KT&G
2026 Second Quarter Results

Investor Relations

2026. 8. 6

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.

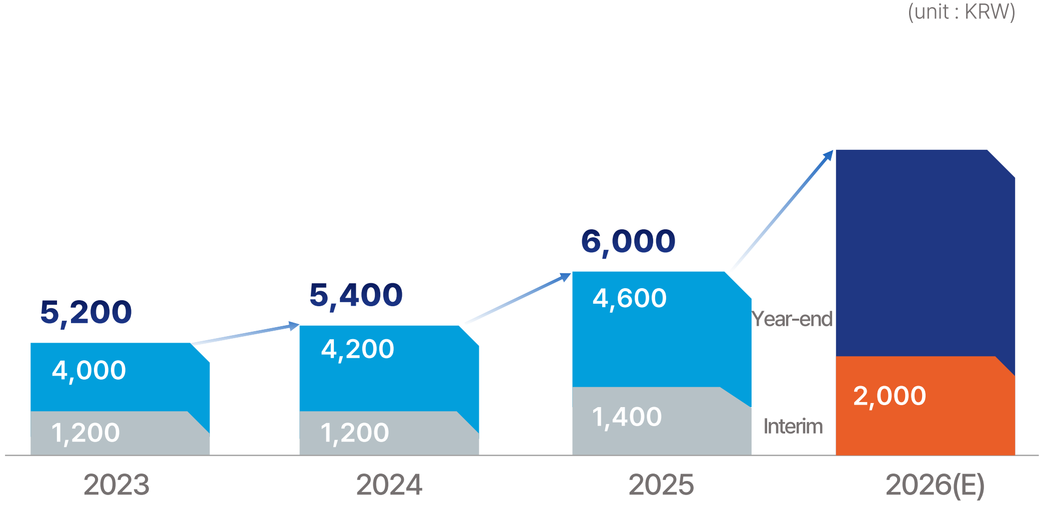
Shareholder Return Update

Dividend

Interim Dividend	**KRW 2,000** per share (+KRW 600, 43%↑ vs. PY)
Record Date	**Aug 21** (transaction required by August 19)
Payout Date	**Sept 7*** (To be paid within 1 month from board resolution)

* TBC

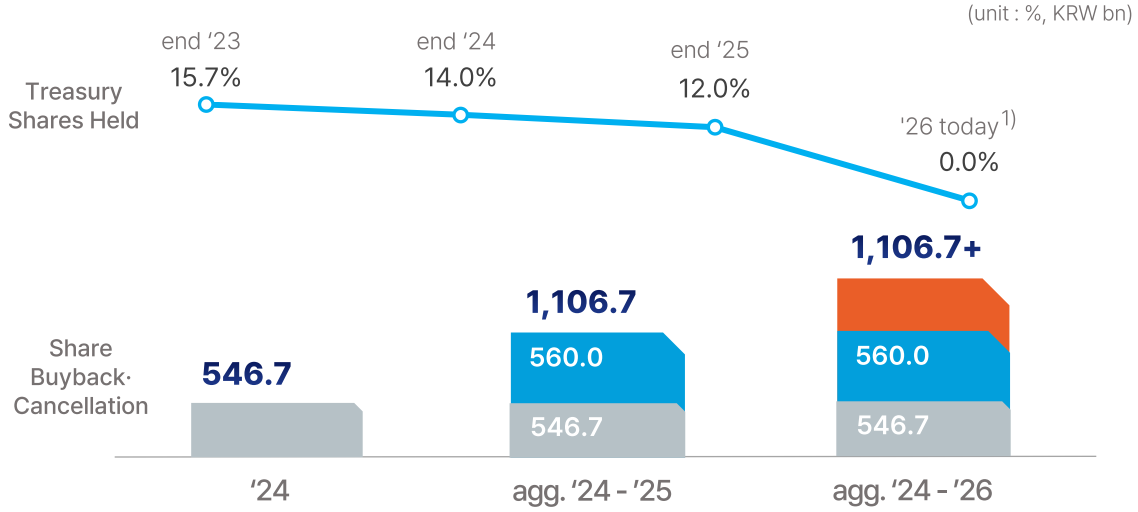
DPS



Future Plans

2026 Dividend	Capacity to increase dividends via profit growth → **DPS increase beyond previous trend**
Treasury Shares	**Buyback·Cancellation in H2 '26** (Timing and scale to be confirmed in consideration of share price trend going forward)

Share Buyback & Cancellation Progress



1) Treasury shares cancelled in full in April '26

Key Takeaways

Overall 4 quarters of double-digit operating profit growth, 2 years of record-high H1 revenue (KRW 3.4 trn)

- Robust growth in the tobacco business (revenue +11.7%, profit +18.8%) drove consolidated earnings which recorded KRW 1.7 trn in revenue (+9.9%), and KRW 414.5 bn in operating profit (+18.5%)

Int'l CC Rapid growth in quantity and quality amid uncertainties in the macro-environment, as triple growth (volume-revenue-OP) continues for 9 quarters

- Volume +7.3%, Revenue +18.9%, Operating Profit +45.6% with sustained ASP growth

NGP Successful market penetration of 「lil Aible」 boosted brand competitiveness and profitability as stronger contribution from high-ASP sticks led to profit growth outpacing revenue growth

- (Korea) NGP penetration increased (24%, +1.6%p) and sales volume grew dramatically to reach 48.2% in SoM (+2.7%p), solidifying lil's market-leading position
- (Int'l) Revenue grew by 35.9% thanks to strong results in key markets and favorable comparison against the previous year as the device supply chain normalized

HFF Revenue and profit growth driven by core brands and high-margin channel promotions, Entered the global market for materials and beverages, accelerating the 「Global Nutrition Business」

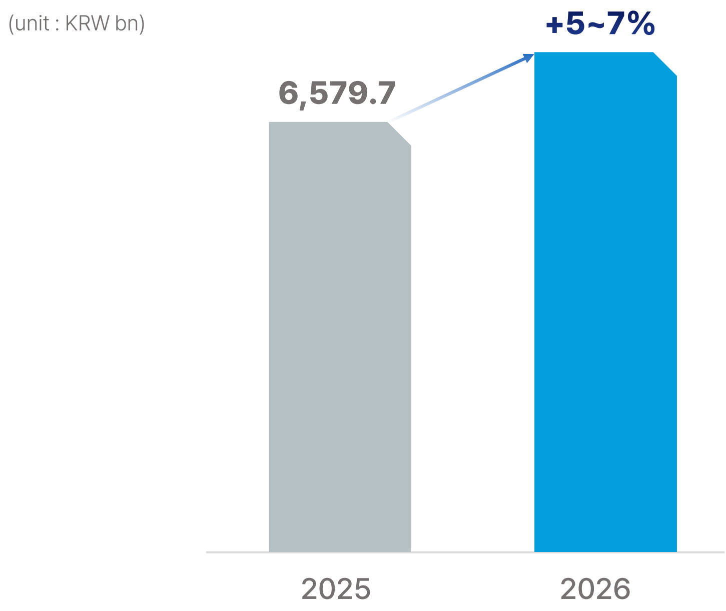
- (Korea) Captured online and offline demand through promotional and brand campaigns that maximized market activation opportunities
- (China) Commenced ginseng material supply for global F&B player, (US) Launched pilot test on ginseng beverage

