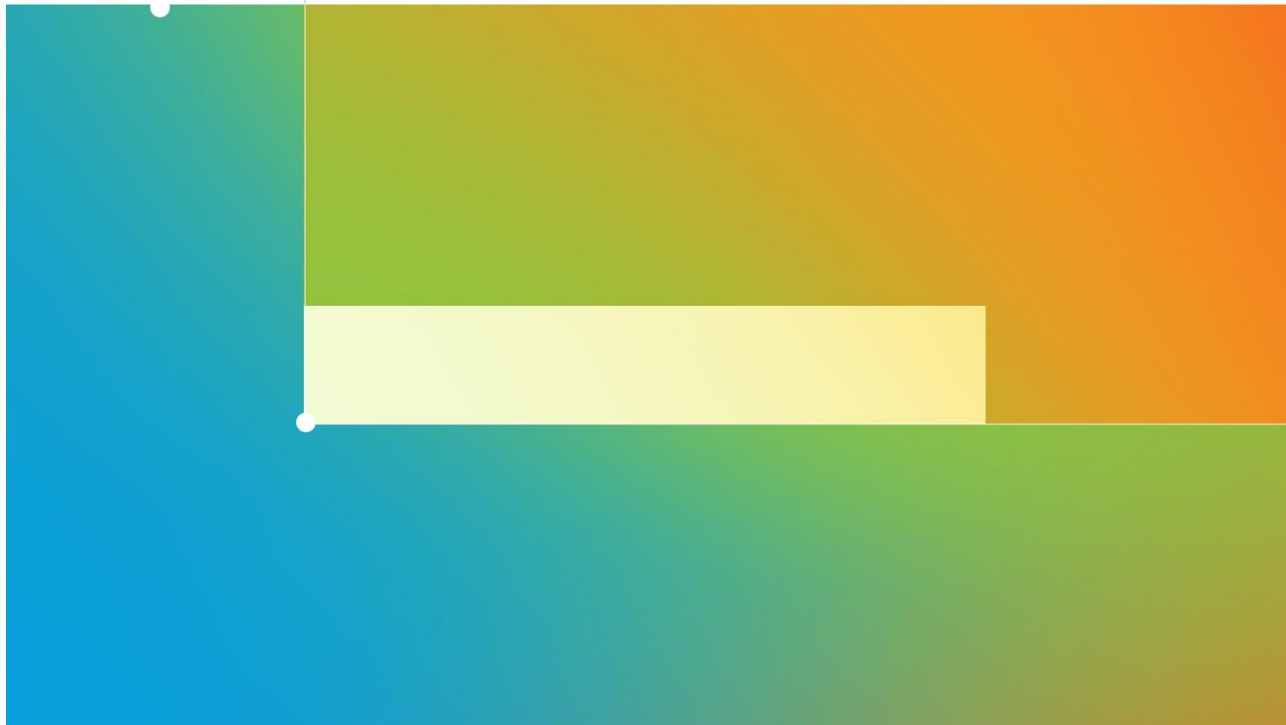
KT&G
2026 Third Quarter Results

Investor Relations

2026. 11. 05



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

Overall **Record quarterly Revenue(KRW 1.91 trn, +4.3%) and OP(KRW 530.1 bn, +13.9%)**

- Growth in CC·NGP and cost savings led to record quarterly revenue·OP for tobacco business, with OP margin at 32.6%

Int'l CC **10 consecutive quarters of volume·revenue·OP growth, with record-high quarterly volume and revenue**

- Growth in volume +6.2%, revenue +10.5% and operating profit +21.9%, with profit growth outpacing revenue growth

NGP **Profitability-led growth with higher Korea stick volume(+6.8%)·SoM(49.1%), and stronger high-ASP mix**

- (Korea) Product portfolio strengthened by launch of 'lil Tonino Lamborghini' with shortest preheating time in market (3 sec)
- (International) Volume-revenue-profit growth with strong key market performance

HFF **Revenue(+3.4%) and OP(+12.2%) grew on stronger brands in Korea and improved international profitability**

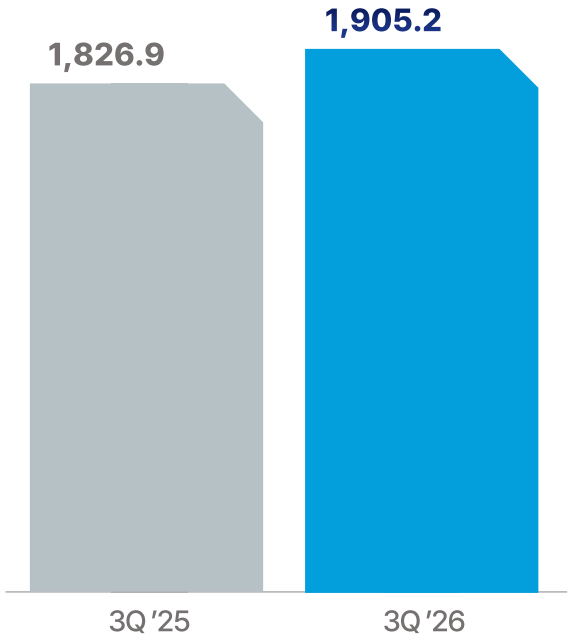
- (B2C) Strong sales from premium and value brands in Korea, international growth driven by higher sales in Greater China along with better cost efficiency
- (B2B) Strategic collaboration with global leading F&B and beauty corporations under review

Key Highlights_ Consolidated Earnings

Revenue (KRW bn)

KRW 1.91 trn

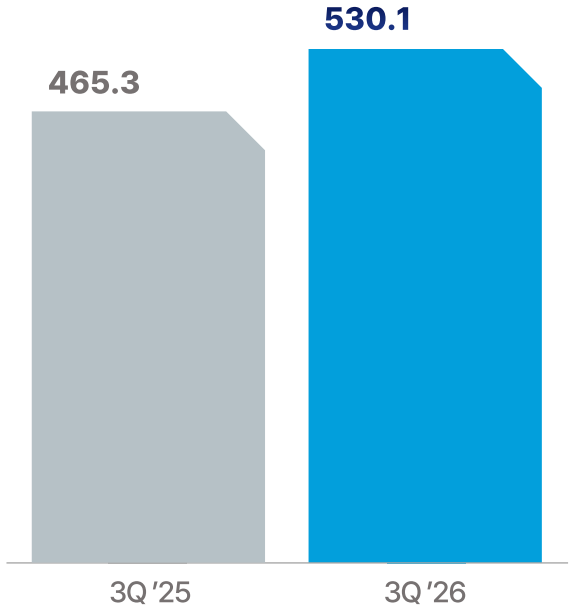
YoY +4.3%



Operating Profit (KRW bn)

