

KT&G

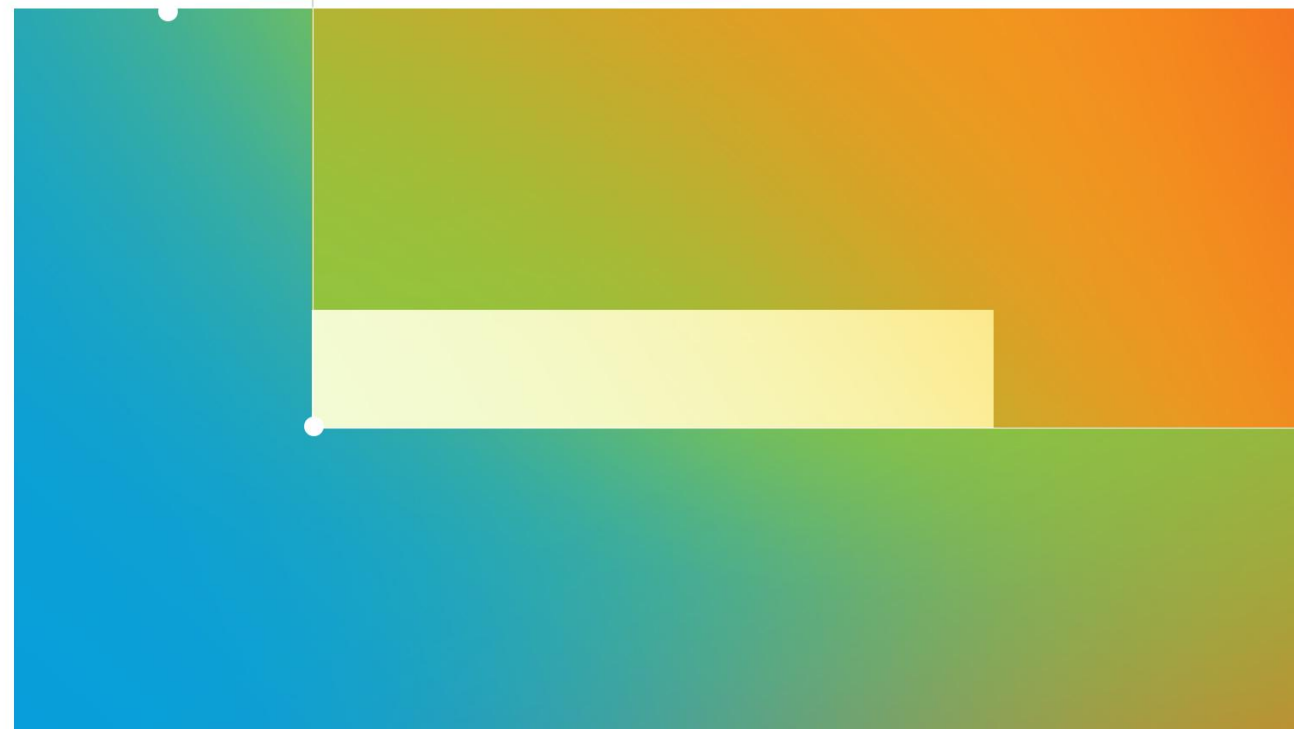
2026 First Quarter

Results



Investor Relations

2026. 5. 7



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.

Key Takeaways

1. 1Q 2026 Performance Highlights

Global CC Record-high quarter revenue, 「Triple Growth(Volume-Revenue-OP)」 → Trend to continue in the year

- ✓ Continued growth in volume and ASP / Volume +15.0%, Revenue +24.6%, Operating Profit +56.1%
- ✓ Export growth sustained via enhanced reactive measures in the supply chain amid tensions in the middle east

NGP

Tandem growth in domestic and international business → Pursuing independent launch of international NGP within the year leveraging existing competitiveness in CC

- ✓ Solidified domestic leadership with stick SoM reaching 47.4% / Stronger overall performance with robust sales in big markets and a favorable comparison against the previous year as the device supply chain was normalized
- ✓ Innovative product launches to continue in the year / Direct business to start with key markets in APAC and Eurasia

HFF

Revenue and operating profit growth → Fostering 'Global Nutrition Business' at group level based on competitiveness in red ginseng

- ✓ Continued profit-centered growth / Overall business revenue grew +5.8%, OP +53.3% supported by strong results from the domestic lunar new year promotion
- ✓ Initiating global expansion(US → Europe, Asia) via B2B business development and product collaboration partnerships

Shareholder Return

Treasury shares cancelled in full(KRW c.1.8 trn, 9.5%¹⁾) → New shareholder return policy focusing on 「Stronger Dividends」 to be announced in H2

- ✓ Share cancellation target from '24~'27 value-up plan exceeded ahead of schedule with total 22.4%²⁾ cancelled in 3 years

1) % of total issued shares immediately before cancellation (114,676,645 shares)

2) % of total issued shares as at end 2023 (133,822,497 shares)

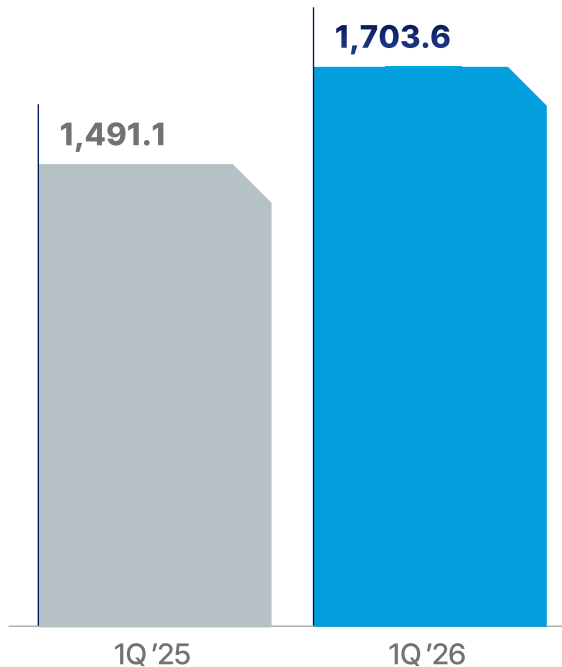
Key Highlights_Consolidated Earnings

1. 1Q 2026 Performance Highlights

Revenue (KRW bn)

KRW 1.70 trn

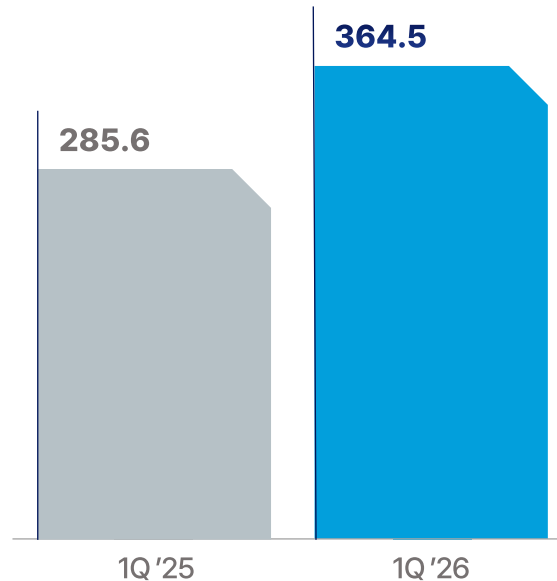
YoY +14.3%



Operating Profit (KRW bn)