2026 Guidance Update

Revenue

(Previous) +3~5%

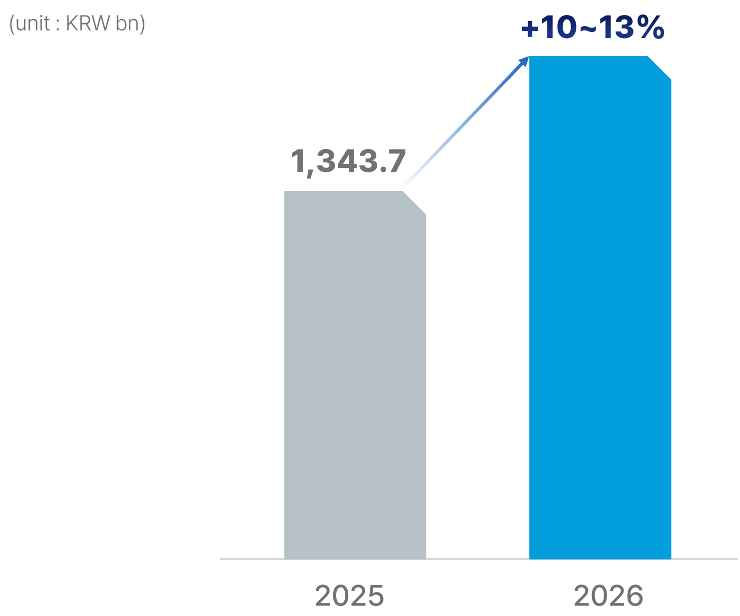
+5~7%



Operating Profit

(Previous) +6~8%

+10~13%

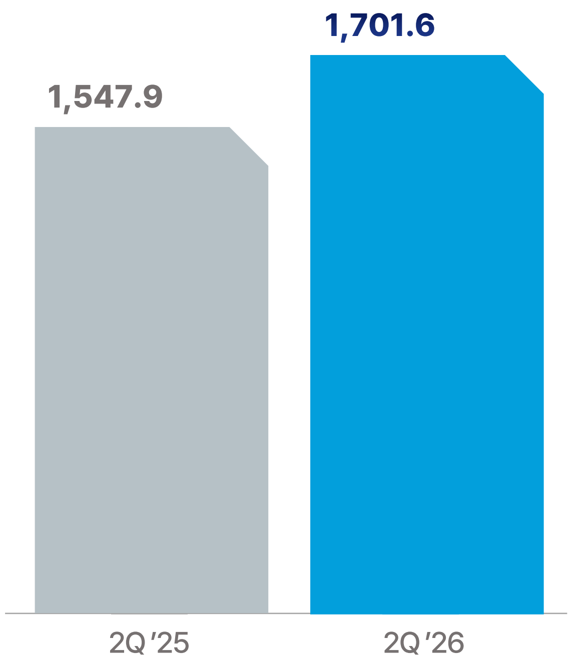


Key Highlights_ Consolidated Earnings

Revenue (KRW bn)

KRW 1.70 trn

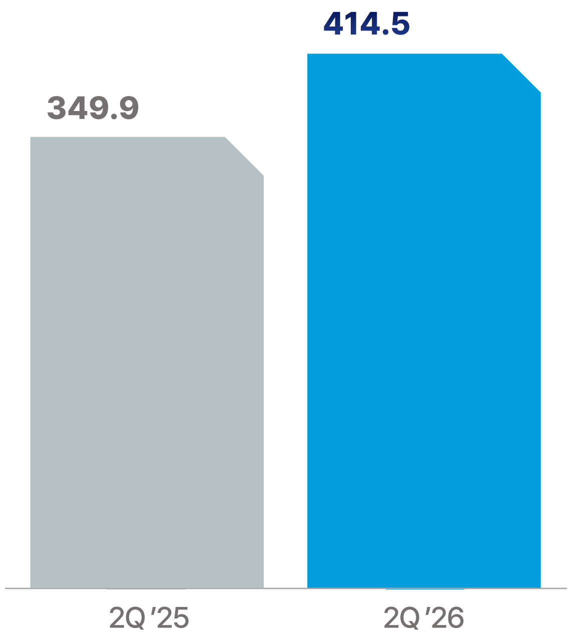
YoY +9.9%



Operating Profit (KRW bn)

