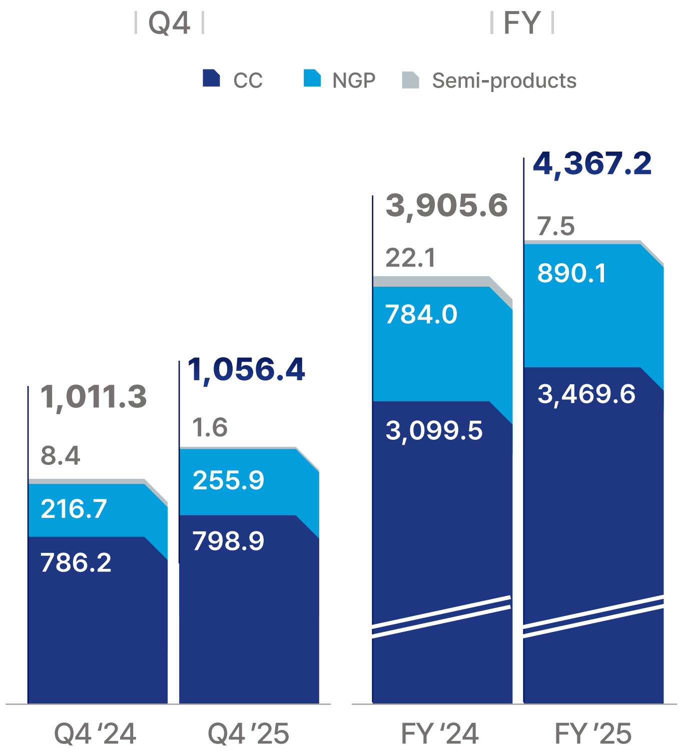
Movement in Earnings



Tobacco Business

Revenue (KRW bn)

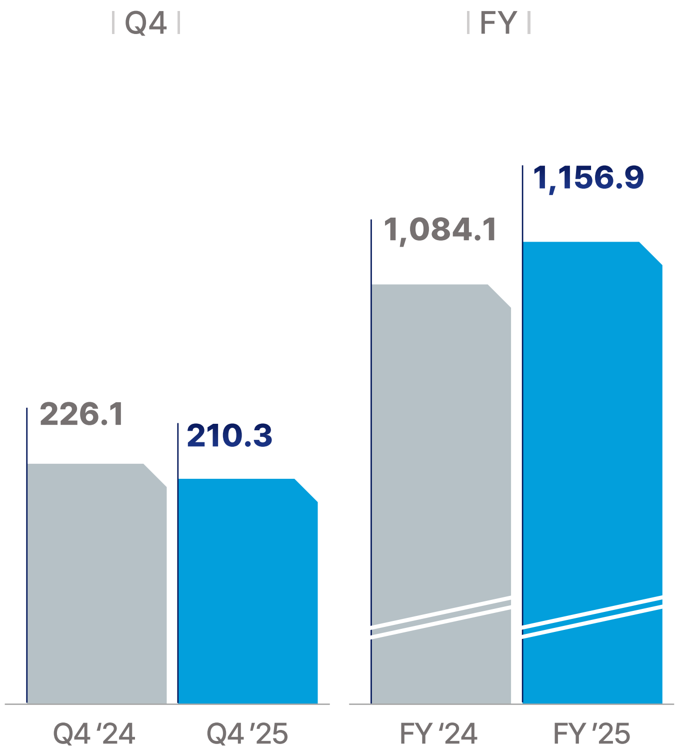
Q4 & FY Revenue growth for both the quarter (YoY +4.5%) and the year (YoY +11.8%) driven by **global businesses including CC and NGP**



Operating Profit (KRW bn)

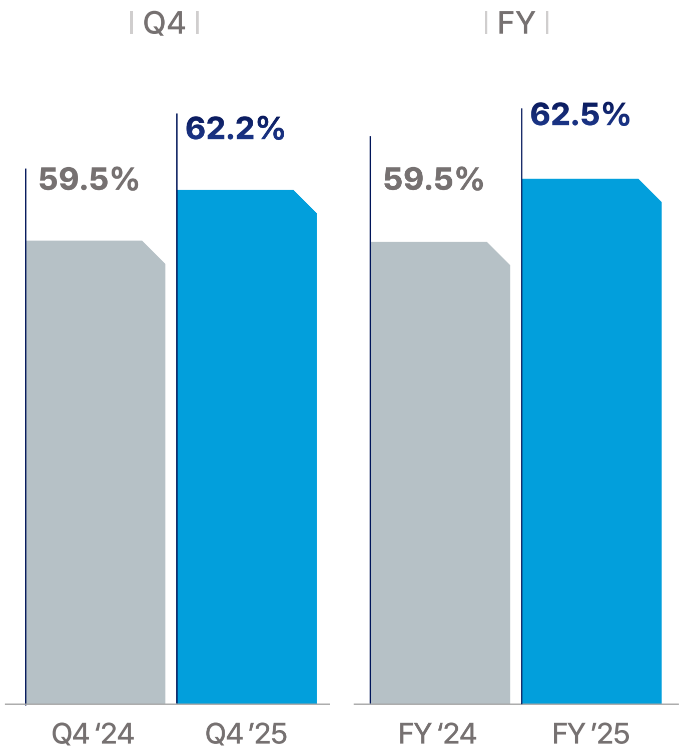
Q4 Impact from one-off costs(voluntary retirement, etc.) and reduced sales from domestic CC, a big profit contributor

FY **Accelerated profit growth** with continued **profitability enhancement from global CC**



Share of Global Sales (volume)