KRW 364.5 bn

YoY +27.6%



Net Income



KRW 378.2 bn

YoY +46.6%

EPS



KRW 3,666

YoY +54.7%

EBITDA / EBITDA Margin



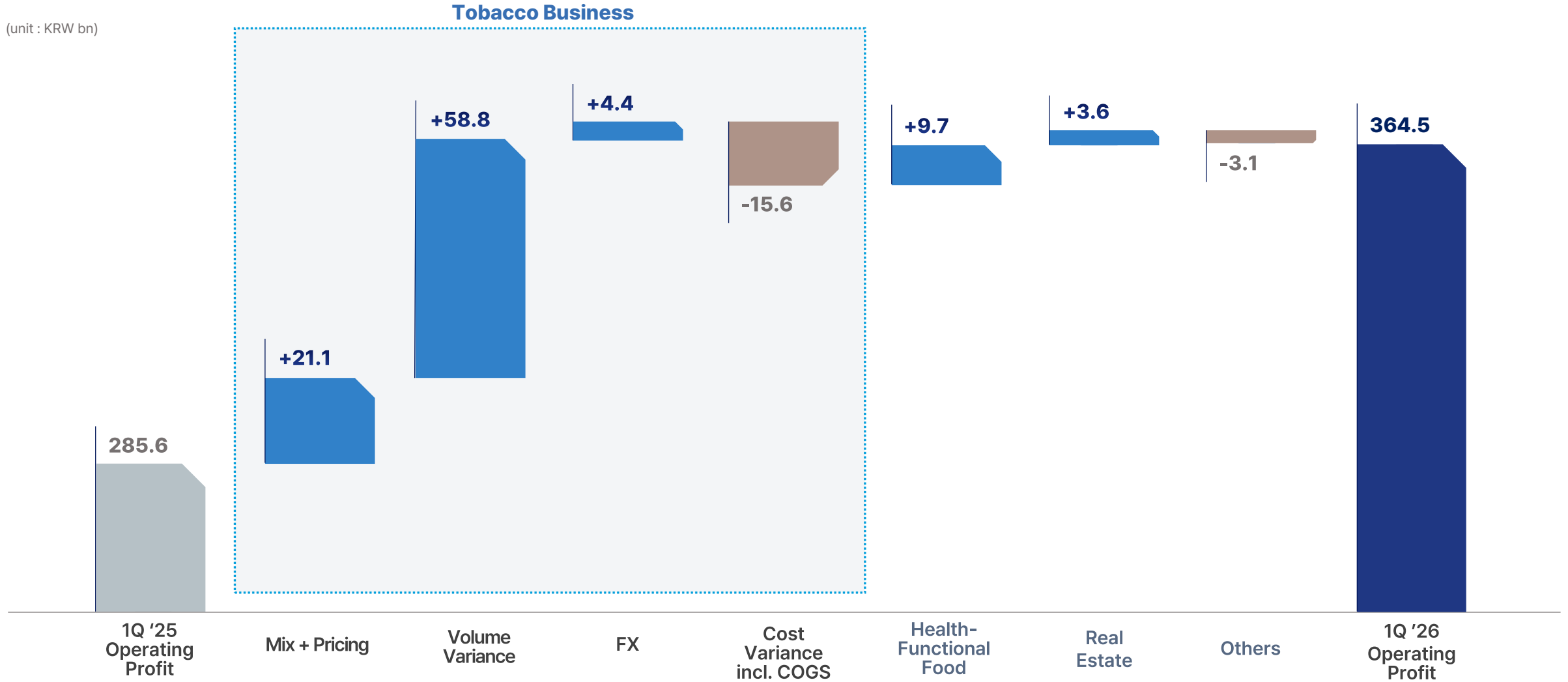
KRW 442.7 bn YoY +25.0%

26.0% YoY +2.2%p

Movement in Earnings

1. 1Q 2026 Performance Highlights

(unit : KRW bn)

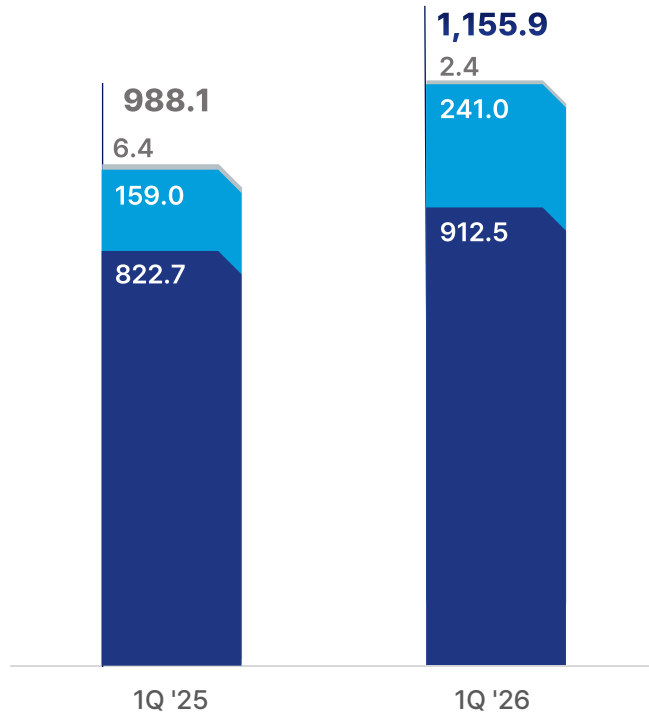


Tobacco Business

Revenue (KRW bn)

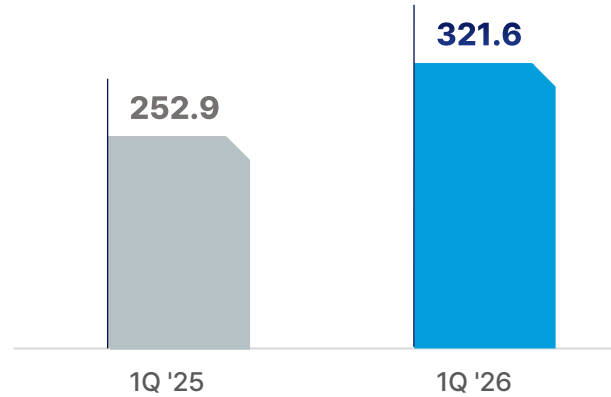
- Revenue grew (YoY +17.0%) as **global CC recorded highest-ever quarter sales** along with **strong results from NGP**