KRW 414.5 bn

YoY +18.5%



Net Income

KRW 362.1 bn

YoY +152.3%

EPS

KRW 3,509

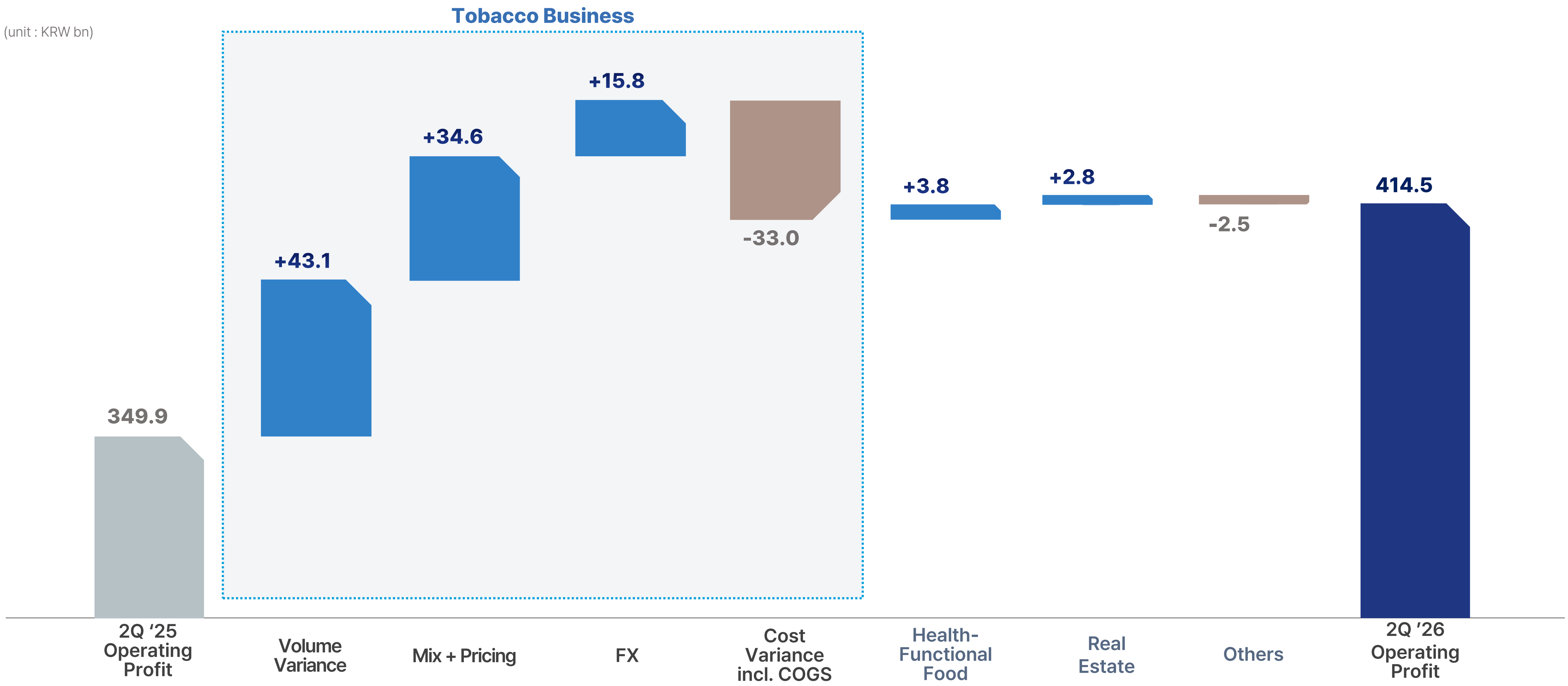
YoY +164.2%

EBITDA / EBITDA Margin

KRW 494.4 bn YoY +17.4%

29.1% YoY +1.9%p

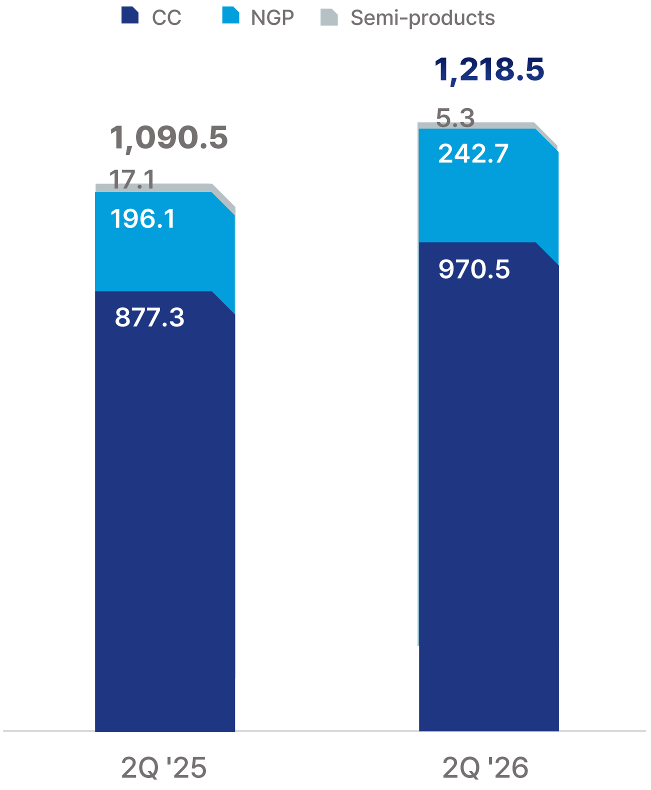
Movement in Earnings



Tobacco Business

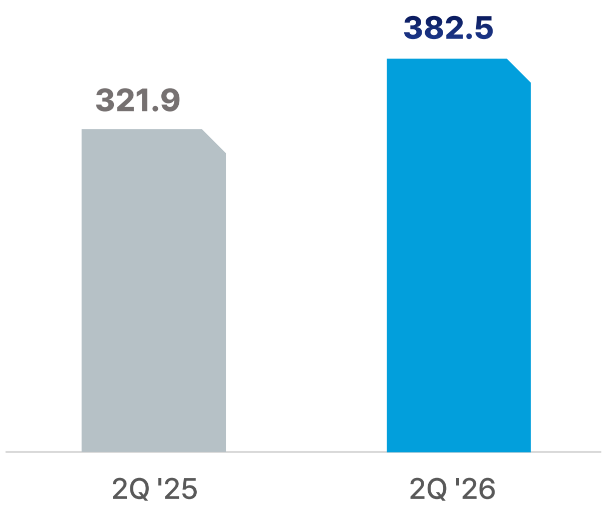
Revenue (KRW bn)

- Double-digit topline growth (YoY +11.7%) supported by **strong momentum from international CC and Korea NGP**



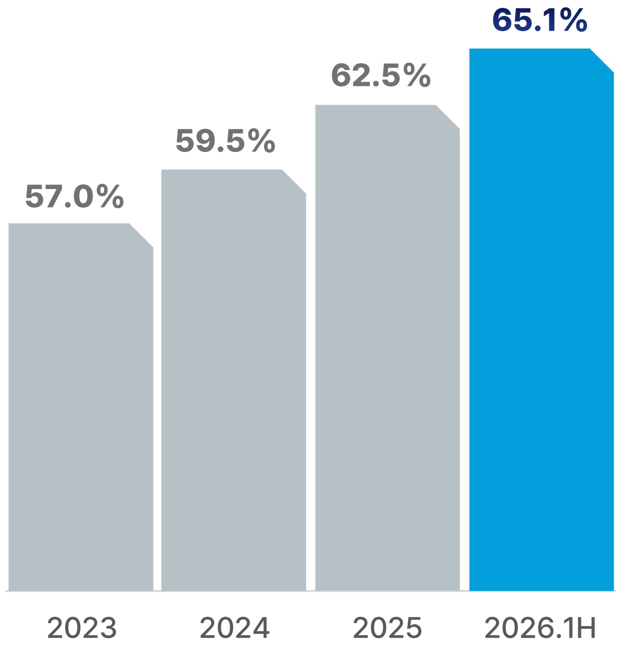
Operating Profit (KRW bn)

- Strong results from all segments of CC and NGP led to **higher operating profit and margin** (YoY +18.8%, +1.9%p)



Share of International Sales (volume)

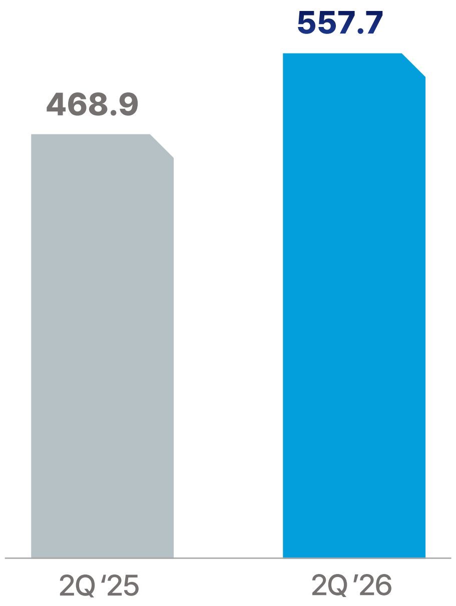
- Share of international tobacco business continues to grow as **overseas CC sales growth accelerates**