KRW 530.1 bn

YoY +13.9%



Net Income

KRW 104.1 bn YoY -75.1%

EPS

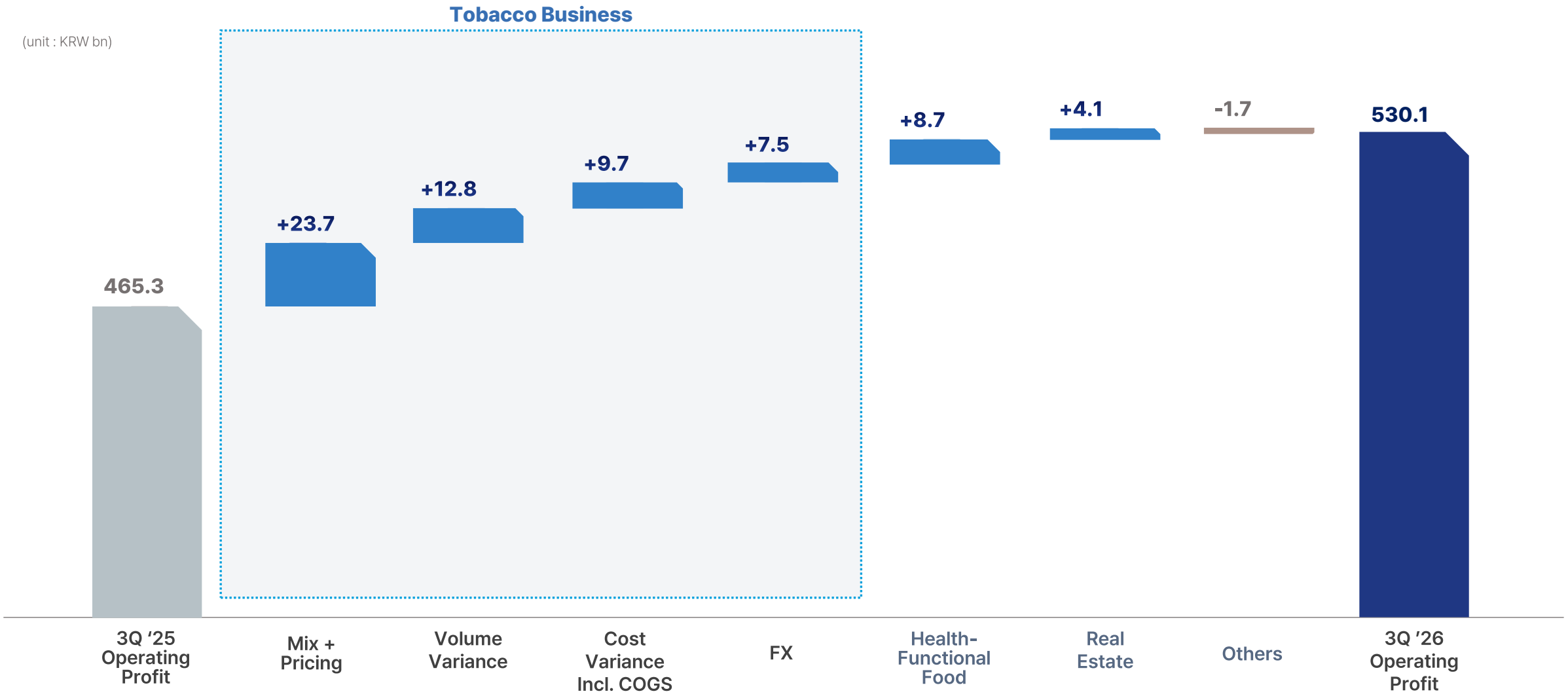
KRW 1,022 YoY -73.8%

EBITDA / EBITDA Margin

KRW 606.2 bn YoY +12.2%

31.8% YoY +2.2%p

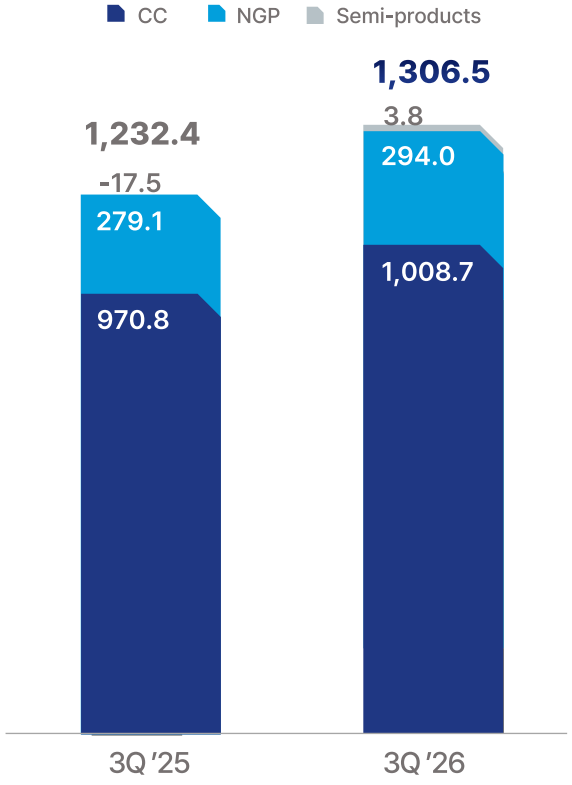
Movement in Earnings



Tobacco Business

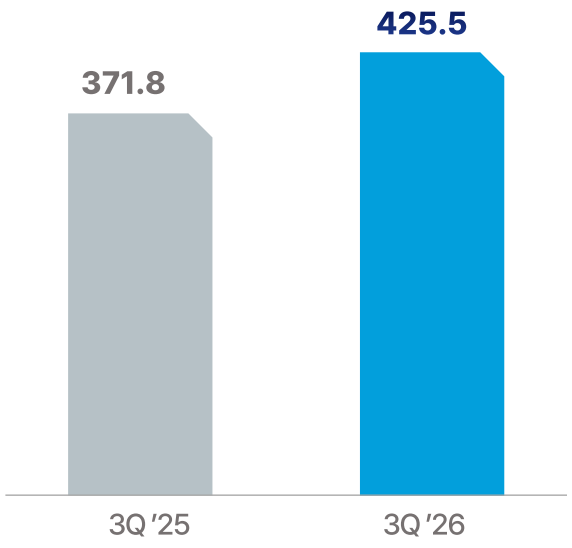
Revenue (KRW bn)

- **Record-high quarter revenue** over 1.3 trn for the first time(YoY +6.0%) as both CC·NGP grew