Q4 & FY Higher global sales as **global CC volume grew throughout the year**

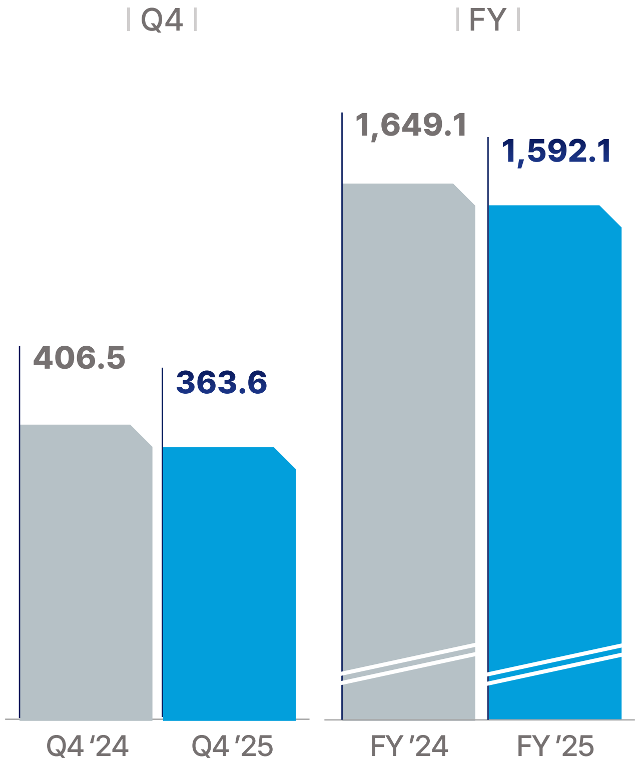


Tobacco_Domestic CC

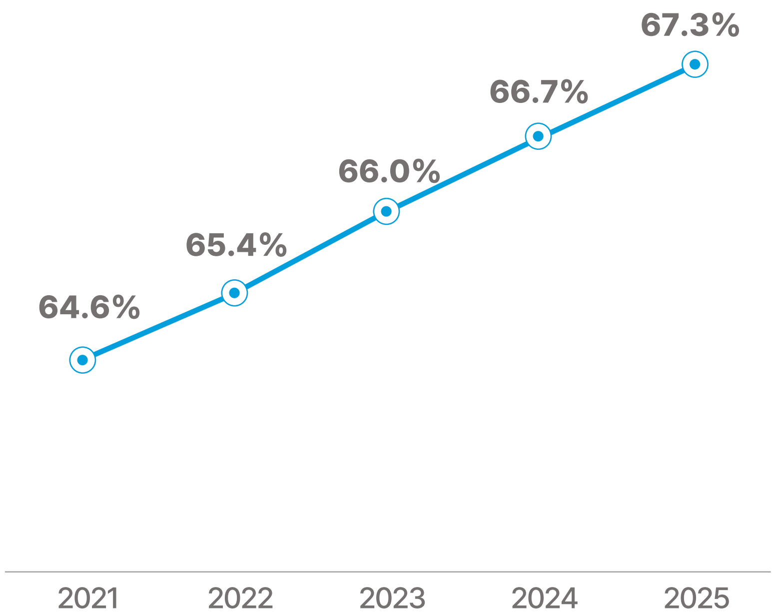
Q4 Volume declined (YoY -11.6%) more sharply than the annual trend due to **advanced demand in preparation for the Chuseok holiday in Q3**

FY **Revenue decline was mitigated compared to the drop in market volume**, with differentiated new product launches in the year

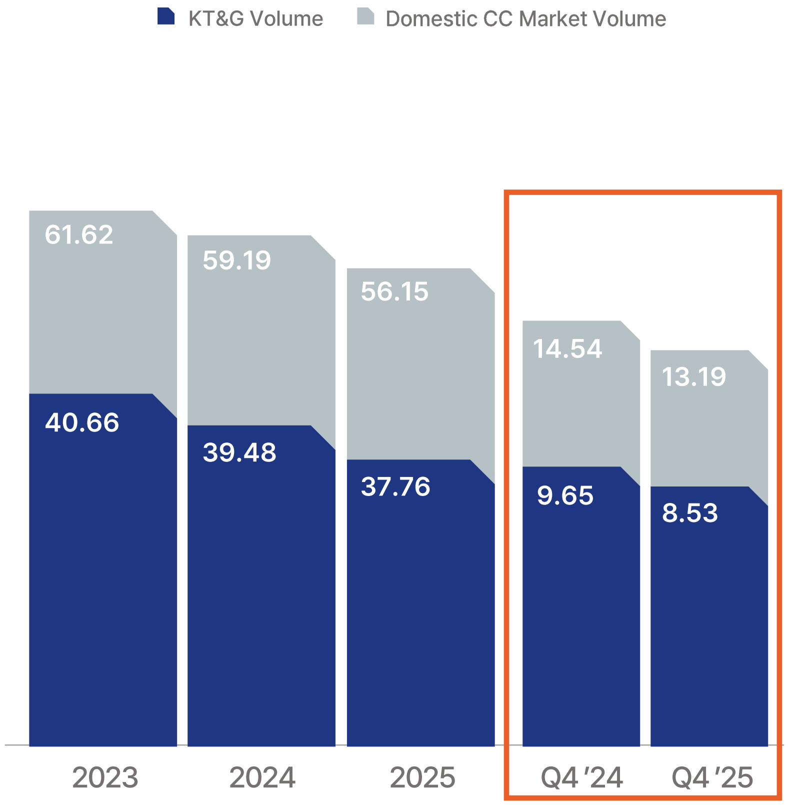
Revenue (KRW bn)



KT&G SoM[1)]



Total Market / KT&G Volume[1)] (bn sticks)



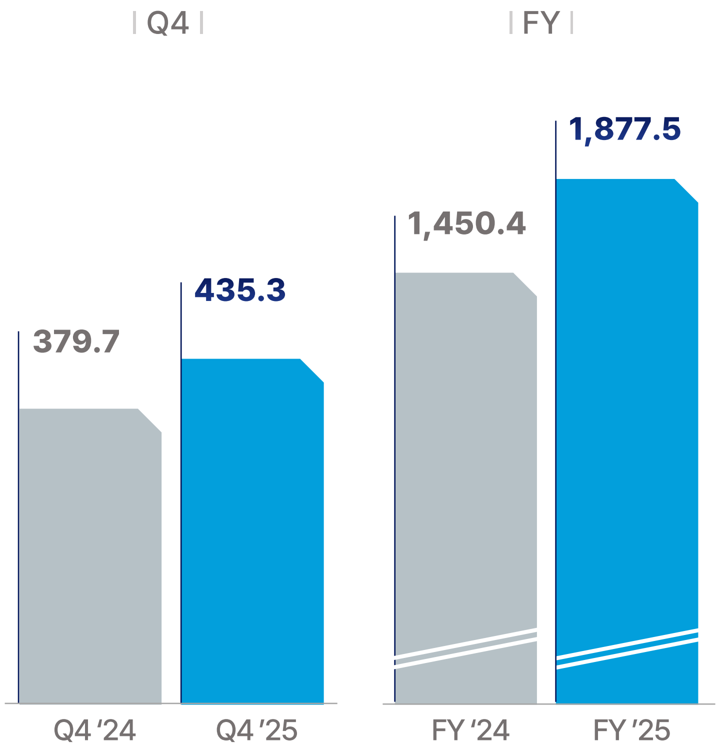
1) Source : Korea Tobacco Association data based on shipment volumes to general stores, centralized logistics, specialized channels, etc.