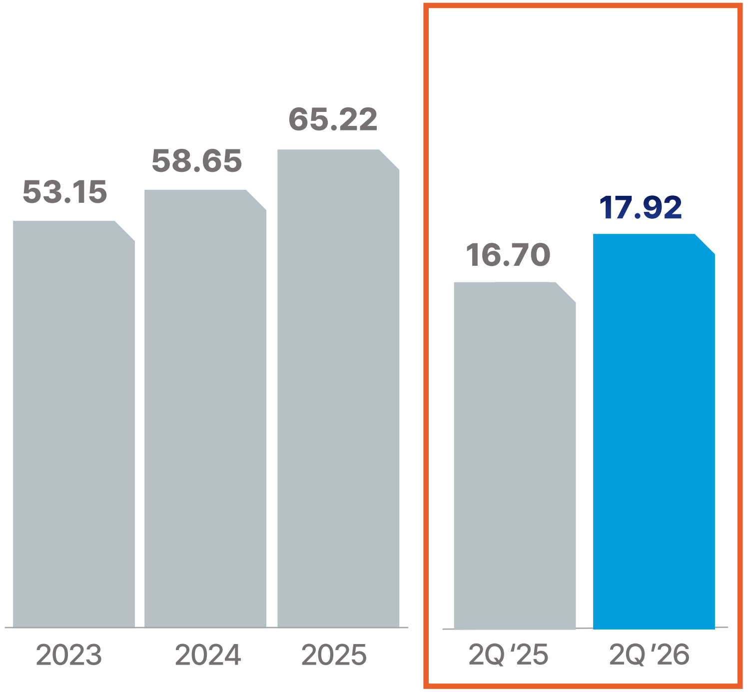
Tobacco_International CC

- **「Growth trifecta of Volume(+7.3%)-Revenue(+18.9%)-Operating Profit(+45.6%)」 sustained for 9 consecutive quarters** as strong momentum in the business continues
- Despite the war in the middle east, shipment and local sales continued to grow as various alternative routes were secured

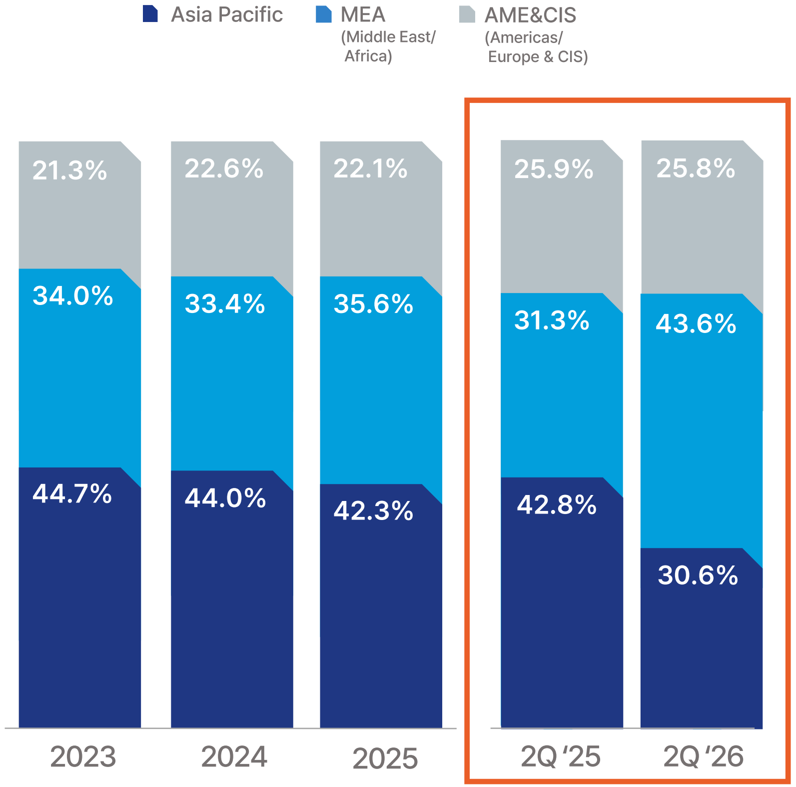
Revenue (KRW bn)



Volume (bn sticks)



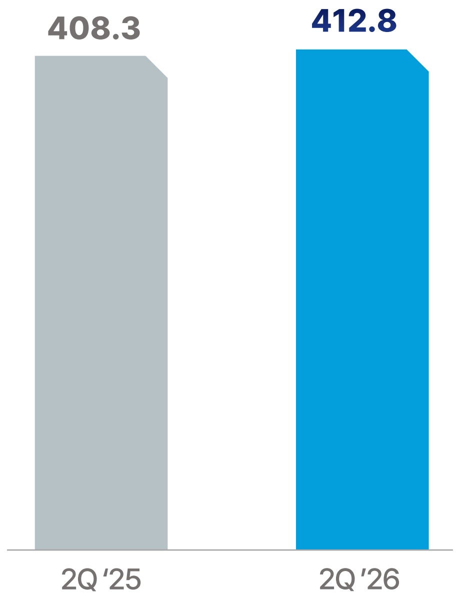
Volume Share per Region



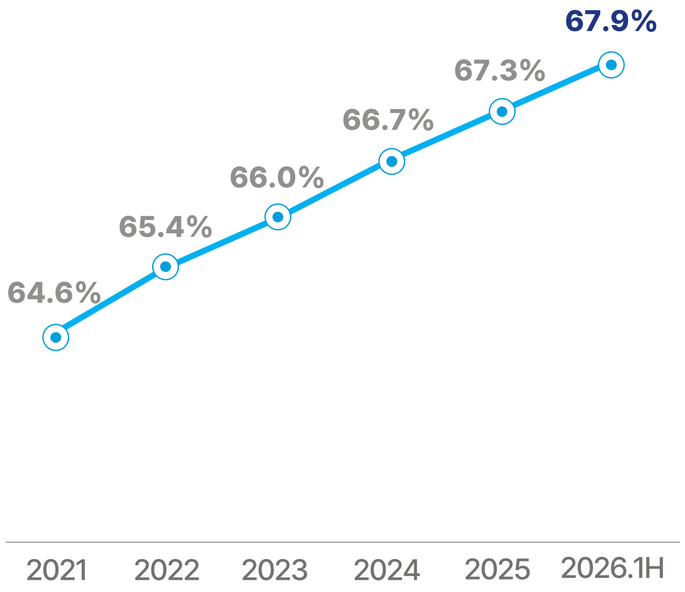
Tobacco_Korea CC

- Amid slower decline in market volume (YoY -1.2%), **growth in SoM continued to solidify market leadership, minimizing volume decline** (YoY -0.6%) and **supporting revenue growth** (YoY +1.1%)

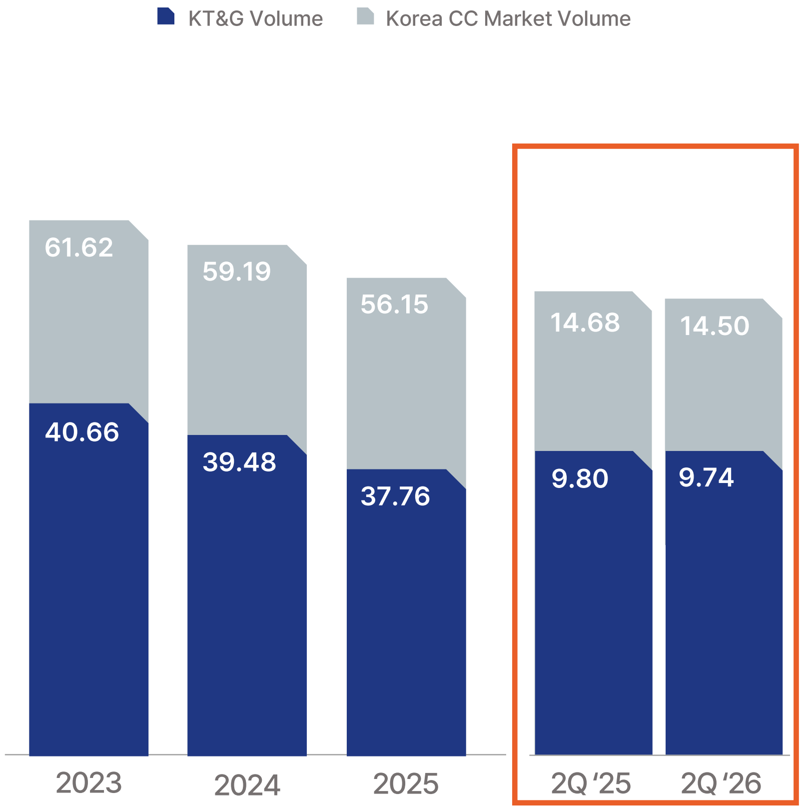
Revenue (KRW bn)



