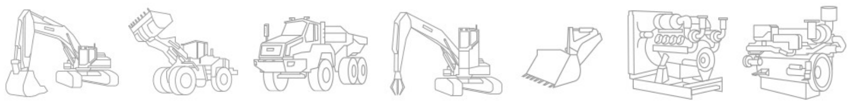
HD CONSTRUCTION EQUIPMENT

2Q26 Earnings Release

July 2026



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Contents

1. 2Q26 Results

2Q26 Results

Growth of sales +18% YoY and EBIT +92% YoY from CE and engine divisions

- Accelerated sales growth momentum from key regions in construction equipment and steady sales from industrial and defense engines led to overall sales growth of +18% YoY.
- EBIT also grew +92% YoY thanks to improved profitability from construction equipment division as well as solid profit contribution from the engine division.

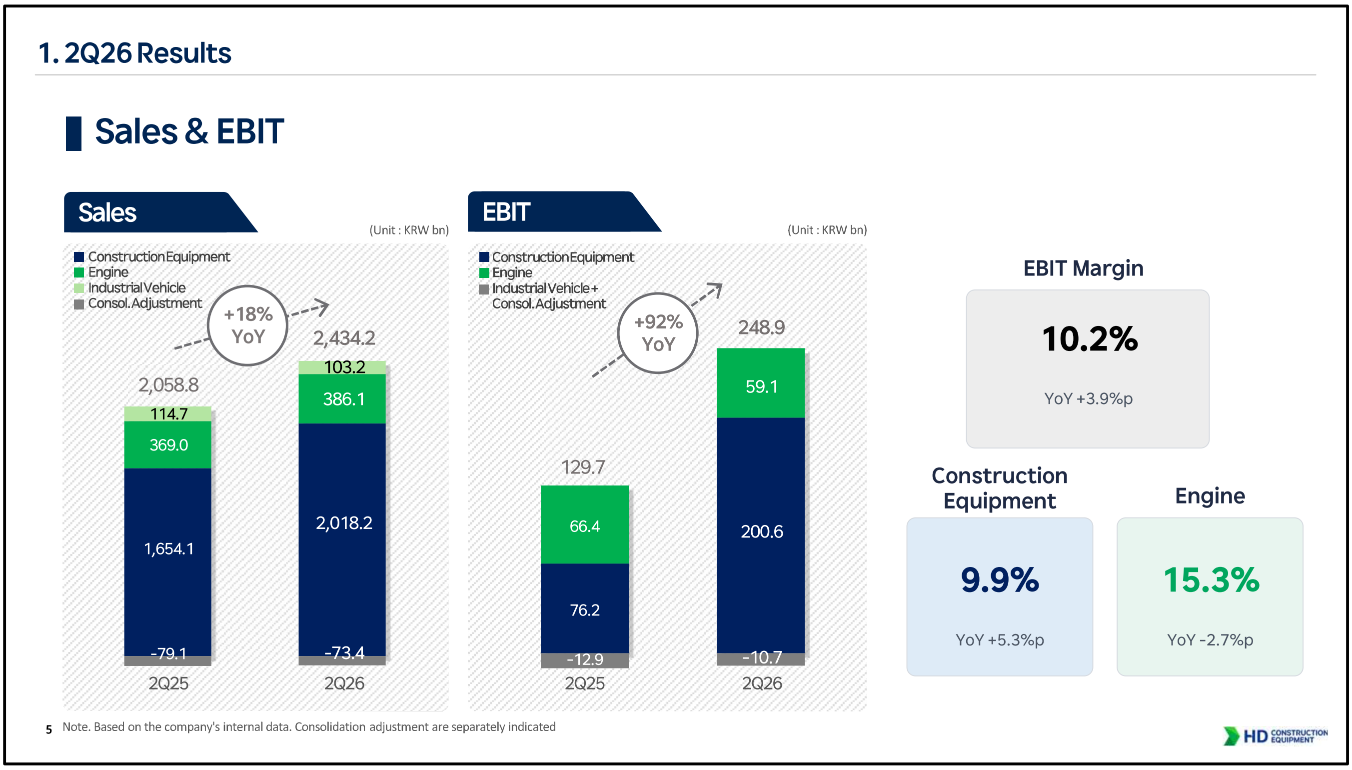
(Unit : KRW bn)