■ CC ■ NGP ■ Semi-products



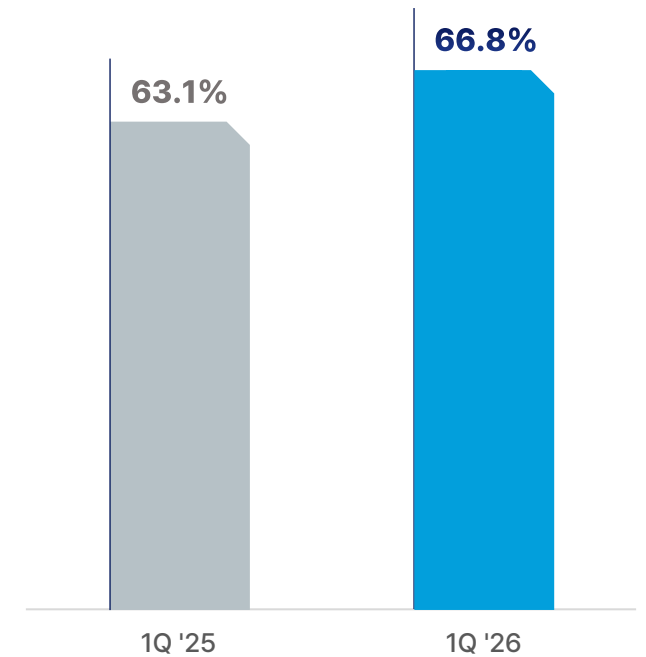
Operating Profit (KRW bn)

- Both operating profit and margin grew** (YoY +27.2%, +2.2%p) with profit expansion across all business segments in tobacco



Share of Global Sales (volume)

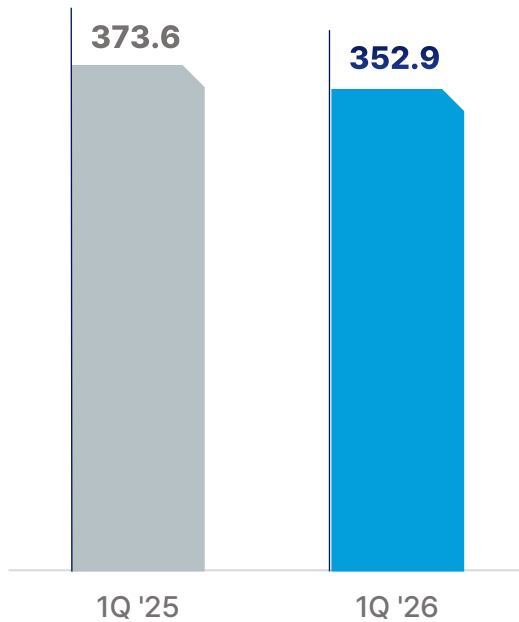
- Share of global sales increased (YoY +3.7%p) as **global CC volume continues to grow**



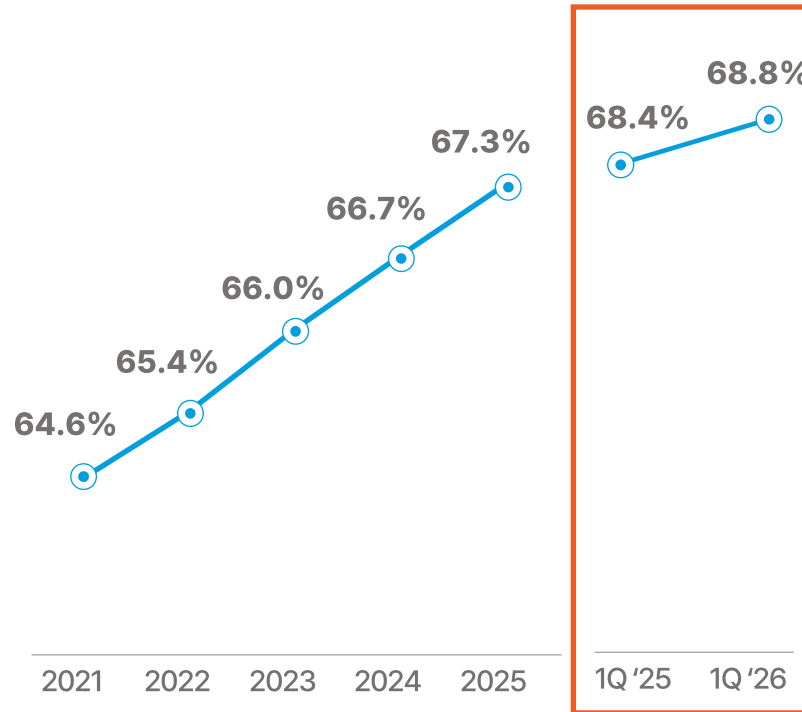
Tobacco_Domestic CC

- While market volume continued to decline (YoY -5.2%), **KT&G volume decline was mitigated with sustained market share growth** from new product launches meeting consumer needs

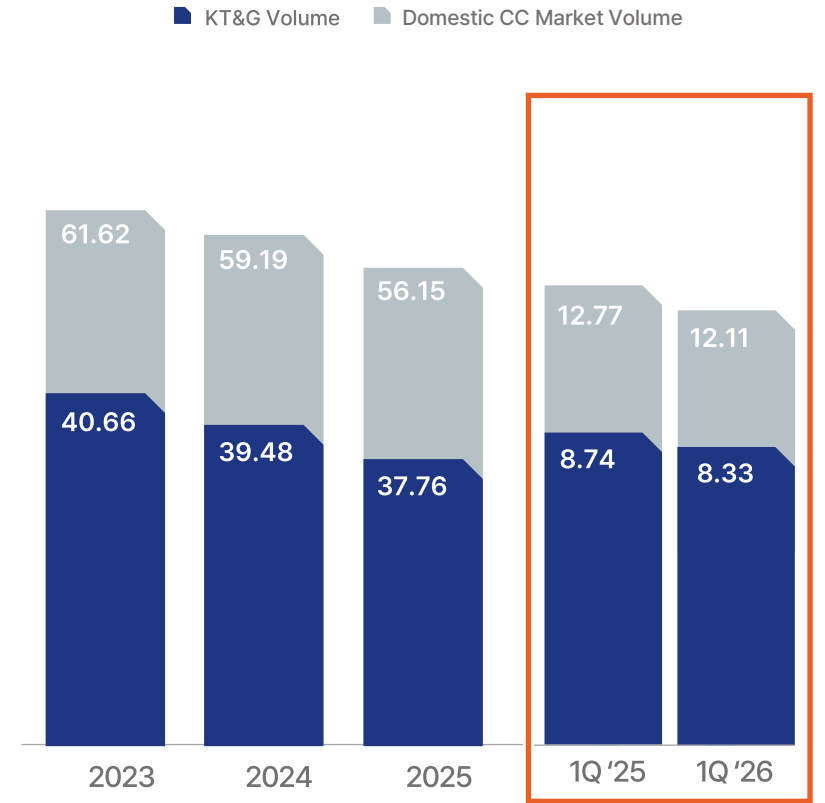
Revenue (KRW bn)