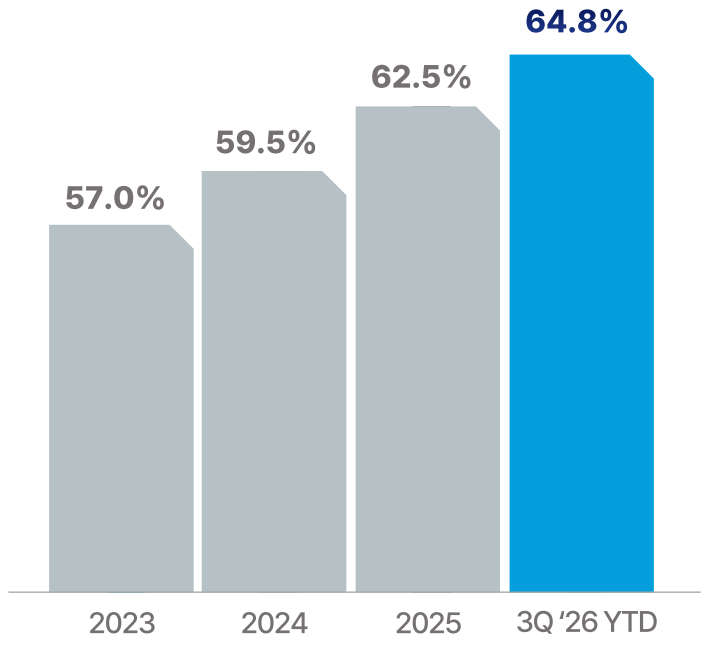
Operating Profit (KRW bn)

- **Record-high quarterly OP**(YoY +14.4%), driven by revenue growth and lower costs, with **OP margins recording 32.6%**



Share of International Sales (volume)

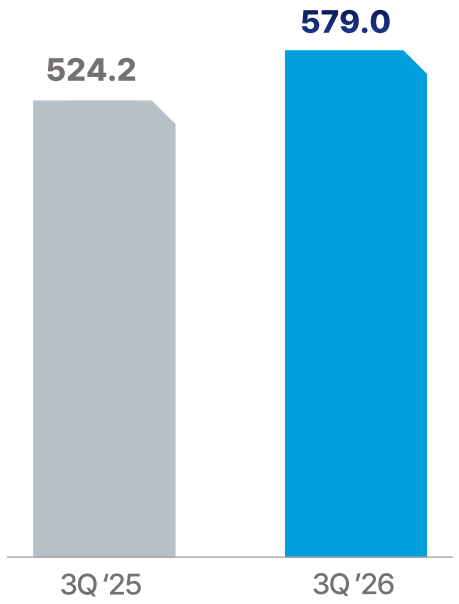
- **Higher share of international sales** with continued robust growth in overseas CC



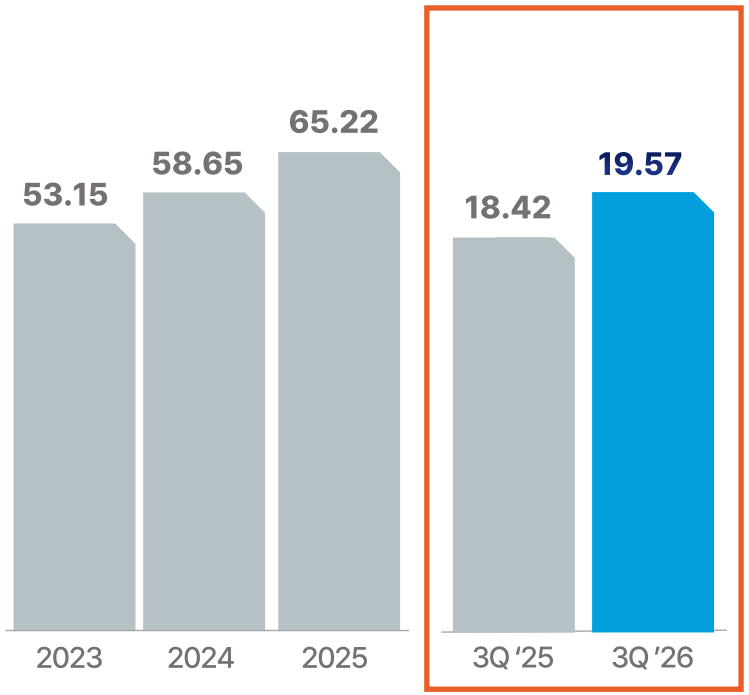
Tobacco_International CC

- Continued 「growth trifecta of volume(+6.2%)-revenue(+10.5%)-OP(+21.9%) 」, with **highest-ever quarterly volume and revenue**
- Volume growth driven by strong local sales in the Middle East and Africa

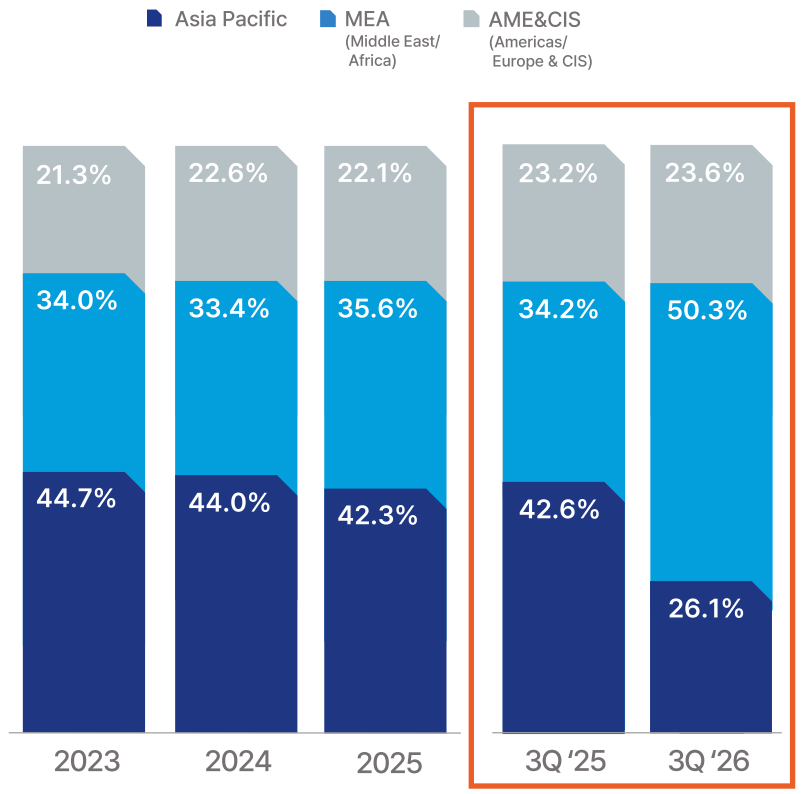
Revenue (KRW bn)



Volume (bn sticks)