Tobacco_Global CC

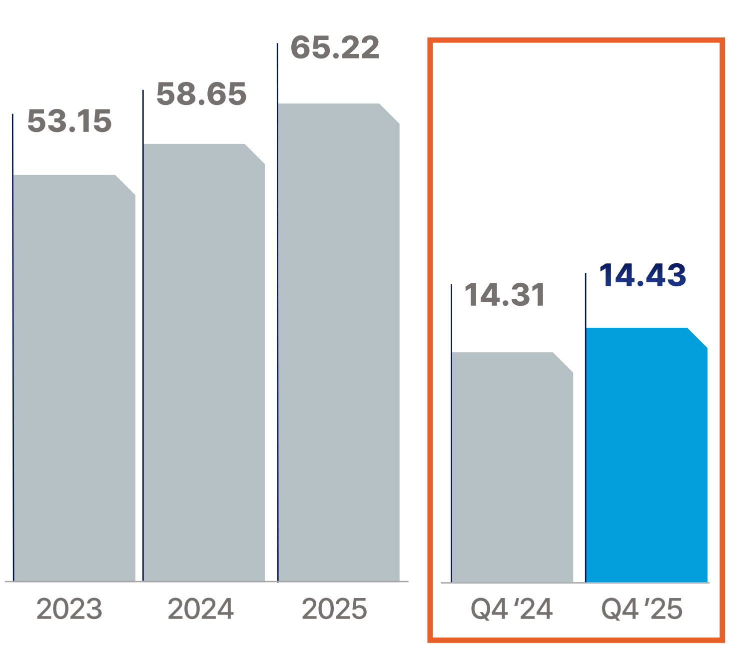
Q4 Continued **double-digit ASP increase (YoY +13.7%)** led to revenue growth (YoY +14.6%)

FY **Record-high figures in both revenue (YoY+29.4%) and operating profit (YoY +53.8%)** as **volume continued to break record (YoY +11.2%)** based on **presence in 145 markets** while **ASP grew above 10% (YoY +16.4%)**

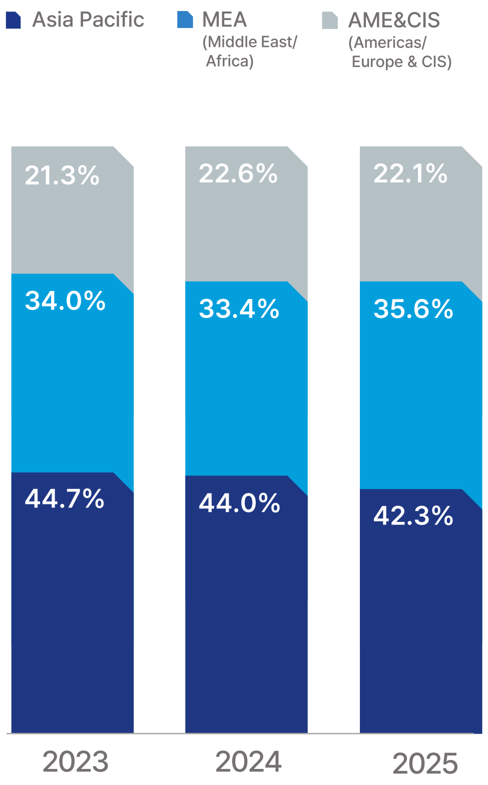
Revenue (KRW bn)



Volume (bn sticks)