KT&G SoM¹⁾



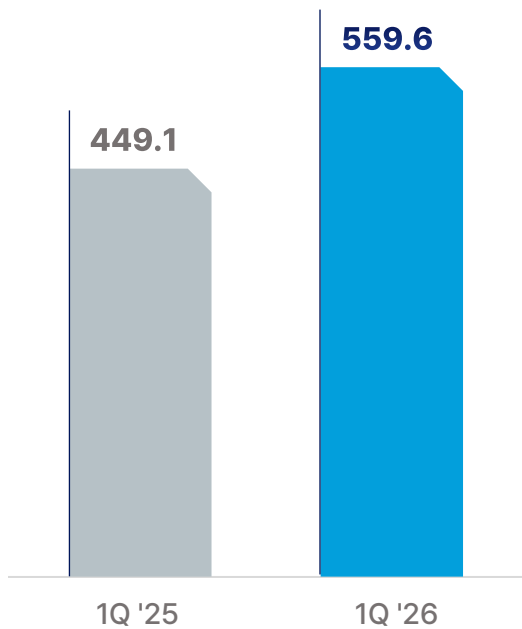
Total Market / KT&G Volume¹⁾ (bn sticks)



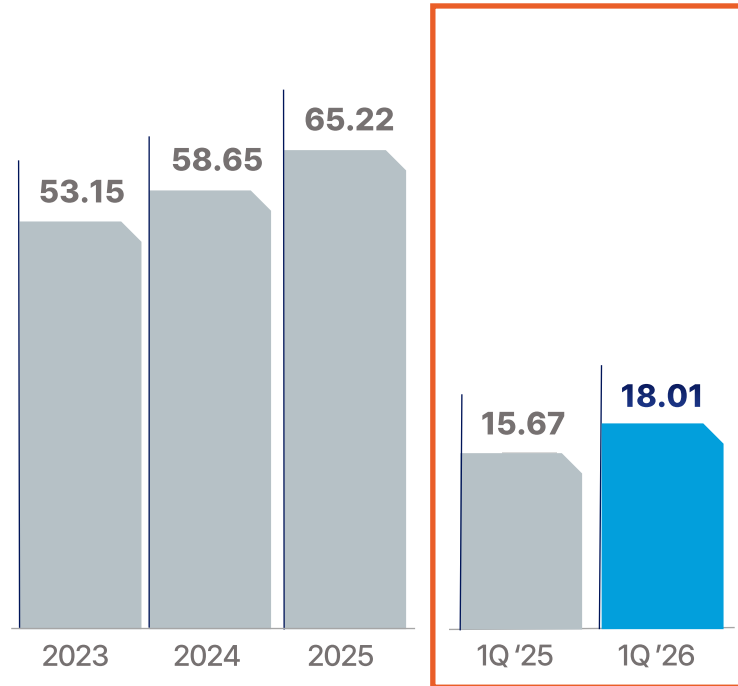
Tobacco_Global CC

• **Volume growth**(YoY +15.0%) **and ASP increase continued across all regions** driving up revenue(YoY +24.6%), and **operating profit expanded significantly**(YoY +56.1%) **as cost and SG&A efficiencies improved**

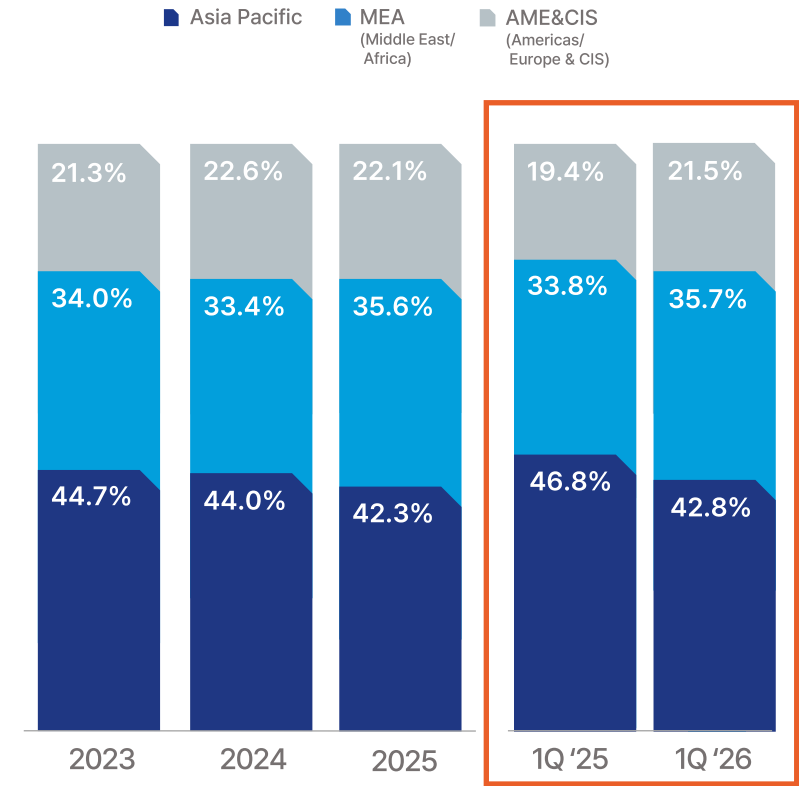
Revenue (KRW bn)



Volume (bn sticks)