Volume Share per Region



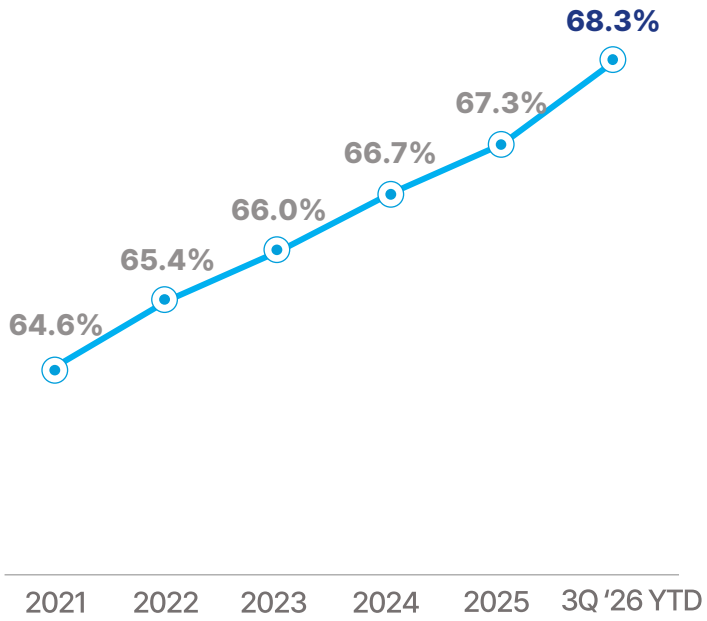
Tobacco_Korea CC

- Market volume dropped (YoY -5.4%) due to unfavorable comparison against the advanced demand for the holiday in the previous year, while KT&G **revenue decline was partially mitigated** (YoY -3.8%) **with higher SoM** (3Q 69.0%, YoY +0.1%p) **and stronger sales from high-ASP DFS channels**

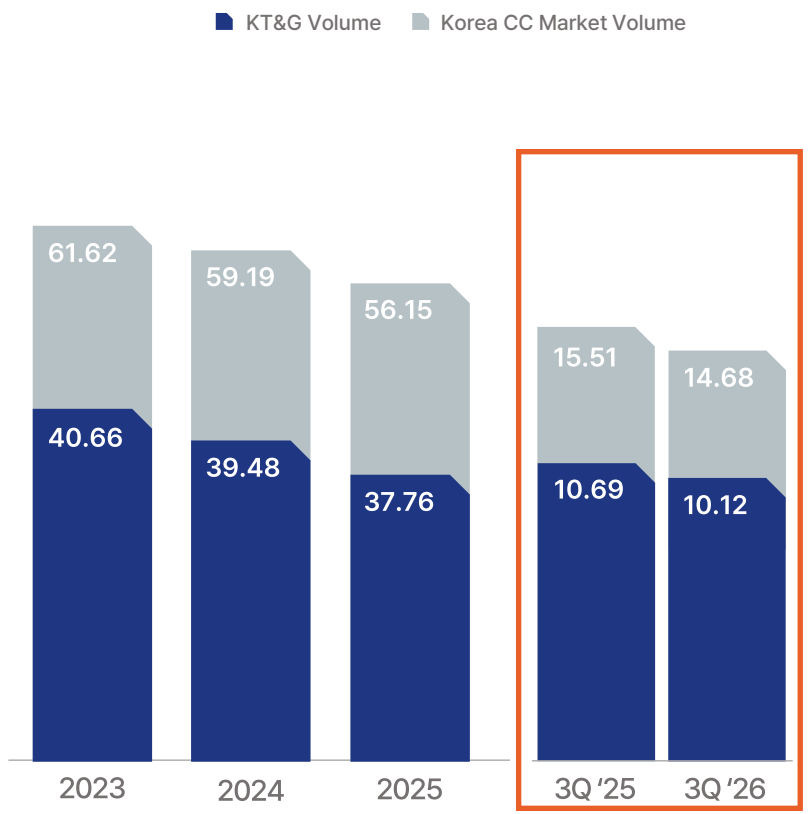
Revenue (KRW bn)



KT&G SoM[1)]



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

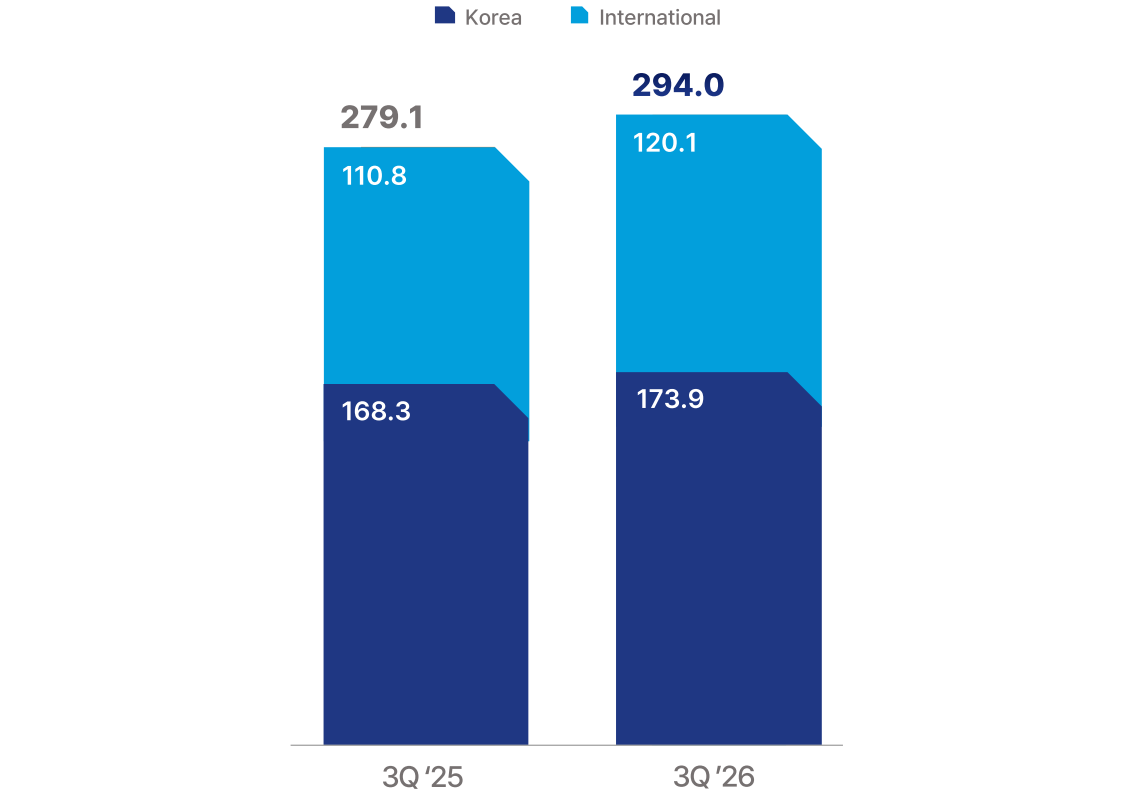


1) Source : Korea Tobacco Association data based on shipment volumes to general stores, centralized logistics, specialized channels, etc.