KT&G SoM[1)]



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

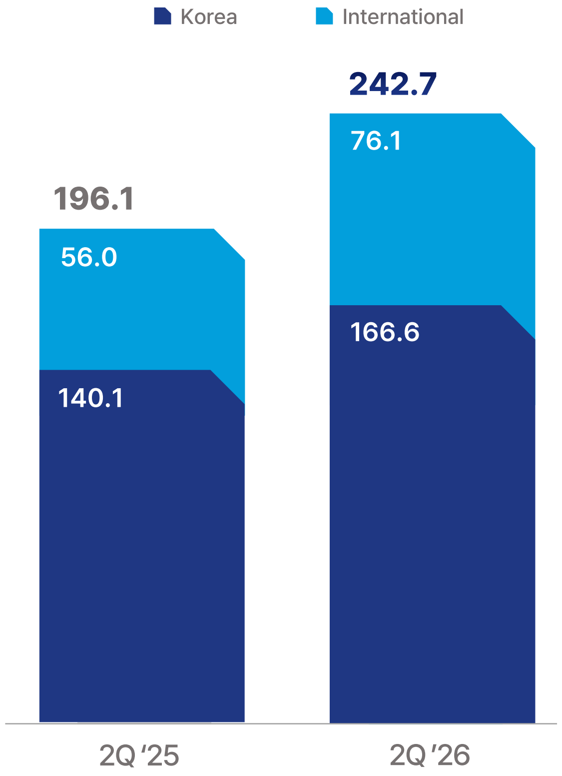


1) Source : Korea Tobacco Association data based on shipment volumes to general stores, centralized logistics, specialized channels, etc.

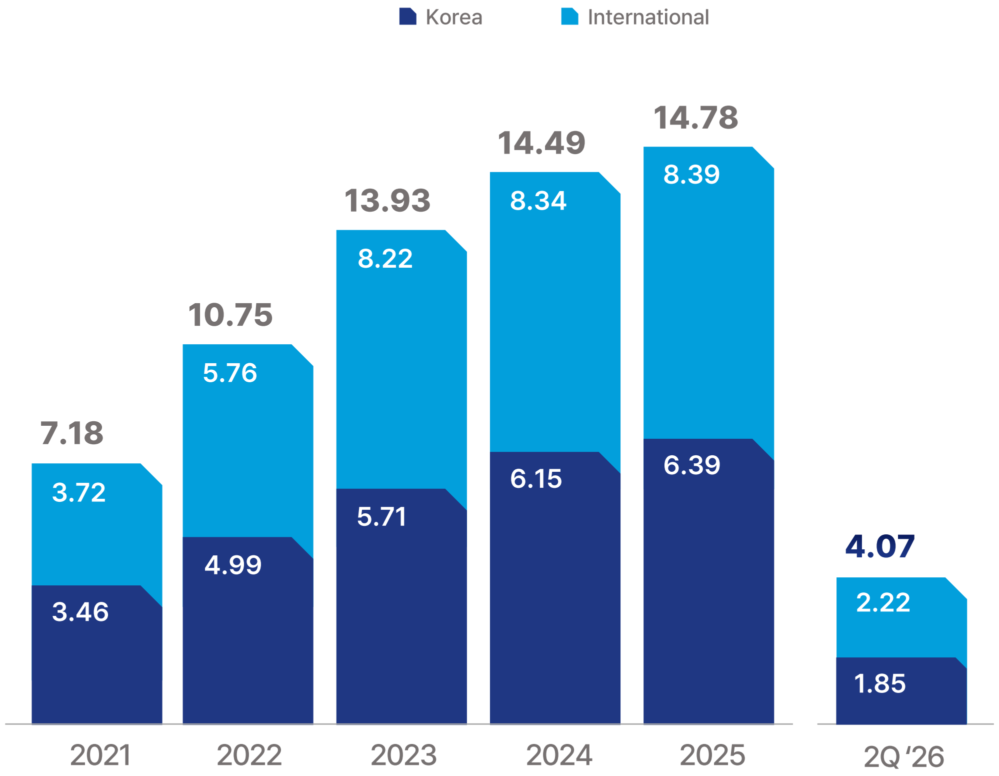
Tobacco_NGP (Next Generation Products)

- (Korea) **Stronger sales from high-ASP sticks** with increased demand for 'lil Aible' led to **improved product mix and profit-centered growth**
- (Int'l) Growth continued as volumes increased in big markets and were partially impacted by favorable comparison against the previous year as the device supply chain normalized

Revenue (KRW bn)



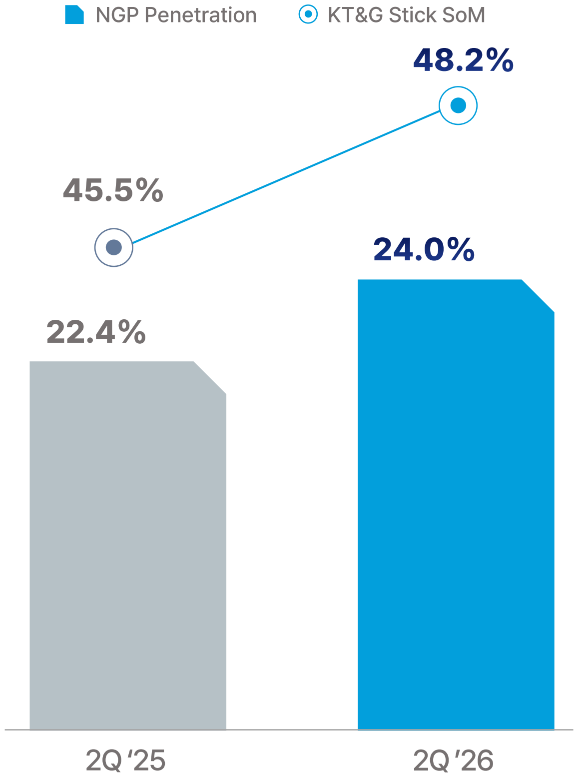
Stick Volume (bn sticks)



Tobacco_NGP(Next Generation Products)