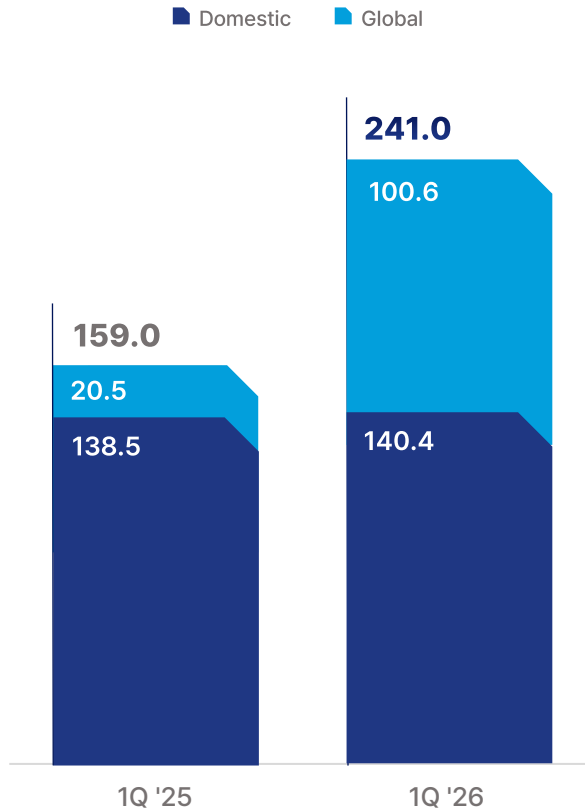
Volume Share per Region



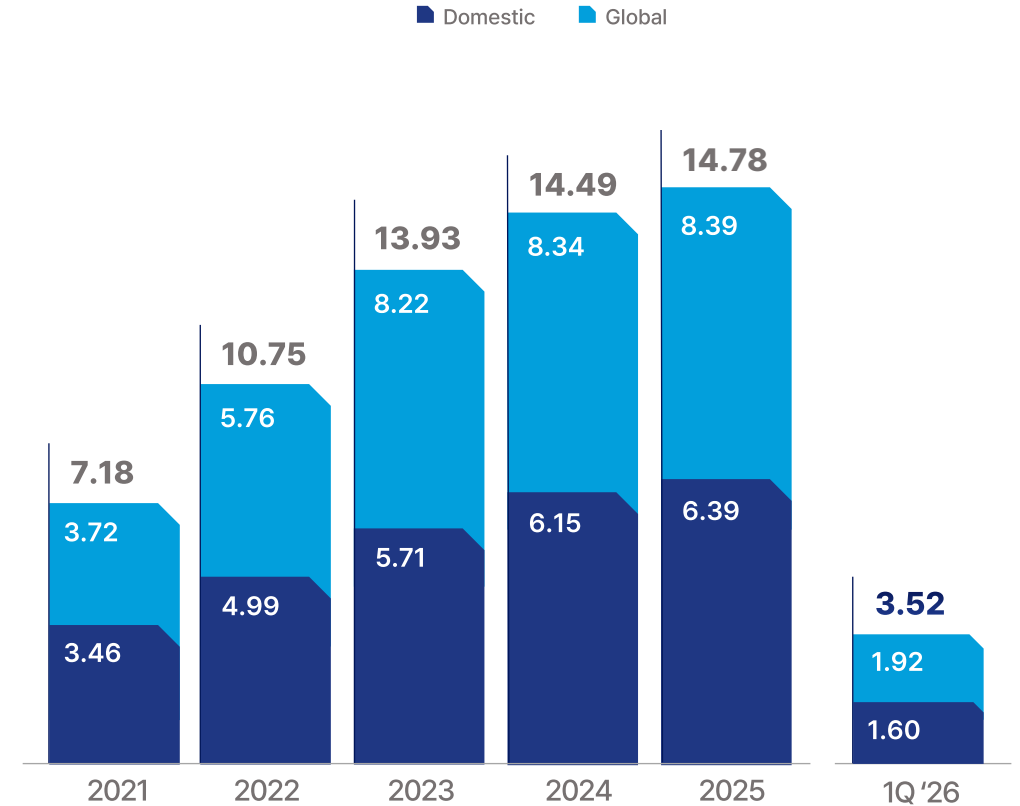
Tobacco_NGP (Next Generation Products)

- **Both revenue and operating profit grew** with strong results from domestic and overseas businesses
- **Strong performance in key markets including Russia** combined with the low base due to the overseas device supply disruption from the previous year led to **growth in stick volume, revenue and operating profit**

Revenue (KRW bn)



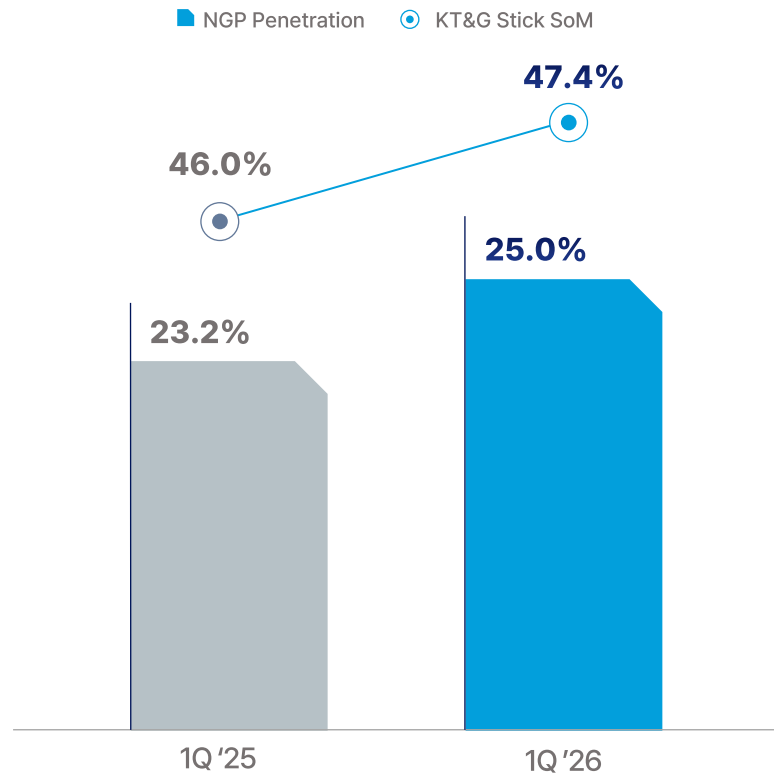
Stick Volume (bn sticks)



Tobacco_NGP (Next Generation Products)

Domestic Business

- **Continued penetration of NGP** (YoY +1.8%p) with stronger demand for the category
- **KT&G SoM grew further to solidify the leadership position** via new product launches despite intensifying competition



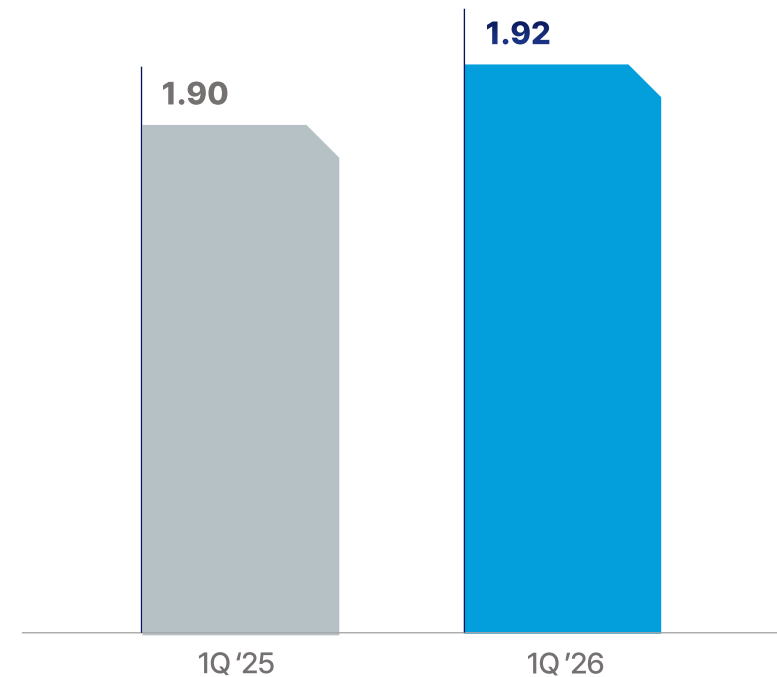
1) Convenience store offtake data



Global Business (bn sticks)