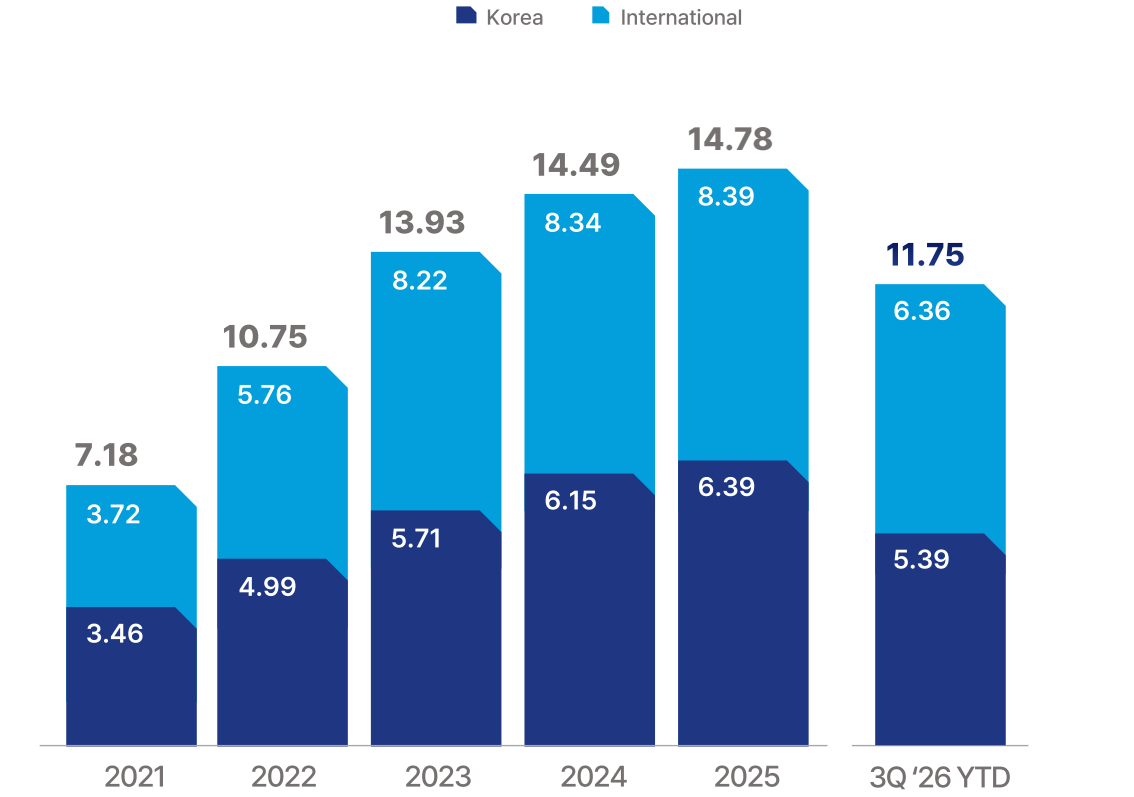
Tobacco_NGP(Next Generation Products)

- (Korea) **Profit-centered growth continued** with stronger stick volume (YoY +6.8%) and mix, with higher share of high-ASP 'lil Aible' sticks
- (Int'l) Volume-revenue-OP grew as strong performance in key markets continued

Revenue (KRW bn)



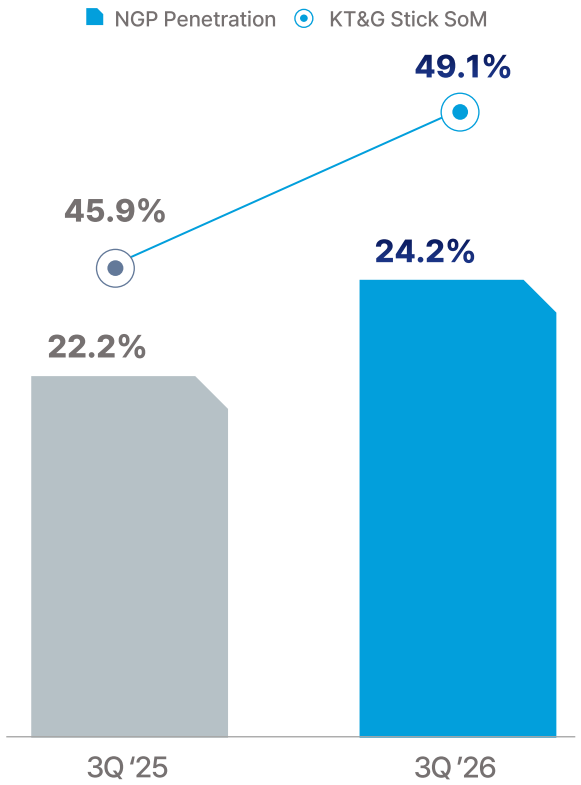
Stick Volume (bn sticks)



Tobacco_NGP(Next Generation Products)

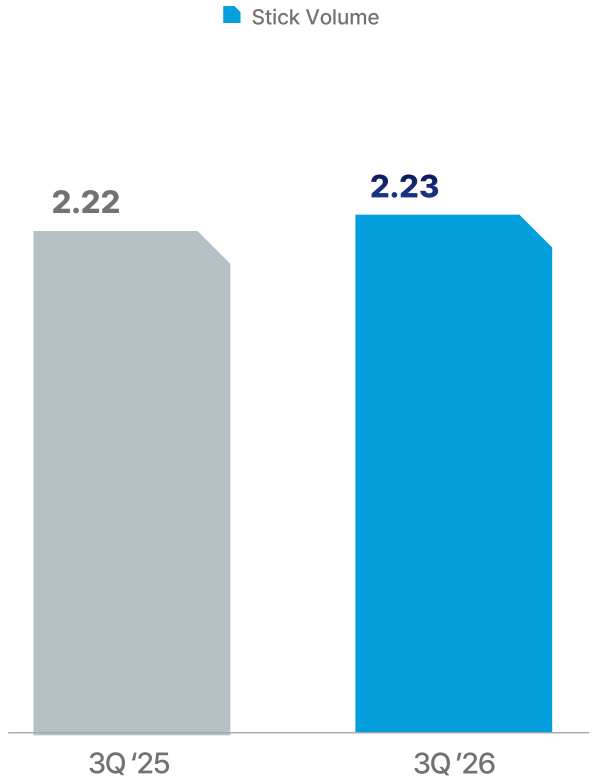
Korea[1)]