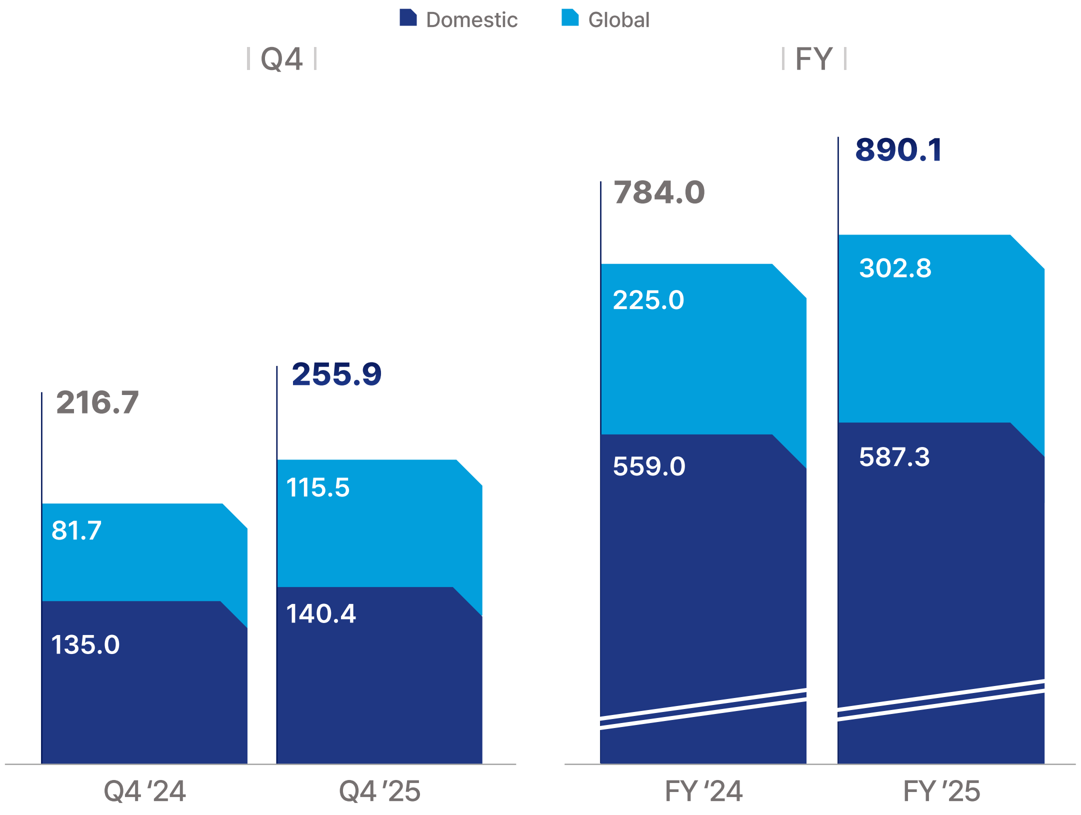
Volume Share per Region



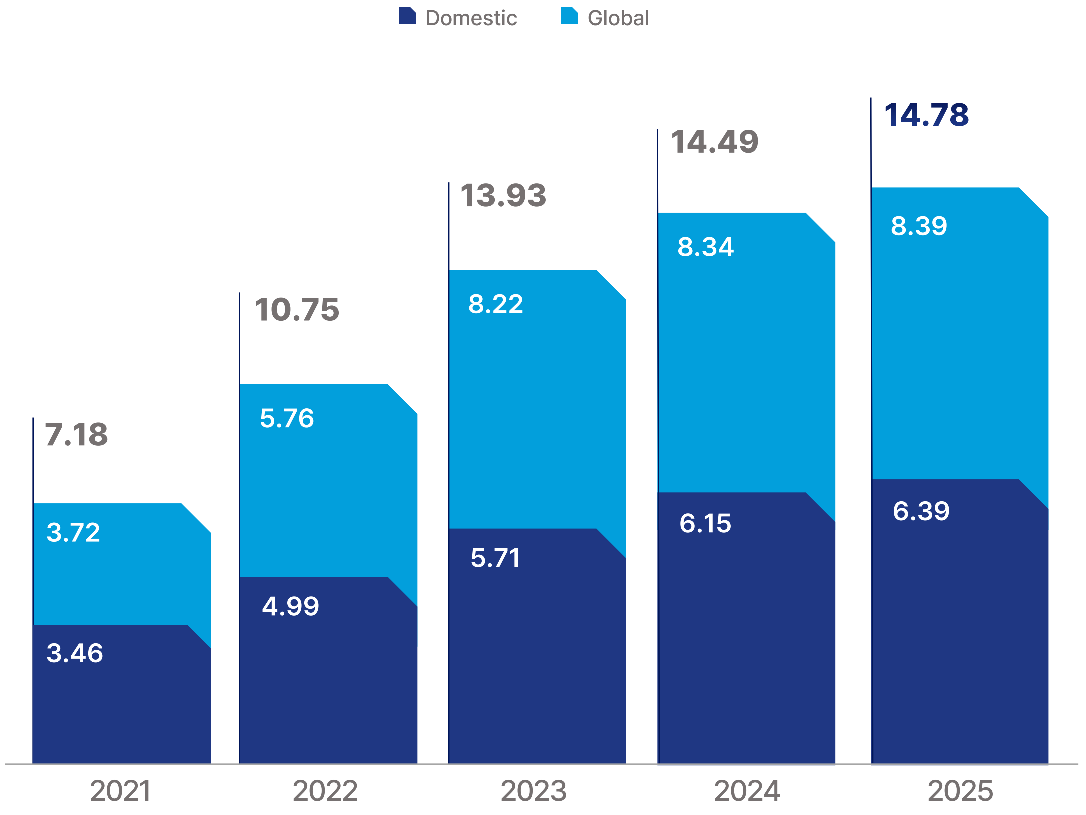
Tobacco_NGP(Next Generation Products)

Q4 & FY **Revenue continued to increase** as the impact from the overseas supply chain issue in H1 was more than offset by **new device and stick launches in and outside Korea**

Revenue (KRW bn)



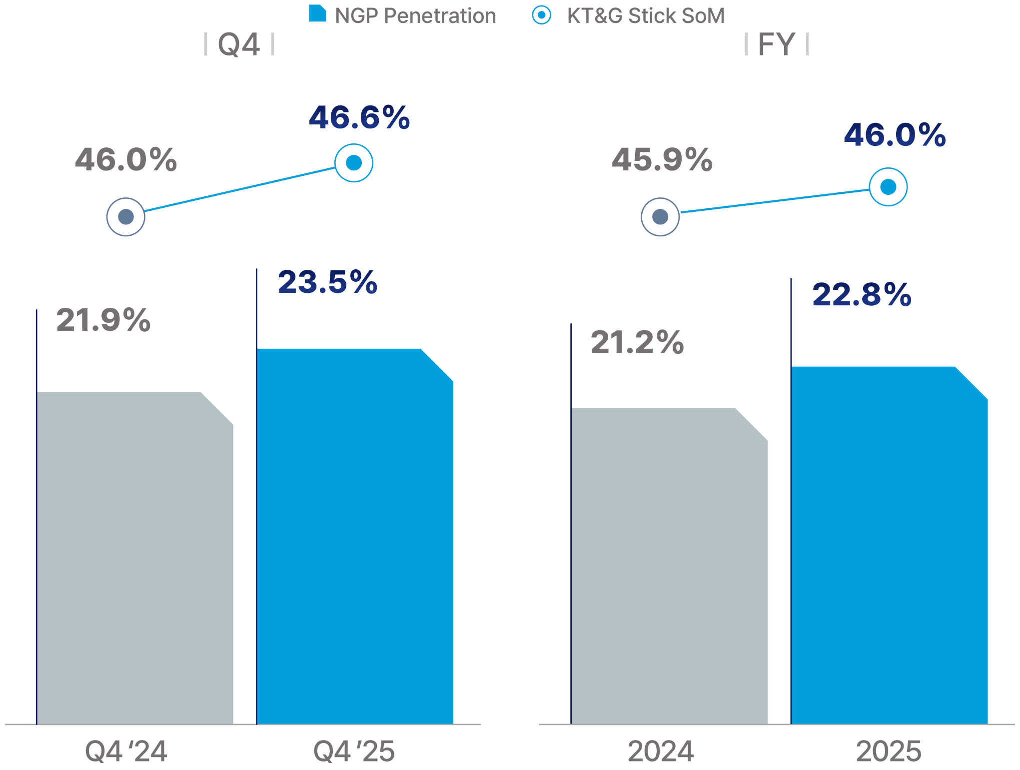
Stick Volume (bn sticks)



Tobacco_NGP(Next Generation Products)

Domestic Business

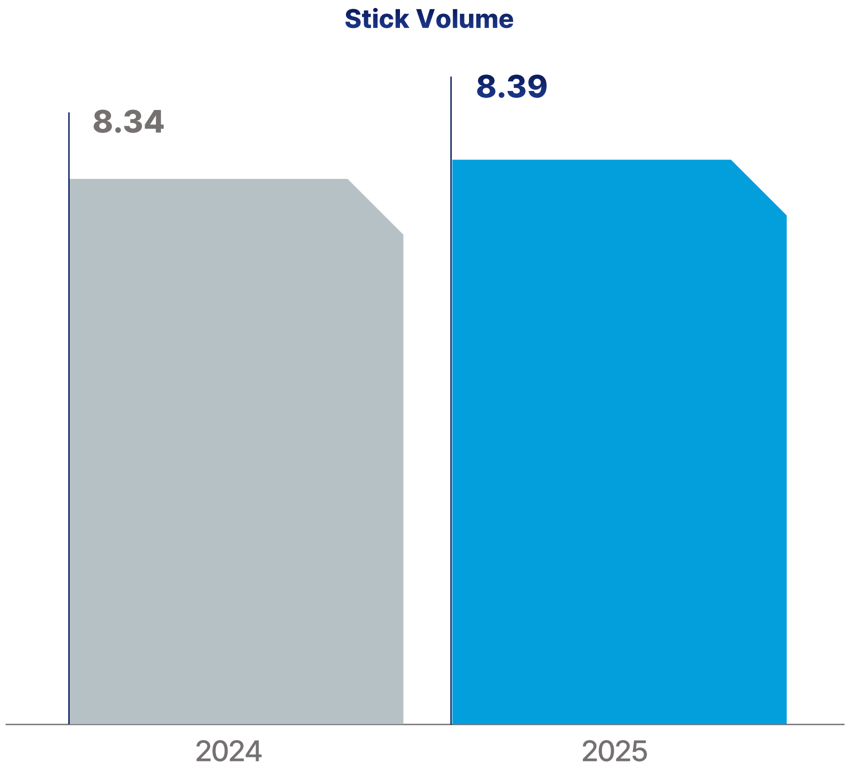
- NGP penetration of the market expanded in the year with higher demand
- **KT&G SoM continued to grow** with new product launches despite intensifying competition