- Volumes grew driven by **expanded coverage of devices and sticks, as well as new stick launches in Russia** (Nov '25), a key market

Stick Volume

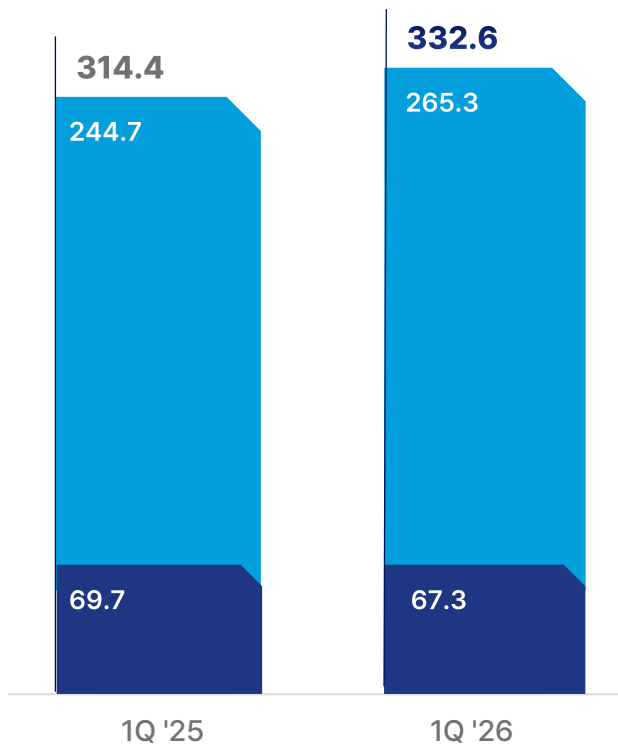


Health-Functional Food

Revenue (KRW bn)

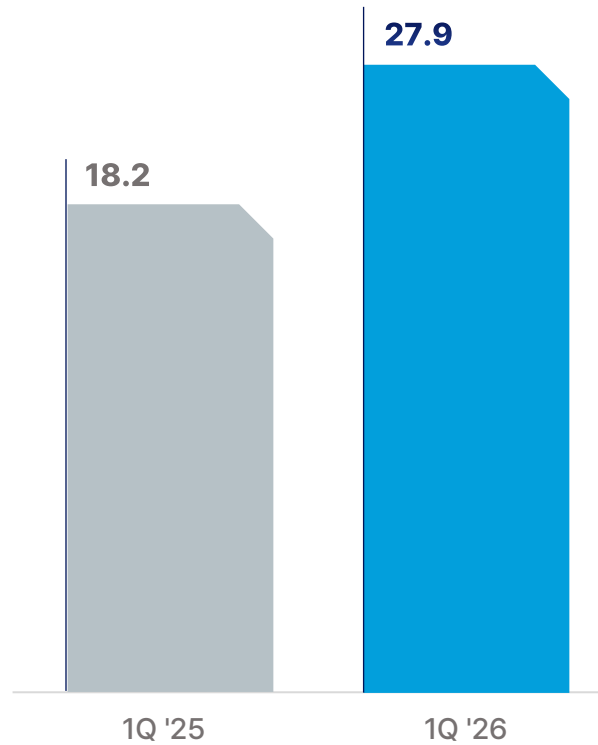
- **Revenue grew** (YoY +5.8%) thanks to higher lunar new year gift demand and the boost from the brand campaign for 'Cheon Nok' in the domestic business

■ Global ■ Domestic



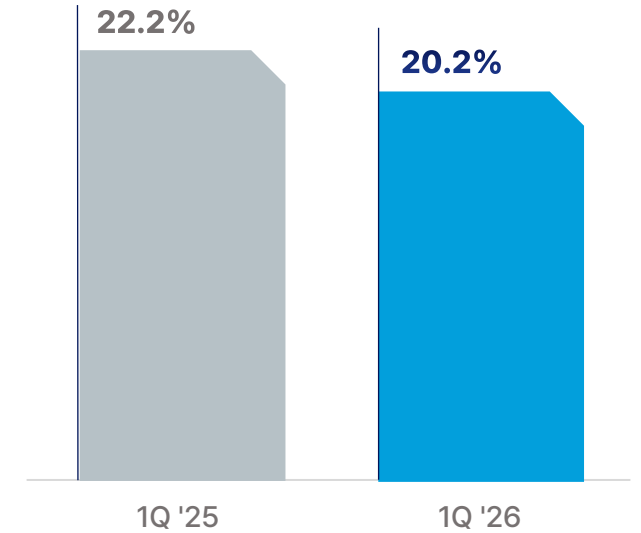
Operating Profit (KRW bn)

- Significant growth in operating profit (YoY +53.3%) via **stronger sales from high-profit channels including online and efficient marketing policy execution**



Share of Global Sales (revenue)

- Lower share of global sales due to growth in domestic business revenue (YoY +8.4%)

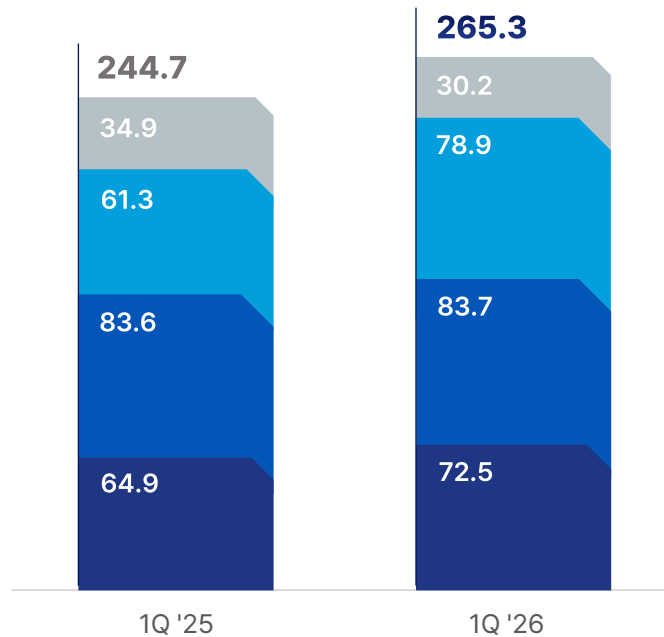


Health-Functional Food

Domestic Revenue by Channel (KRW bn)

- Revenue grew (YoY +8.4%) thanks to **higher lunar new year gift demand around online channels** along with the **boost from the 'Cheon Nok' brand campaign**

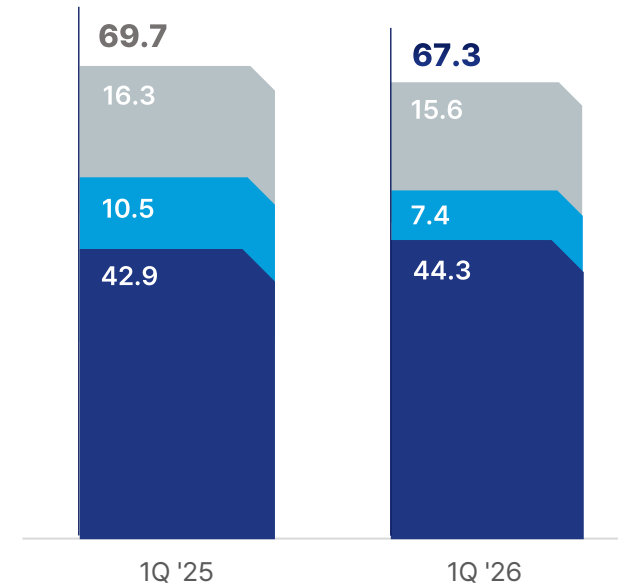
■ Standalone stores (direct, indirect)
 ■ Large distribution channels (Dept. store, supermarket, tele-shopping)
 ■ Strategic channels (DFS, e-biz)
 ■ Others (subsidiaries, consolidation adjustment, etc.)