- HNB market penetration rose +2.0%p YoY, while KT&G stick **SoM reached 49.1%** (YoY +3.2%p)



International (bn sticks)

- Moderate volume growth (YoY +0.5%) driven by key markets continued

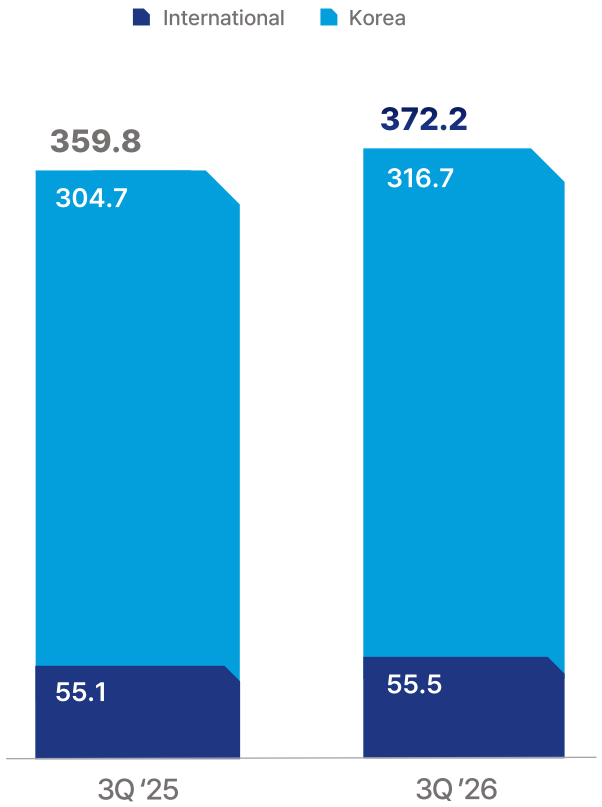


1) Convenience store offtake data

Health-Functional Food

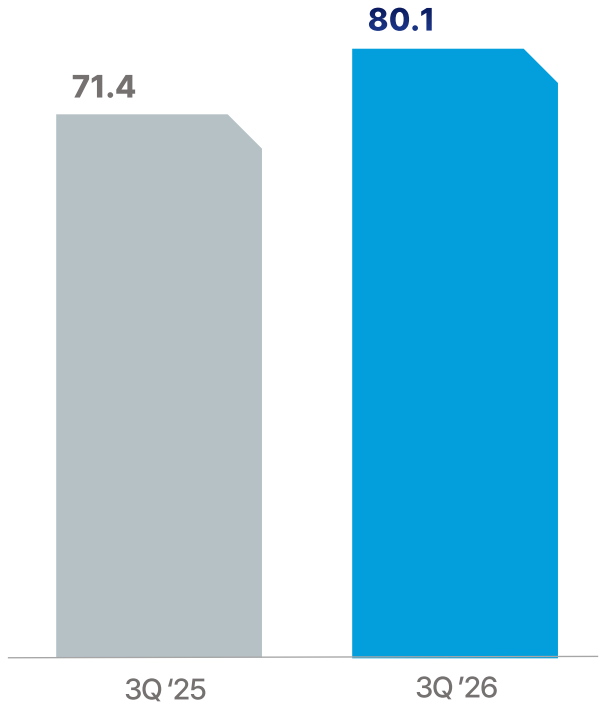
Revenue (KRW bn)

- **Revenue grew**(YoY +3.4%) **driven by strong sales in premium**(Cheon Nok, Hwang Jin Dan) **and value**(Hwal Gi) **brands** addressing evolving consumer trends



Operating Profit (KRW bn)

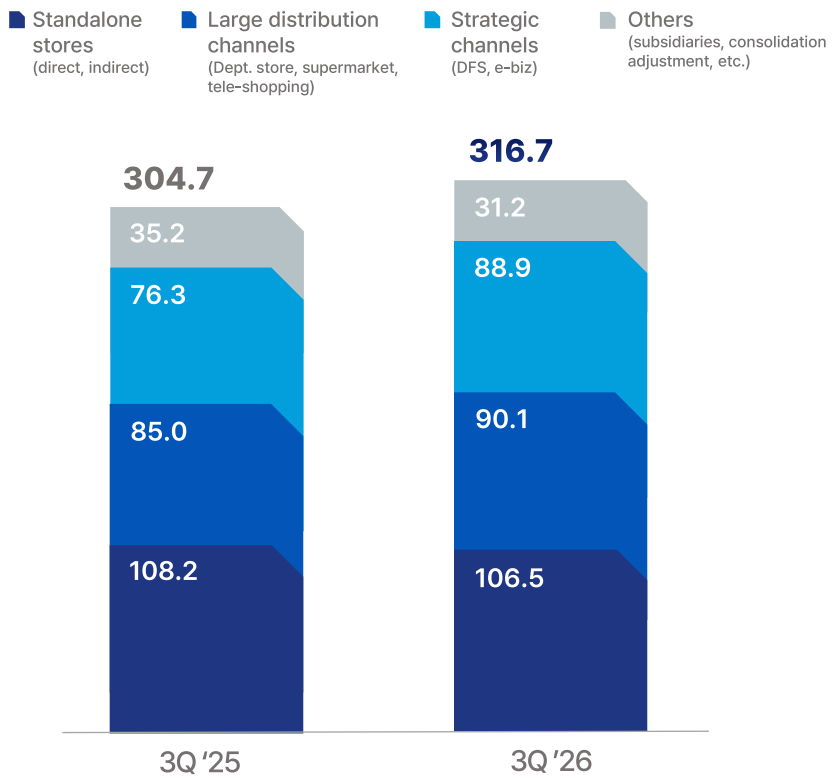
- **Operating profit grew**(YoY +12.2%) with improved profitability across all regions