1) Convenience store offtake data

Global Business (bn sticks)

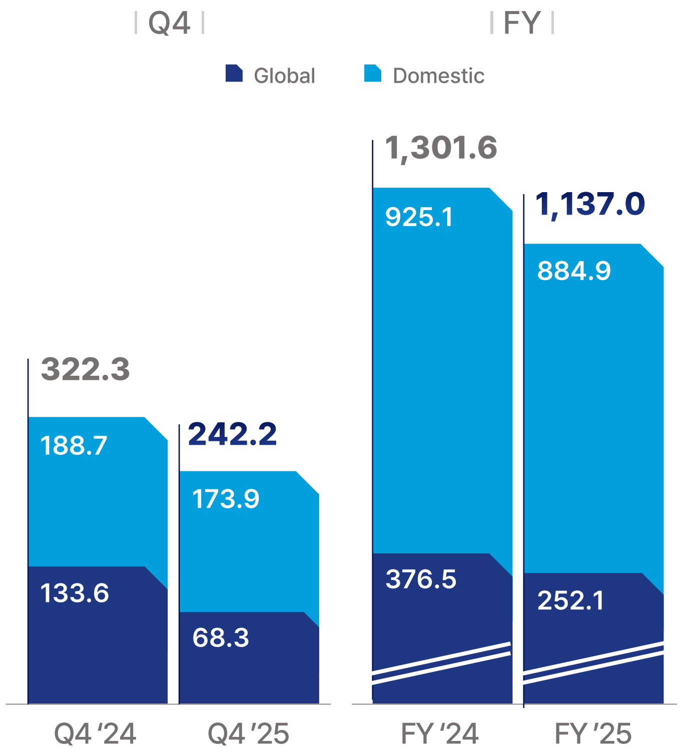
- **Annual stick volume growth was sustained** as a result of strong performance in core markets including Russia, despite subdued stick demand due to the existing device platform becoming outdated



Health-Functional Food

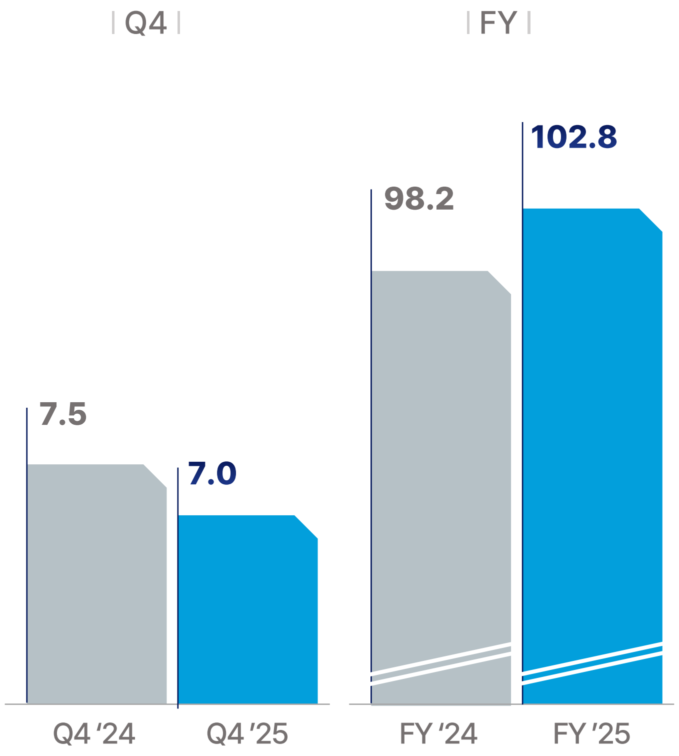
Revenue (KRW bn)

Q4 & FY — Amid declining demand due to a slow HFF market and high global consumer prices, **structural reform towards profit-centered channels and products** led to lower revenue



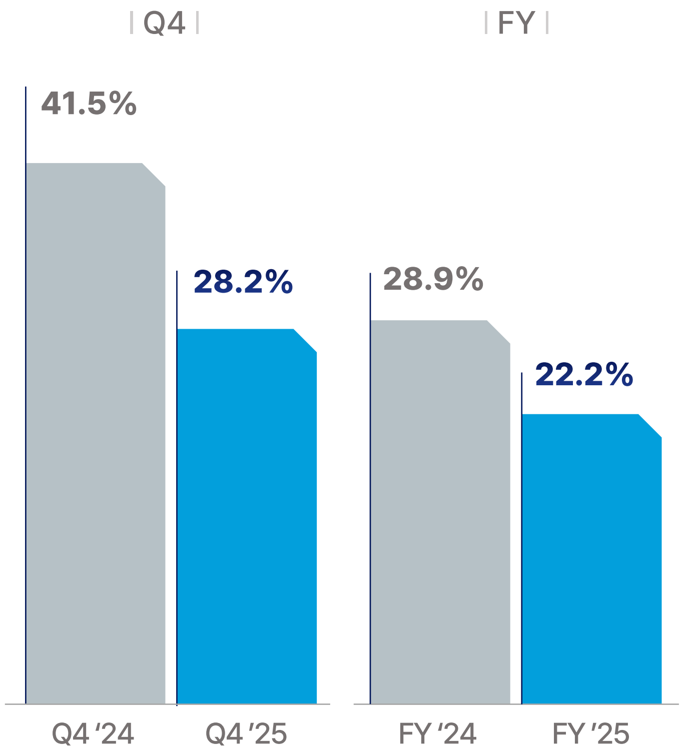
Operating Profit (KRW bn)

FY — Annual operating profit grew as a result of **continued implementation of a profit-oriented strategy**



Share of Global Sales (revenue)