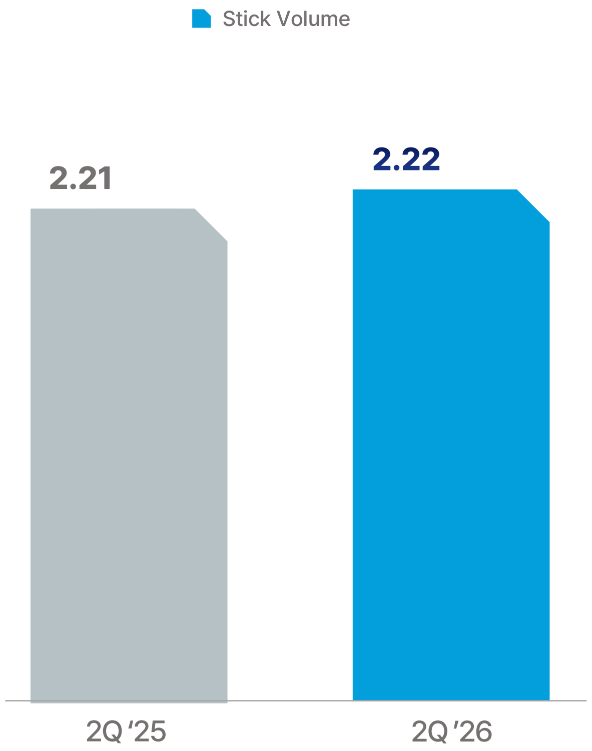
Korea Business

- **NGP's market penetration continued** (YoY +1.6%p) as demand for the category picked up
- **Market-leading position solidified with accelerated SoM growth** (YoY +2.7%p) as 'lil Aible' and new stick products gain traction



International Business (bn sticks)

- Modest growth (YoY +0.5%) continued as **stick sales grew in key markets including Russia**

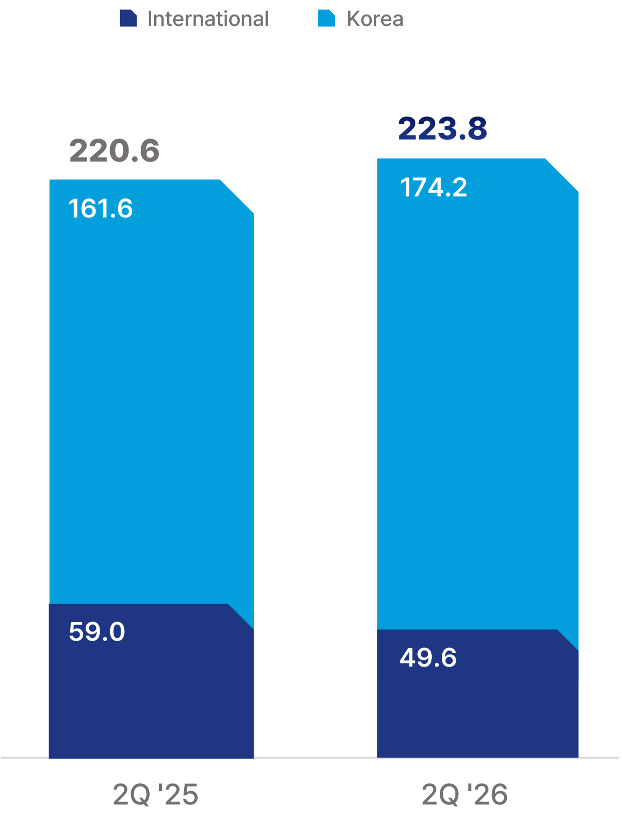


1) Convenience store offtake data

Health-Functional Food

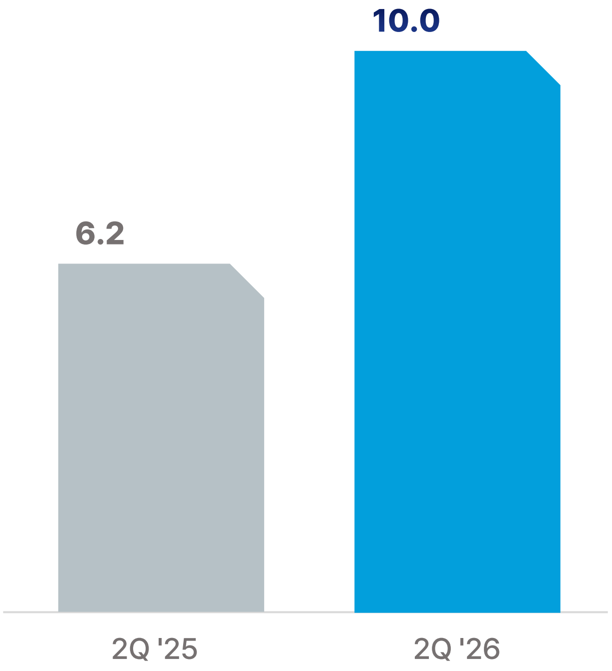
Revenue (KRW bn)

- **Topline grew year-on-year** (YoY +1.5%) as Korea Family Month promotions and individual brand campaigns drove sales



Operating Profit (KRW bn)

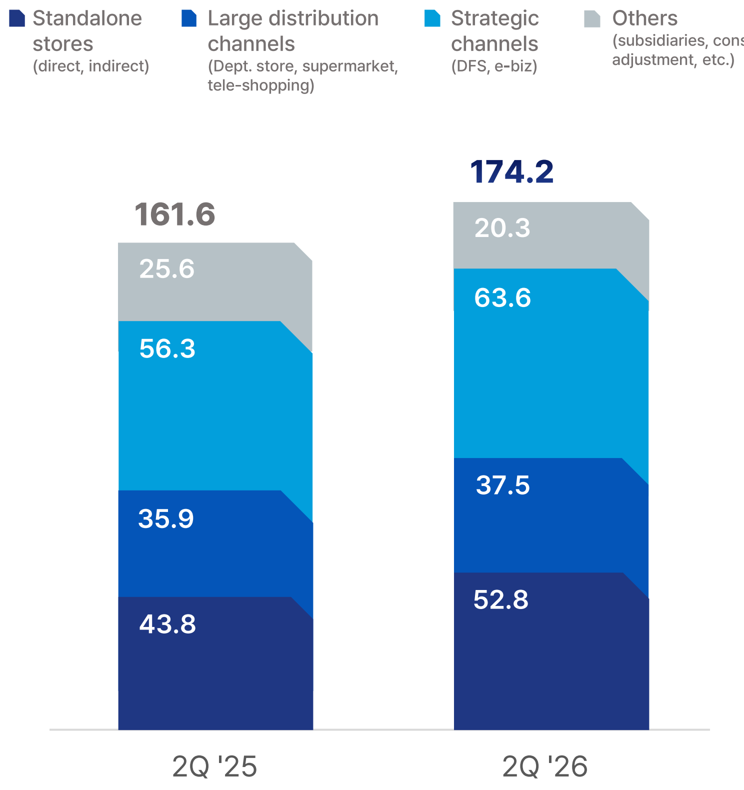
- **Operating profit grew** (YoY +61.3%) with **stronger sales from high-profit channels**