Health-Functional Food

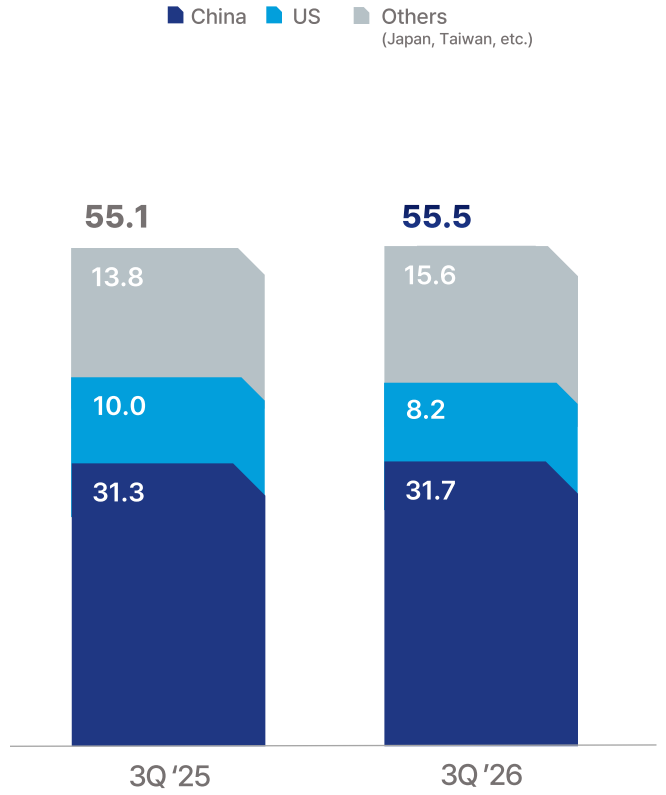
Korea Revenue by Channel (KRW bn)

- Stronger brand demand drove **revenue growth**(YoY +3.9%), **particularly in department stores and strategic channels**



International Revenue by Market (KRW bn)

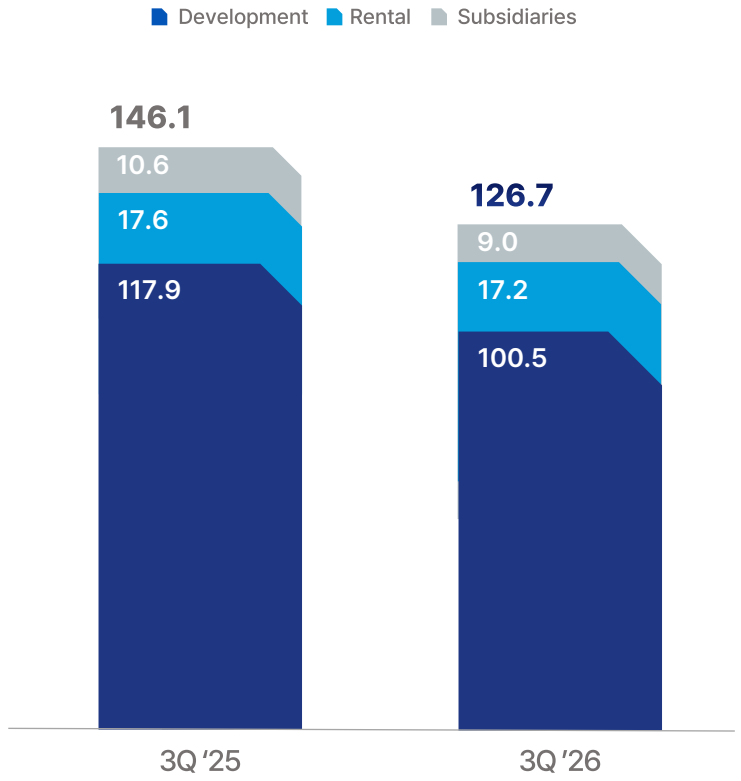
- **International revenue increased moderately**(YoY +0.7%), driven by growth in Greater China(China, Taiwan)



Real Estate

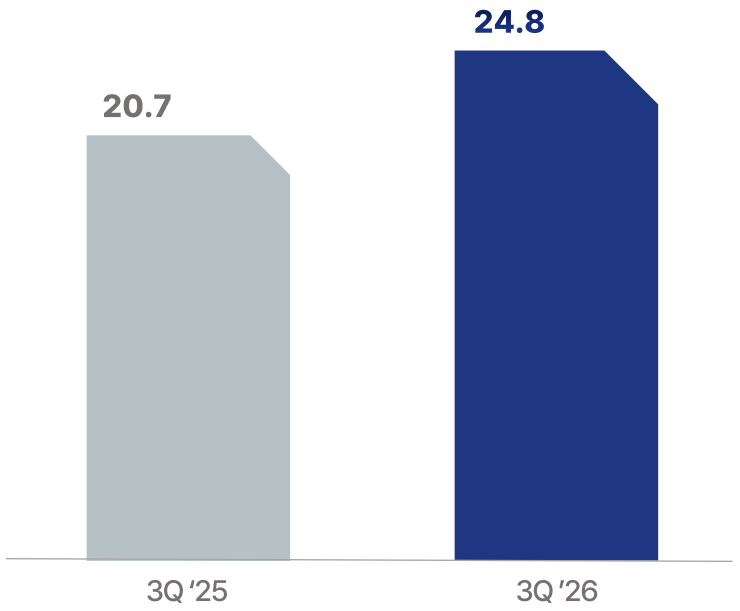
Revenue (KRW bn)

- **Lower revenue recognition under the percentage-of-completion method**(YoY -13.3%) as small- and medium-sized development projects neared completion



Operating Profit (KRW bn)

- **Higher operating profit**(YoY +19.8%) **with lower costs following the completion of development projects** in Mia and East Daejeon