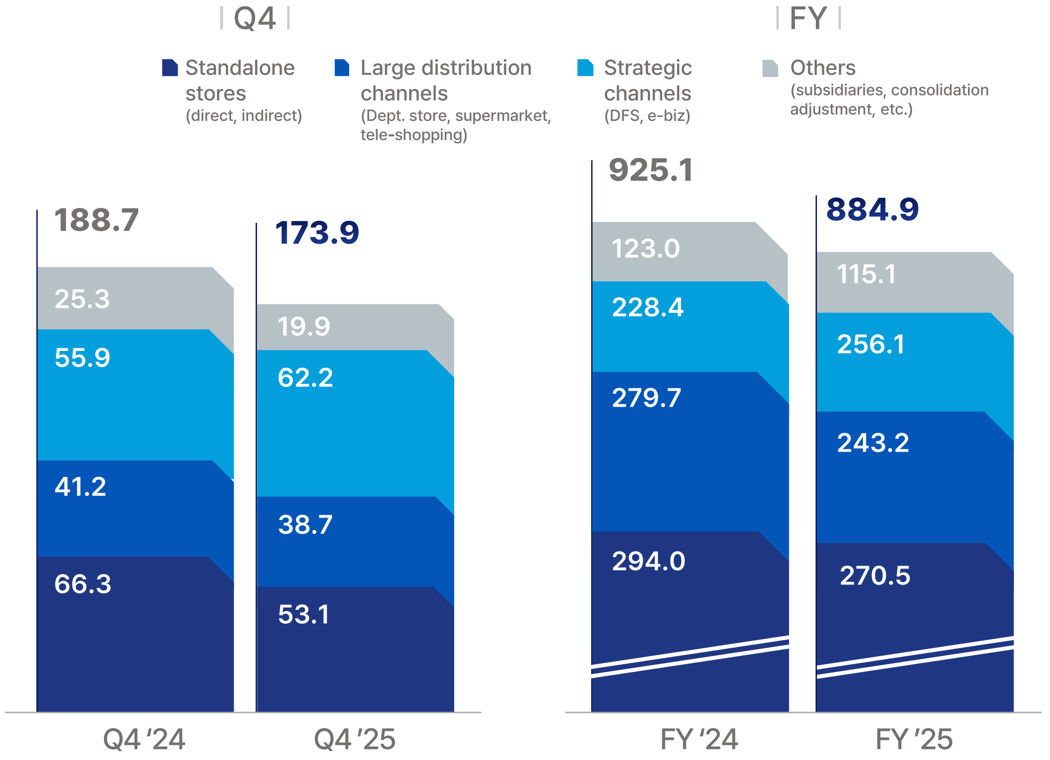
Q4 & FY — Lower share of global sales due to **reduced revenue in Greater China**



Health-Functional Food

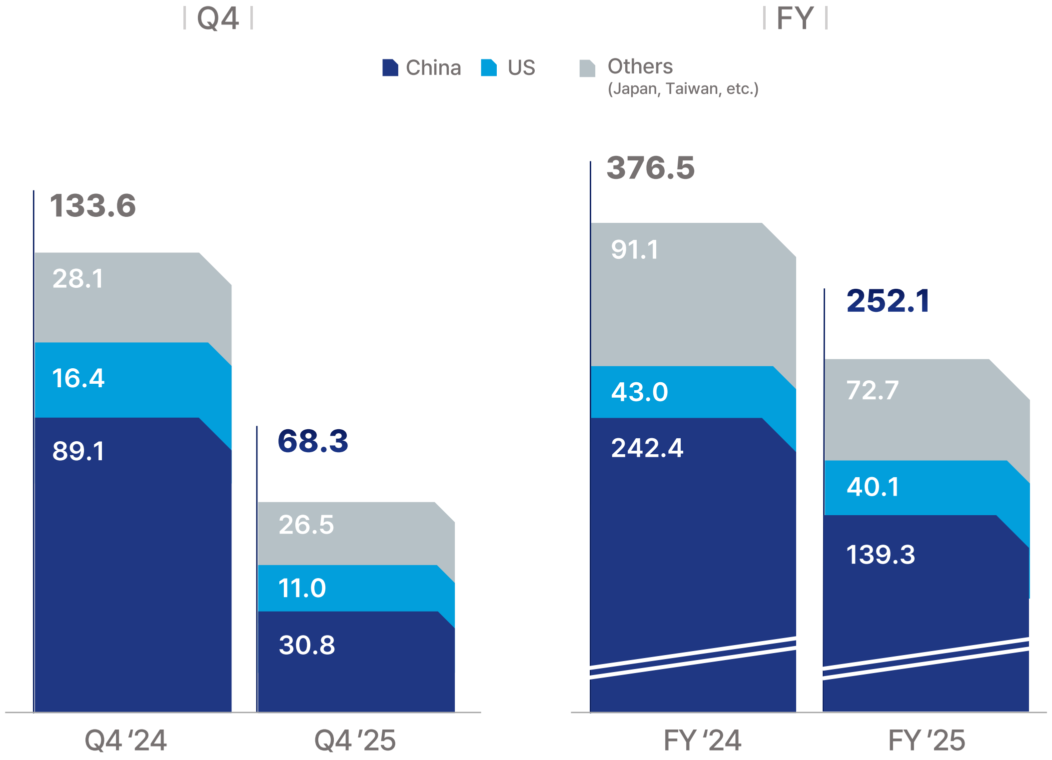
Domestic Revenue by Channel (KRW bn)

- While **revenue grew online**, a high-profit strategic channel, especially in the big 3 platforms, offline revenue outside of strategic channels were reduced as a result of **portfolio restructuring on low- profit channels and products**



Global Revenue by Market (KRW bn)

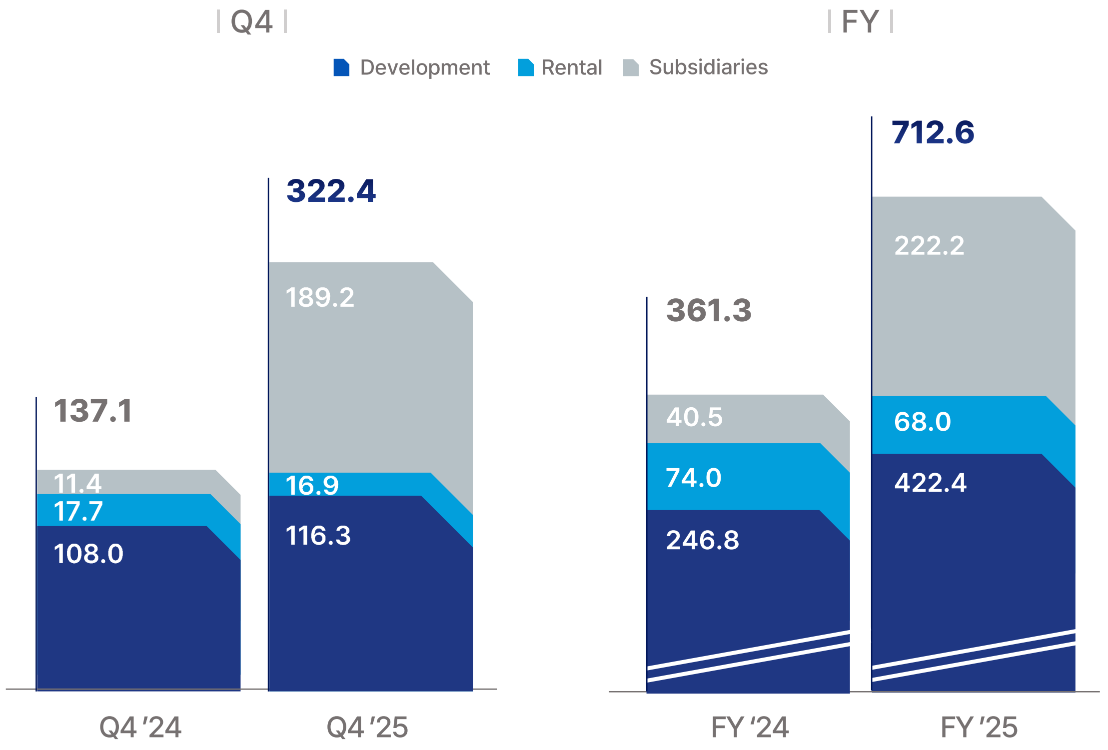
- Lower quarter and annual revenue due to strategic reduction of advertisements and promotions for cost efficiency