Health-Functional Food

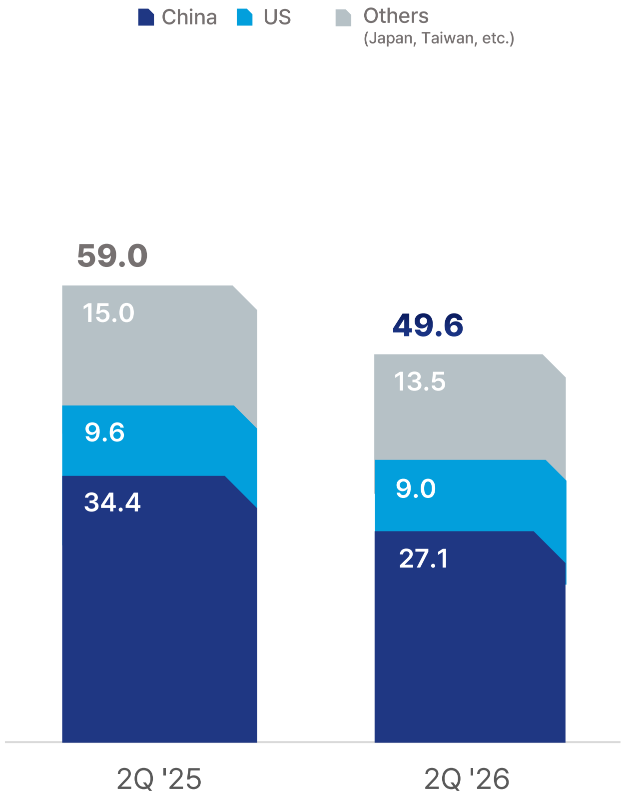
Korea Revenue by Channel (KRW bn)

- Korea revenue increased (YoY +7.8%) as **promotions linked to Family Month and the high oil price relief subsidy as well as brand campaigns** (Everytime/Hwa Ae Rak/Gidarim Agarwood) **led to stronger demand across all channels**



International Revenue by Market (KRW bn)

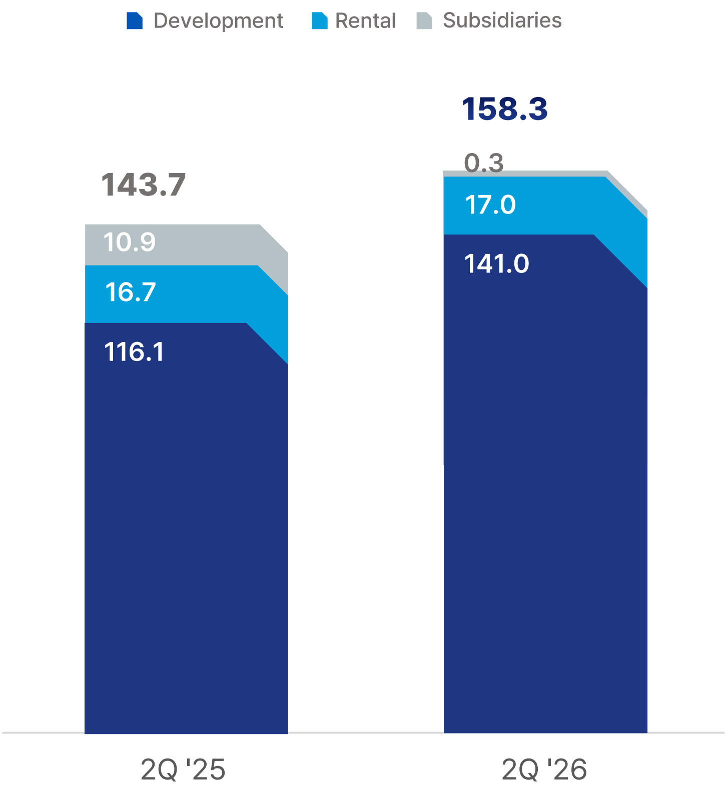
- Reduced revenue from overseas impacted by lower sales in China due to distributor inventory adjustment (YoY -15.9%)



Real Estate

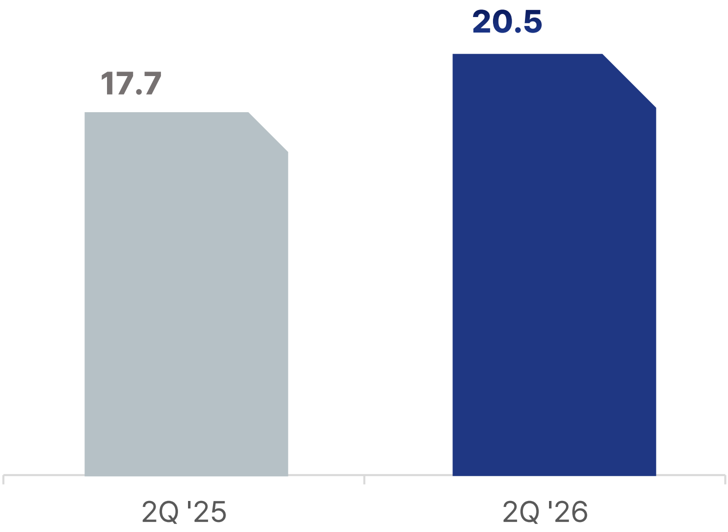
Revenue (KRW bn)

- **Higher revenue from small-and mid-sized development projects** as construction progresses (YoY +10.2%)



Operating Profit (KRW bn)

- **Increased operating profit** (YoY +15.8%) with higher revenue from development projects



Q&A

Appendix. Income Status by Business Segment

(units : bn sticks, KRW bn)		1Q '25	2Q '25	3Q '25	4Q '25	FY '25	1Q '26	2Q '26
Tobacco	**Volume**	**27.84**	**30.24**	**33.15**	**26.53**	**117.76**	**29.86**	**31.73**
	NGP	**3.43**	**3.74**	**4.04**	**3.57**	**14.78**	**3.52**	**4.07**
	Korea	1.53	1.53	1.82	1.51	6.39	1.60	1.85
	international	1.90	2.21	2.22	2.06	8.39	1.92	2.22
	CC	**24.41**	**26.50**	**29.11**	**22.96**	**102.98**	**26.34**	**27.66**
	Korea	8.74	9.80	10.69	8.53	37.76	8.33	9.74
	international	15.67	16.70	18.42	14.43	65.22	18.01	17.92
	Revenue	**988.1**	**1,090.5**	**1,232.3**	**1,056.3**	**4,367.2**	**1,155.9**	**1,218.5**
	NGP	**159.0**	**196.1**	**279.1**	**255.9**	**890.1**	**241.0**	**242.7**
	Korea	138.5	140.1	168.3	140.4	587.3	140.4	166.6
	international	20.5	56.0	110.8	115.5	302.8	100.6	76.1
	CC	**822.7**	**877.3**	**970.8**	**798.9**	**3,469.6**	**912.5**	**970.5**
	Korea	373.6	408.3	446.6	363.6	1,592.1	352.9	412.8
	international	449.1	468.9	524.2	435.3	1,877.5	559.6	557.7
	Semi-products	**6.4**	**17.1**	**(17.5)**	**1.5**	**7.5**	**2.4**	**5.3**
	Operating Profit	**252.9**	**321.9**	**371.8**	**204.7**	**1,151.2**	**321.6**	**382.5**
	OP Margin	25.6%	29.5%	30.2%	19.4%	26.4%	27.8%	31.4%
Health-Functional Food	**Revenue**	**314.4**	**220.6**	**359.8**	**242.2**	**1,137.0**	**332.6**	**223.8**
	Korea	244.7	161.6	304.7	173.9	884.9	265.3	174.2
	international	69.7	59.0	55.1	68.3	252.1	67.3	49.6
	Operating Profit	**18.2**	**6.2**	**71.5**	**7.4**	**103.3**	**27.9**	**10.0**
	OP Margin	5.8%	2.8%	19.9%	3.1%	9.1%	8.4%	4.5%
Real Estate	**Revenue**	**100.4**	**143.7**	**146.1**	**322.5**	**712.7**	**116.9**	**158.3**
	Development	72.1	116.1	117.9	116.3	422.4	99.4	141.0
	Rental	16.7	16.7	17.6	16.9	68.0	17.2	17.0
	Subsidiaries	11.6	10.9	10.6	189.3	222.3	0.3	0.3
	Operating Profit	**10.4**	**17.7**	**20.7**	**32.2**	**80.9**	**14.0**	**20.5**
	OP Margin	10.4%	12.3%	14.2%	10.0%	11.4%	12.0%	13.0%
Others	**Revenue**	**88.3**	**93.1**	**88.7**	**92.8**	**362.8**	**98.1**	**101.0**
	Pharmaceutical	63.9	62.5	60.9	66.8	254.1	63.6	61.6
	Cosmetics	24.4	30.6	27.8	26.0	108.7	34.5	39.4
	Operating Profit	**4.1**	**4.1**	**1.4**	**(1.4)**	**8.3**	**1.0**	**1.5**
	OP Margin	4.6%	4.4%	1.6%	-1.5%	2.3%	1.0%	1.5%