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	3Q '26
Tobacco	Volume	27.84	30.24	33.15	26.53	117.76	29.85	31.73	33.86
	NGP	3.43	3.74	4.04	3.57	14.78	3.51	4.07	4.17
	Korea	1.53	1.53	1.82	1.51	6.39	1.60	1.85	1.94
	international	1.90	2.21	2.22	2.06	8.39	1.91	2.22	2.23
	CC	24.41	26.50	29.11	22.96	102.98	26.34	27.66	29.69
	Korea	8.74	9.80	10.69	8.53	37.76	8.33	9.74	10.12
	international	15.67	16.70	18.42	14.43	65.22	18.01	17.92	19.57
	Revenue	988.1	1,090.5	1,232.3	1,056.3	4,367.2	1,155.9	1,218.5	1,306.5
	NGP	159.0	196.1	279.1	255.9	890.1	241.0	242.7	294.0
	Korea	138.5	140.1	168.3	140.4	587.3	140.4	166.6	173.9
	international	20.5	56.0	110.8	115.5	302.8	100.6	76.1	120.1
	CC	822.7	877.3	970.8	798.9	3,469.6	912.5	970.5	1,008.7
	Korea	373.6	408.3	446.6	363.6	1,592.1	352.9	412.8	429.7
	international	449.1	468.9	524.2	435.3	1,877.5	559.6	557.7	579.0
	Semi-products	6.4	17.1	(17.5)	1.5	7.5	2.4	5.3	3.8
	Operating Profit	252.9	321.9	371.8	204.7	1,151.2	321.6	382.5	425.5
	OP Margin	25.6%	29.5%	30.2%	19.4%	26.4%	27.8%	31.4%	32.6%
Health-Functional Food	Revenue	314.4	220.6	359.8	242.2	1,137.0	332.6	223.8	372.2
	Korea	244.7	161.6	304.7	173.9	884.9	265.3	174.2	316.7
	international	69.7	59.0	55.1	68.3	252.1	67.3	49.6	55.5
	Operating Profit	18.2	6.2	71.4	7.4	103.3	27.9	10.0	80.1
	OP Margin	5.8%	2.8%	19.9%	3.1%	9.1%	8.4%	4.5%	21.5%
Real Estate	Revenue	100.4	143.7	146.1	322.5	712.7	116.9	158.3	126.7
	Development	72.1	116.1	117.9	116.3	422.4	99.4	141.0	100.5
	Rental	16.7	16.7	17.6	16.9	68.0	17.2	17.0	17.2
	Subsidiaries	11.6	10.9	10.6	189.3	222.3	0.3	0.3	9.0
	Operating Profit	10.4	17.7	20.7	32.2	80.9	14.0	20.5	24.8
	OP Margin	10.4%	12.3%	14.2%	10.0%	11.4%	12.0%	13.0%	19.6%
Others	Revenue	88.3	93.1	88.7	92.8	362.8	98.1	101.0	99.8
	Pharmaceutical	63.9	62.5	60.9	66.8	254.1	63.6	61.6	62.7
	Cosmetics	24.4	30.6	27.8	26.0	108.7	34.5	39.4	37.1
	Operating Profit	4.1	4.1	1.4	(1.4)	8.3	1.0	1.5	(0.3)
	OP Margin	4.6%	4.4%	1.6%	-	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)	3Q '26	YE'25
Current assets[a]	**7,726.7**	**7,026.2**
Cash[*]	1,823.7	1,278.2
Trade and other receivables	2,156.8	1,691.4
Inventories	3,013.8	3,284.8
Others	732.4	771.8
Non-current assets	**7,016.3**	**7,162.9**
Property, plant, and equipment	2,942.4	2,823.0
Investment property	639.1	665.0
Others	3,434.8	3,674.9
Total assets	**14,743.0**	**14,189.1**
Current liabilities[b]	3,461.6	3,236.8
Non-current liabilities	1,856.2	1,616.1
Total liabilities[c]	**5,317.8**	**4,852.9**
Total equity[d]	**9,425.2**	**9,336.2**
Current ratio[a/b]	223.2%	217.1%
Debt-to-equity ratio[c/d]	56.4%	52.0%

Standalone

(unit : KRW bn)	3Q '26	YE'25
Current assets[a]	**4,856.5**	**4,048.1**
Cash[*]	876.2	264.8
Trade and other receivables	2,296.6	2,043.8
Inventories	1,298.1	1,359.0
Others	385.6	380.5
Non-current assets	**7,032.2**	**7,316.2**
Property, plant, and equipment	1,437.3	1,392.8
Investment property	489.5	556.1
Others	5,105.4	5,367.3
Total assets	**11,888.7**	**11,364.3**
Current liabilities[b]	2,805.7	2,633.5
Non-current liabilities	1,368.2	1,182.5
Total liabilities[c]	**4,173.9**	**3,816.0**
Total equity[d]	**7,714.8**	**7,548.3**
Current ratio[a/b]	173.1%	153.7%
Debt-to-equity ratio[c/d]	54.1%	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)	3Q '26	3Q '25
Revenue	**1,905.2**	**1,826.9**
Cost of goods sold	906.8	927.9
Gross profit	**998.4**	**899.0**
Selling, general and administrative expense	468.3	433.7
Operating profit	**530.1**	**465.3**
Other income/expenses	(358.4)	39.9
Financial gain/loss	2.6	11.5
Net income from continuing operations	104.4	415.7
Net income from discontinued operations	(0.3)	3.0
Net income	**104.1**	**418.7**
Gross profit margin	**52.4%**	**49.2%**
Operating profit margin	**27.8%**	**25.5%**
Net income margin	**5.5%**	**22.9%**

Standalone

(unit : KRW bn)	3Q '26	3Q '25
Revenue	**1,177.4**	**1,129.1**
Cost of goods sold	569.2	616.5
Gross profit	**608.2**	**512.6**
Selling, general and administrative expense	205.1	213.3
Operating profit	**403.1**	**299.3**
Other income/expenses	(261.2)	60.9
Financial gain/loss	7.5	15.5
Net income	**114.1**	**272.9**
Gross profit margin	**51.7%**	**45.4%**
Operating profit margin	**34.2%**	**26.5%**
Net income margin	**9.7%**	**24.2%**

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)	3Q '26	3Q '25
Cash and cash equivalents at January 1	**913.5**	**1,136.0**
Cash flows from operating activities	**1,351.7**	**664.0**
Cash generated from operations	1,752.6	1,021.5
Income tax paid	400.9	357.5
Cash flows from investing activities	**(488.8)**	**(355.3)**
Acquisition of property, plant and equipment	(318.2)	(500.8)
Cash flows from financing activities	**(540.9)**	**(313.2)**
Net increase in cash and cash equivalents	322.0	(4.5)
Effect of exchange rate fluctuation	(113.3)	21.6
Cash and cash equivalents at September 30	**1,122.2**	**1,153.1**

Standalone

(unit : KRW bn)	3Q '26	3Q '25
Cash and cash equivalents at January 1	**134.2**	**588.8**
Cash flows from operating activities	**886.7**	**565.3**
Cash generated from operations	1,221.1	885.8
Income tax paid	334.4	320.6
Cash flows from investing activities	**(102.5)**	**(294.3)**
Acquisition of property, plant and equipment	(109.2)	(136.0)
Cash flows from financing activities	**(513.7)**	**(342.8)**
Net increase in cash and cash equivalents	270.5	(71.8)
Effect of exchange rate fluctuation	(1.8)	(14.1)
Cash and cash equivalents at September 30	**402.9**	**502.9**

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)	3Q '26	YE'25
Current assets	**1,915.3**	**1,841.9**
Inventories	1,276.3	1,361.0
Cash and cash equivalents	121.7	50.9
Others	517.3	430.0
Non-current assets	**781.5**	**753.2**
Property, plant and equipment	319.7	320.8
Intangible assets	24.6	25.0
Others	437.2	407.4
Total assets	**2,696.8**	**2,595.1**
Current liabilities	184.9	127.9
Non-current liabilities	108.1	100.0
Total liabilities	**293.0**	**227.9**
Total equity	**2,403.8**	**2,367.2**

Income Statement

(unit : KRW bn)	3Q '26	3Q '25
Revenue	**352.0**	**335.3**
Cost of goods sold	149.1	145.4
Gross profit	**202.9**	**189.9**
Selling, general and administrative expense	123.6	115.0
Operating profit	**79.3**	**74.9**
Other income/expense	(-5.2)	2.9
Financial gain/loss	1.7	2.2
Net income	**58.0**	**64.0**

Thank you