Real Estate

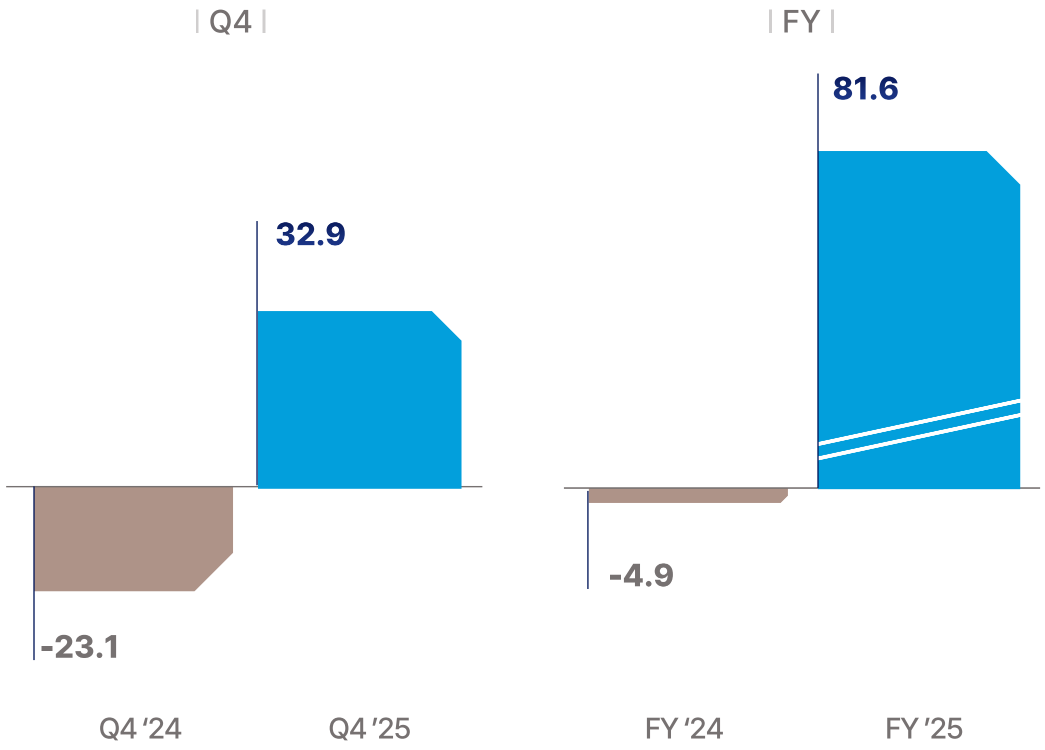
Revenue (KRW bn)

Q4 & FY Significant increase in revenue due to **strong earnings from mid-to-small sized development projects**, and **one-time profit recognition for Seocho SPC project** in Q4



Operating Profit (KRW bn)

Q4 & FY **Return to profit with reduced infrastructure costs for Suwon**, as well as higher revenue



Q&A

Appendix. Income Status by Business Segment

(units : bn sticks, KRW bn)		Q4 '24	FY '24	Q1 '25	Q2 '25	Q3 '25	Q4 '25	FY '25
Tobacco	**Volume**	**27.64**	**112.63**	**27.84**	**30.24**	**33.15**	**26.53**	**117.76**
	NGP	**3.68**	**14.49**	**3.43**	**3.74**	**4.04**	**3.57**	**14.78**
	Domestic	1.56	6.15	1.53	1.53	1.82	1.51	6.39
	Global	2.12	8.34	1.90	2.21	2.22	2.06	8.39
	CC	**23.96**	**98.13**	**24.41**	**26.50**	**29.11**	**22.96**	**102.98**
	Domestic	9.65	39.48	8.74	9.80	10.69	8.53	37.76
	Global	14.31	58.65	15.67	16.70	18.42	14.43	65.22
	Revenue	**1,011.3**	**3,905.6**	**988.1**	**1,090.5**	**1,232.3**	**1,056.4**	**4,367.2**
	NGP	**216.7**	**784.0**	**159.0**	**196.1**	**279.1**	**255.9**	**890.1**
	Domestic	135.0	559.0	138.5	140.1	168.3	140.4	587.3
	Global	81.7	225.0	20.5	56.0	110.8	115.5	302.8
	CC	**786.2**	**3,099.5**	**822.7**	**877.3**	**970.8**	**798.9**	**3,469.6**
	Domestic	406.5	1,649.1	373.6	408.3	446.6	363.6	1,592.1
	Global	379.7	1,450.4	449.1	469.1	524.2	435.3	1,877.5
	Semi-products	**8.4**	**22.1**	**6.4**	**17.1**	**(17.5)**	**1.6**	**7.5**
	Operating Profit	**226.1**	**1,084.1**	**252.9**	**321.9**	**371.8**	**210.3**	**1,156.9**
	OP Margin	22.4%	27.8%	25.6%	29.5%	30.2%	19.9%	26.5%
Health-Functional Food	**Revenue**	**322.3**	**1,301.6**	**314.4**	**220.6**	**359.8**	**242.2**	**1,137.0**
	Domestic	188.7	925.1	244.7	161.6	304.7	173.9	884.9
	Global	133.6	376.5	69.7	59.0	55.1	68.3	252.1
	Operating Profit	**7.5**	**98.2**	**18.2**	**6.2**	**71.4**	**7.0**	**102.8**
	OP Margin	2.3%	7.5%	5.8%	2.8%	19.8%	2.9%	9.0%
Real Estate	**Revenue**	**137.1**	**361.3**	**100.4**	**143.8**	**146.1**	**322.4**	**712.6**
	Development	108.0	246.8	72.1	116.2	117.9	116.3	422.4
	Rental	17.7	74.0	16.7	16.7	17.6	16.9	68.0
	Subsidiaries	11.4	40.5	11.6	10.9	10.6	189.2	222.2
	Operating Profit	**(23.1)**	**(4.9)**	**10.4**	**17.7**	**20.7**	**32.9**	**81.6**
	OP Margin	-	-	10.4%	12.3%	14.2%	10.2%	11.5%
Others	**Revenue**	**85.7**	**340.3**	**88.3**	**93.1**	**88.7**	**92.8**	**362.8**
	Pharmaceutical	62.9	251.2	63.9	62.5	60.9	66.8	254.1
	Cosmetics	22.8	89.1	24.4	30.6	27.8	26.0	108.7
	Operating Profit	**2.0**	**11.4**	**4.1**	**4.1**	**1.4**	**(1.4)**	**8.3**
	OP Margin	2.3%	3.3%	4.6%	4.4%	1.6%	-1.5%	2.3%

Appendix. KT&G Condensed Balance Sheet

※ The results below are still under audit by the outside auditors and may be subject to change.