Global Revenue by Market (KRW bn)

- Revenue declined due to lower sales from the US, despite **revenue growth from China** with the lunar new year promotion

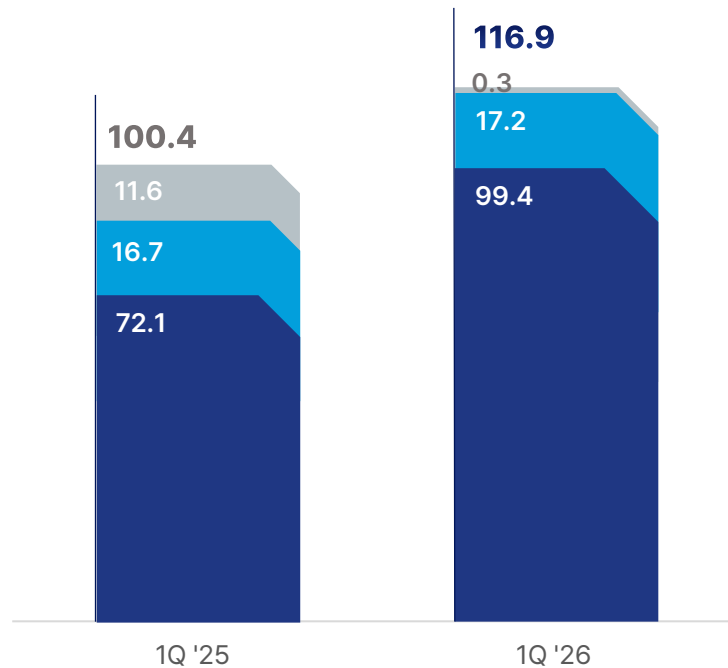
■ China
 ■ US
 ■ Others (Japan, Taiwan, etc.)



Revenue (KRW bn)

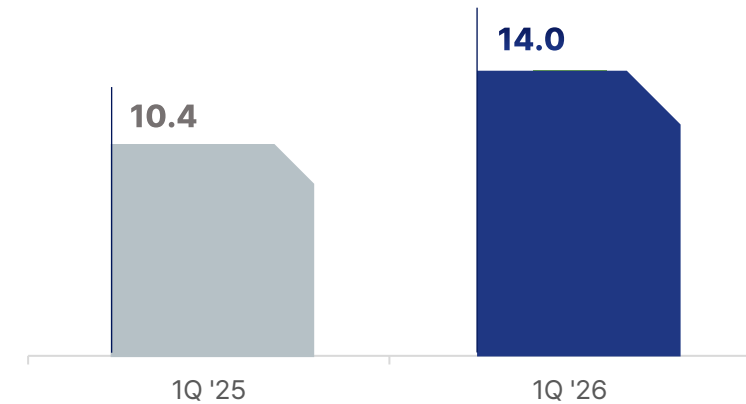
- **Higher revenue recognized** (YoY +16.4%) **as construction rates progress in development projects** including Anyang, Mia and East Daejeon

■ Development ■ Rental ■ Subsidiaries

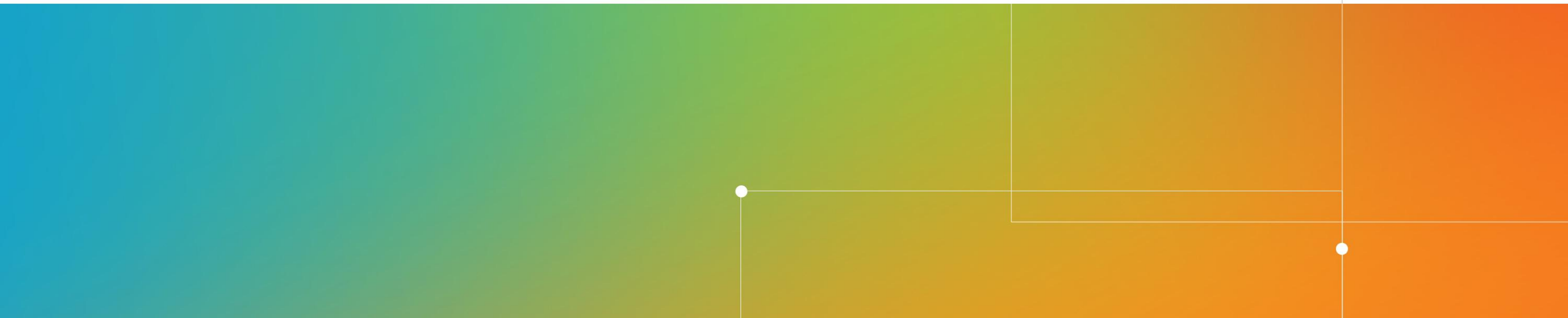


Operating Profit (KRW bn)

- **Increased operating profit** (YoY +34.6%) with higher revenue from development projects