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)	2Q '26	YE'25
Current assets[(a)]	**7,611.8**	**7,026.2**
Cash[(*)]	1,639.1	1,278.2
Trade and other receivables	2,048.8	1,691.4
Inventories	3,100.1	3,284.8
Others	823.8	771.8
Non-current assets	**7,424.2**	**7,162.9**
Property, plant, and equipment	3,033.4	2,823.0
Investment property	656.9	665.0
Others	3,733.9	3,674.9
Total assets	**15,036.0**	**14,189.1**
Current liabilities[(b)]	3,732.7	3,236.8
Non-current liabilities	1,580.5	1,616.1
Total liabilities[(c)]	**5,313.2**	**4,852.9**
Total equity[(d)]	**9,722.8**	**9,336.2**
Current ratio[(a/b)]	203.9%	217.1%
Debt-to-equity ratio[(c/d)]	54.6%	52.0%

Standalone

(unit : KRW bn)	2Q '26	YE'25
Current assets[(a)]	**4,684.1**	**4,048.1**
Cash[(*)]	516.1	264.8
Trade and other receivables	2,424.0	2,043.8
Inventories	1,301.0	1,359.0
Others	443.0	380.5
Non-current assets	**7,245.1**	**7,316.2**
Property, plant, and equipment	1,435.4	1,392.8
Investment property	504.0	556.1
Others	5,305.7	5,367.3
Total assets	**11,929.2**	**11,364.3**
Current liabilities[(b)]	3,029.3	2,633.5
Non-current liabilities	1,083.4	1,182.5
Total liabilities[(c)]	**4,112.7**	**3,816.0**
Total equity[(d)]	**7,816.5**	**7,548.3**
Current ratio[(a/b)]	154.6%	153.7%
Debt-to-equity ratio[(c/d)]	52.6%	50.6%

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

KT&G

Appendix. KT&G Condensed Income Statement

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Consolidated [1]

(unit : KRW bn)	2Q '26	2Q '25
Revenue	**1,701.6**	**1,547.9**
Cost of goods sold	839.1	795.6
Gross profit	**862.5**	**752.3**
Selling, general and administrative expense	448.0	402.5
Operating profit	**414.5**	**349.8**
Other income/expenses	44.6	(175.4)
Financial gain/loss	13.3	11.4
Net income from continuing operations	362.1	145.0
Net income from discontinued operations [1]	0	-1.5
Net income	**362.1**	**143.5**
Gross profit margin	**50.7%**	**48.6%**
Operating profit margin	**24.4%**	**22.6%**
Net income margin	**21.3%**	**9.3%**

Standalone

(unit : KRW bn)	2Q '26	2Q '25
Revenue	**1,155.0**	**1,046.4**
Cost of goods sold	572.3	560.1
Gross profit	**582.7**	**486.3**
Selling, general and administrative expense	258.1	198.8
Operating profit	**324.6**	**287.5**
Other income/expenses	112.5	(166.3)
Financial gain/loss	21.3	69.6
Net income	**347.8**	**153.6**
Gross profit margin	**50.4%**	**46.5%**
Operating profit margin	**28.1%**	**27.5%**
Net income margin	**30.1%**	**14.7%**

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

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Consolidated

(unit : KRW bn)	2Q '26	2Q '25
Cash and cash equivalents at April 1	**913.5**	**1,136.0**
Cash flows from operating activities	**765.5**	**388.1**
Cash generated from operations	1,003.3	596.5
Income tax paid	(237.8)	(208.3)
Cash flows from investing activities	**(256.9)**	**(255.0)**
Acquisition of property, plant and equipment	(217.1)	(348.2)
Cash flows from financing activities	**(430.8)**	**(132.4)**
Net increase in cash and cash equivalents	77.8	0.7
Effect of exchange rate fluctuation	91.0	2.8
Cash and cash equivalents at June 30	**1,082.3**	**1,139.5**

Standalone

(unit : KRW bn)	2Q '26	2Q '25
Cash and cash equivalents at April 1	**134.2**	**588.8**
Cash flows from operating activities	**438.8**	**337.3**
Cash generated from operations	633.8	509.4
Income tax paid	(195.0)	(172.1)
Cash flows from investing activities	**28.2**	**(282.4)**
Acquisition of property, plant and equipment	(68.6)	(97.2)
Cash flows from financing activities	**(419.0)**	**(150.0)**
Net increase in cash and cash equivalents	48.0	(95.1)
Effect of exchange rate fluctuation	16.3	(28.8)
Cash and cash equivalents at June 30	**198.5**	**464.9**

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)	2Q '26	YE'25
Current assets	**1,809.3**	**1,841.9**
Inventories	1,287.9	1,361.0
Cash and cash equivalents	136.0	50.9
Others	385.4	430.0
Non-current assets	**780.0**	**753.2**
Property, plant and equipment	320.3	320.8
Intangible assets	25.2	25.0
Others	434.5	407.4
Total assets	**2,589.3**	**2,595.1**
Current liabilities	138.3	127.9
Non-current liabilities	104.2	100.0
Total liabilities	**244.7**	**227.9**
Total equity	**2,344.6**	**2,367.2**

Income Statement

(unit : KRW bn)	2Q '26	2Q '25
Revenue	**193.9**	**202.7**
Cost of goods sold	84.4	99.1
Gross profit	**109.5**	**103.6**
Selling, general and administrative expense	99.8	98.5
Operating profit	**9.7**	**5.1**
Other income/expense	-1.0	-7.8
Financial gain/loss	2.4	2.7
Net income	**10.4**	**0.2**

Thank you