Consolidated

(unit : KRW bn)	YE '25	YE '24
Current assets[a]	**7,023.1**	**7,176.3**
Cash[*]	1,278.2	1,844.2
Trade and other receivables	1,689.0	1,561.7
Inventories	3,283.8	3,101.3
Others	772.1	669.1
Non-current assets	**7,151.5**	**6,748.9**
Property, plant, and equipment	2,822.9	2,664.4
Investment property	665.0	761.2
Others	3,663.6	3,323.3
Total assets	**14,174.6**	**13,925.2**
Current liabilities[b]	3,192.7	3,142.9
Non-current liabilities	1,649.0	1,423.9
Total liabilities[c]	**4,841.7**	**4,566.8**
Total equity[d]	**9,332.9**	**9,358.5**
Current ratio[a/b]	220.0%	228.3%
Debt-to-equity ratio[c/d]	51.9%	48.8%

Standalone

(unit : KRW bn)	YE '25	YE '24
Current assets[a]	**4,047.9**	**4,166.9**
Cash[*]	264.8	989.0
Trade and other receivables	2,043.6	1,621.6
Inventories	1,359.0	1,316.2
Others	380.5	240.1
Non-current assets	**7,295.6**	**6,934.5**
Property, plant, and equipment	1,392.8	1,505.7
Investment property	556.1	741.4
Others	5,346.7	4,687.4
Total assets	**11,343.5**	**11,101.4**
Current liabilities[b]	2,587.3	2,485.3
Non-current liabilities	1,213.8	908.6
Total liabilities[c]	**3,801.1**	**3,293.9**
Total equity[d]	**7,542.4**	**7,707.5**
Current ratio[a/b]	156.5%	167.7%
Debt-to-equity ratio[c/d]	50.4%	44.0%

(*) Cash and cash equivalents, current other financial assets, current fair value through profit or loss

Appendix. KT&G Condensed Income Statement

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Consolidated [1]

(unit : KRW bn)	FY '25	FY '24
Revenue	**6,579.6**	**5,908.8**
Cost of goods sold	3,436.9	3,006.8
Gross profit	**3,142.7**	**2,902.0**
Selling, general and administrative expense	1,793.1	1,713.2
Operating profit	**1,349.5**	**1,188.8**
Other income/expenses	16.5	305.5
Financial gain/loss	38.8	73.6
Net income from continuing operations	1,095.2	1,172.1
Net income from discontinued operations [1]	(0.8)	(7.1)
Net income	**1,094.4**	**1,165.0**
Gross profit margin	**47.8%**	**49.1%**
Operating profit margin	**20.5%**	**20.1%**
Net income margin	**16.6%**	**19.7%**

Standalone

(unit : KRW bn)	FY '25	FY '24
Revenue	**4,145.5**	**3,704.5**
Cost of goods sold	2,228.3	1,927.1
Gross profit	**1,917.2**	**1,777.5**
Selling, general and administrative expense	910.4	795.8
Operating profit	**1,006.8**	**981.7**
Other income/expenses	95.2	267.3
Financial gain/loss	121.1	90.3
Net income	**914.3**	**1,003.2**
Gross profit margin	**46.2%**	**48.0%**
Operating profit margin	**24.3%**	**26.5%**
Net income margin	**22.1%**	**27.1%**

1) Due to the temporary suspension of US cigarette sales in '21. 4Q, the financial items of the US cigarette business (US subsidiary) has been segregated from net income from continuing operations and reclassified as a separate account of 'net income from discontinued operations'.

Appendix. KT&G Condensed Cash Flow

※ The results below are still under audit by the outside auditors and may be subject to change.

Consolidated

(unit : KRW bn)	FY ’25	FY ’24
Cash and cash equivalents at January 1	**1,136.0**	**1,032.0**
Cash flows from operating activities	**574.3**	**822.3**
Cash generated from operations	960.6	1,148.7
Income tax paid	(386.3)	(326.4)
Cash flows from investing activities	**97.3**	**(529.7)**
Acquisition of property, plant and equipment	(637.4)	(767.5)
Cash flows from financing activities	**(941.1)**	**(293.4)**
Net increase in cash and cash equivalents	(269.5)	(0.9)
Effect of exchange rate fluctuation	47.0	104.9
Cash and cash equivalents at December 31	**913.5**	**1,136.0**

Standalone

(unit : KRW bn)	FY ’25	FY ’24
Cash and cash equivalents at January 1	**588.8**	**210.4**
Cash flows from operating activities	**284.7**	**810.1**
Cash generated from operations	620.0	1,080.5
Income tax paid	(335.2)	(270.4)
Cash flows from investing activities	**135.5**	**(160.8)**
Acquisition of property, plant and equipment	(186.8)	(346.3)
Cash flows from financing activities	**(859.4)**	**(314.2)**
Net increase in cash and cash equivalents	(439.2)	335.0
Effect of exchange rate fluctuation	(15.5)	43.4
Cash and cash equivalents at December 31	**134.2**	**588.8**

Appendix. KGC Condensed Financial Statement (standalone)

※ The results below are still under audit by the outside auditors and may be subject to change.

Balance Sheet

(unit : KRW bn)	YE '25	YE '24
Current assets	**1,844.9**	**1,804.9**
Inventories	1,361.0	1,228.1
Cash and cash equivalents	50.9	114.4
Others	433.0	462.4
Non-current assets	**753.9**	**783.3**
Property, plant and equipment	320.8	335.2
Intangible assets	25.0	26.9
Others	408.1	421.2
Total assets	**2,598.8**	**2,588.3**
Current liabilities	132.7	154.8
Non-current liabilities	100.0	97.7
Total liabilities	**232.7**	**252.5**
Total equity	**2,366.1**	**2,335.8**

Income Statement

(unit : KRW bn)	YE '25	YE '24
Revenue	**1,030.1**	**1,105.1**
Cost of goods sold	475.4	536.3
Gross profit	**554.7**	**568.8**
Selling, general and administrative expense	455.6	502.1
Operating profit	**99.1**	**66.7**
Other income/expense	(16.7)	14.7
Financial gain/loss	10.3	13.2
Net income	**72.4**	**66.0**

Thank you