Q&A



Appendix. Income Status by Business Segment

(units : bn sticks, KRW bn)		FY '24	1Q '25	2Q '25	3Q '25	4Q '25	FY '25	1Q '26
Tobacco	Volume	112.63	27.84	30.24	33.15	26.53	117.76	29.86
	NGP	14.49	3.43	3.74	4.04	3.57	14.78	3.52
	Domestic	6.15	1.53	1.53	1.82	1.51	6.39	1.60
	Global	8.34	1.90	2.21	2.22	2.06	8.39	1.92
	CC	98.13	24.41	26.50	29.11	22.96	102.98	26.34
	Domestic	39.48	8.74	9.80	10.69	8.53	37.76	8.33
	Global	58.65	15.67	16.70	18.42	14.43	65.22	18.01
	Revenue	3,905.6	988.1	1,090.5	1,232.3	1,056.3	4,367.2	1,155.9
	NGP	784.0	159.0	196.1	279.1	255.9	890.1	241.0
	Domestic	559.0	138.5	140.1	168.3	140.4	587.3	140.4
	Global	225.0	20.5	56.0	110.8	115.5	302.8	100.6
	CC	3,099.5	822.7	877.3	970.8	798.9	3,469.6	912.5
	Domestic	1,649.1	373.6	408.3	446.6	363.6	1,592.1	352.9
	Global	1,450.4	449.1	469.1	524.2	435.3	1,877.5	559.6
	Semi-products	22.1	6.4	17.1	(17.5)	1.5	7.5	2.4
Operating Profit	1,084.1	252.9	321.9	371.8	204.7	1,151.2	321.6	
OP Margin	27.8%	25.6%	29.5%	30.2%	19.4%	26.4%	27.8%	
Health-Functional Food	Revenue	1,301.6	314.4	220.6	359.8	242.2	1,137.0	332.6
	Domestic	925.1	244.7	161.6	304.7	173.9	884.9	265.3
	Global	376.5	69.7	59.0	55.1	68.3	252.1	67.3
	Operating Profit	98.2	18.2	6.2	71.5	7.4	103.3	27.9
	OP Margin	7.5%	5.8%	2.8%	19.8%	3.1%	9.1%	8.4%
Real Estate	Revenue	361.3	100.4	143.8	146.1	322.5	712.7	116.9
	Development	246.8	72.1	116.2	117.9	116.3	422.4	99.4
	Rental	74.0	16.7	16.7	17.6	16.9	68.0	17.2
	Subsidiaries	40.5	11.6	10.9	10.6	189.3	222.3	0.3
	Operating Profit	(4.9)	10.4	17.7	20.7	32.2	80.9	14.0
OP Margin	-	10.4%	12.3%	14.2%	10.0%	11.4%	12.0%	
Others	Revenue	340.3	88.3	93.1	88.7	92.8	362.8	98.1
	Pharmaceutical	251.2	63.9	62.5	60.9	66.8	254.1	63.6
	Cosmetics	89.1	24.4	30.6	27.8	26.0	108.7	34.5
	Operating Profit	11.4	4.1	4.1	1.4	(1.4)	8.3	1.0
OP Margin	3.3%	4.6%	4.4%	1.6%	-1.5%	2.3%	1.0%	

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)	1Q '26	YE'25
Current assets^(a)	7,494.4	7,026.2
Cash ^(*)	1,722.2	1,278.2
Trade and other receivables	1,884.4	1,691.4
Inventories	3,157.8	3,284.8
Others	730.0	771.8
Non-current assets	7,206.4	7,162.9
Property, plant, and equipment	2,915.2	2,823.0
Investment property	667.3	665.0
Others	3,623.8	3,674.9
Total assets	14,700.8	14,189.1
Current liabilities ^(b)	3,671.2	3,236.8
Non-current liabilities	1,698.1	1,616.1
Total liabilities^(c)	5,369.3	4,852.9
Total equity^(d)	9,331.5	9,336.2
Current ratio ^(a/b)	204.1%	217.1%
Debt-to-equity ratio ^(c/d)	57.5%	52.0%

Standalone

(unit : KRW bn)	1Q '26	YE'25
Current assets^(a)	4,385.0	4,048.1
Cash ^(*)	421.2	264.8
Trade and other receivables	2,281.4	2,043.8
Inventories	1,317.8	1,359.0
Others	364.6	380.5
Non-current assets	7,362.7	7,316.2
Property, plant, and equipment	1,430.3	1,392.8
Investment property	558.1	556.1
Others	5,374.3	5,367.3
Total assets	11,747.7	11,364.3
Current liabilities ^(b)	3,043.6	2,633.5
Non-current liabilities	1,255.1	1,182.5
Total liabilities^(c)	4,298.7	3,816.0
Total equity^(d)	7,449.0	7,548.3
Current ratio ^(a/b)	144.1%	153.7%
Debt-to-equity ratio ^(c/d)	57.7%	50.6%

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

Appendix. KT&G Condensed Income Statement

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

Consolidated ¹⁾

(unit : KRW bn)	1Q '26	1Q '25
Revenue	1,703.6	1,491.1
Cost of goods sold	881.4	737.4
Gross profit	822.2	753.7
Selling, general and administrative expense	457.7	468.1
Operating profit	364.5	285.6
Other income/expenses	108.0	13.1
Financial gain/loss	8.3	18.6
Net income from continuing operations	378.6	260.2
Net income from discontinued operations ¹⁾	(0.4)	(2.3)
Net income	378.2	257.9
Gross profit margin	48.3%	50.5%
Operating profit margin	21.4%	19.2%
Net income margin	22.2%	17.3%

Standalone

(unit : KRW bn)	1Q '26	1Q '25
Revenue	1,014.0	917.2
Cost of goods sold	552.4	459.6
Gross profit	461.6	457.6
Selling, general and administrative expense	206.5	258.6
Operating profit	255.1	199.0
Other income/expenses	107.8	31.5
Financial gain/loss	101.8	33.9
Net income	365.6	207.6
Gross profit margin	45.5%	49.9%
Operating profit margin	25.2%	21.7%
Net income margin	36.1%	22.6%

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)	1Q '26	1Q '25
Cash and cash equivalents at January 1	913.5	1,136.0
Cash flows from operating activities	385.8	99.7
Cash generated from operations	485.5	186.9
Income tax paid	99.7	87.2
Cash flows from investing activities	(151.9)	(125.5)
Acquisition of property, plant and equipment	(52.6)	(119.3)
Cash flows from financing activities	(142.0)	(122.6)
Net increase in cash and cash equivalents	91.9	(148.4)
Effect of exchange rate fluctuation	96.0	31.1
Cash and cash equivalents at March 31	1,101.4	1,018.7

Standalone

(unit : KRW bn)	1Q '26	1Q '25
Cash and cash equivalents at January 1	134.2	588.8
Cash flows from operating activities	227.2	149.3
Cash generated from operations	313.0	224.8
Income tax paid	85.8	75.5
Cash flows from investing activities	(109.1)	(298.1)
Acquisition of property, plant and equipment	(35.3)	(48.0)
Cash flows from financing activities	(119.4)	(134.9)
Net increase in cash and cash equivalents	(1.2)	(283.7)
Effect of exchange rate fluctuation	5.9	(4.9)
Cash and cash equivalents at March 31	138.8	300.2

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)	1Q '26	YE'25
Current assets	1,866.8	1,841.9
Inventories	1,310.1	1,361.0
Cash and cash equivalents	133.7	50.9
Others	423.0	430.0
Non-current assets	758.9	753.2
Property, plant and equipment	319.0	320.8
Intangible assets	24.6	25.0
Others	415.3	407.4
Total assets	2,625.7	2,595.1
Current liabilities	189.2	127.9
Non-current liabilities	100.2	100.0
Total liabilities	289.4	227.9
Total equity	2,336.3	2,367.2

Income Statement

(unit : KRW bn)	1Q '26	1Q '25
Revenue	280.1	292.6
Cost of goods sold	122.1	136.4
Gross profit	158.0	156.2
Selling, general and administrative expense	134.5	128.7
Operating profit	23.5	27.5
Other income/expense	4.7	0.6
Financial gain/loss	1.4	2.7
Net income	22.1	24.3

Thank you