	2Q25	1Q26	2Q26	QoQ	YoY
Sales	2,058.8	2,304.9	2,434.2	+5.6%	+18.2%
EBIT	129.7	190.7	248.9	+30.5%	+91.9%
EBIT Margin(%)	6.3%	8.3%	10.2%	+2.0%p	+3.9%p
Net Financial Cost	-20.7	-16.3	-14.3	-	-
F/X Gains/Loses	-65.7	54.8	18.3	-66.6%	-
Pretax Profit	30.3	224.4	244.9	+9.1%	+708.0%
Net Profit	15.8	173.9	180.7	+3.9%	+1,046.2%
Profit attributable to owners of parent	20.0	173.9	180.4	+3.7%	+801.8%

※ Based on K-IFRS consolidated financial statements

4 ※ 2025 financials are based on internal data under the assumption of a merger and have not been audited.

Revenue grew 18% year-on-year to KRW 2,434.2 billion. In the Construction Equipment segment, the strong growth momentum in key regions was sustained through the quarter, and the Engine segment also delivered continued revenue growth on the back of solid demand for industrial and defense engines.
EBIT came in at KRW 248.9 billion, up 92% year-on-year, thanks to volume growth as well as improved regional and product mix in the Construction Equipment division, which translated into higher profitability.



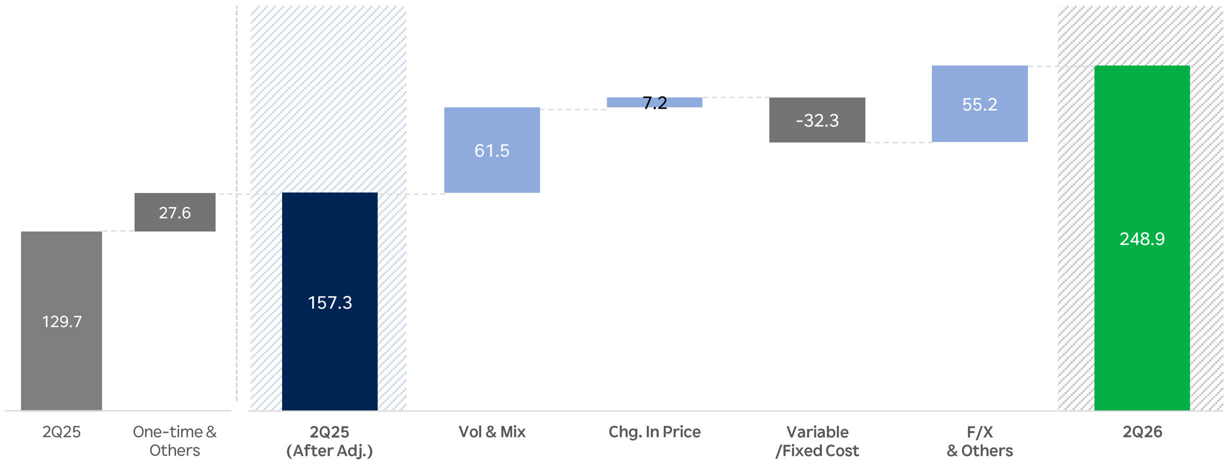
EBIT margin reached 10.2%, a high level by historical standards. The Construction Equipment division achieved remarkable growth in terms of both revenue and profit, while the Engine division posted a solid double-digit operating margin and also an improvement quarter-on-quarter.

2. EBIT Analysis

EBIT Analysis

- EBIT grew substantially by +92% YoY thanks to volume growth and improvement in both product and regional sales mix. Price hike, lower promotional expenses and F/X were also positives towards EBIT.

(Unit : KRW bn)



※ Combined EBIT in 2Q25 is KRW129.7bn based on the company's internal data. (Simple addition of HCE/HDI EBIT is KRW 145.9bn and we need to reflect KRW 16.2bn in consolidated adjustment.)
One-time & other items include the following : KRW 16.7 billion base effect from the China business restructuring booked in 2Q25, tariff refunds and reversal of provisions.

6 ※ Exchange rate average: 2Q25 1,402 KRW/USD → 2Q26 1,502 KRW/USD, 2Q25 1,588 KRW/EUR → 2Q26 1,746 KRW/EUR

EBIT in the second quarter increased by KRW 119.2 billion year-on-year to KRW 248.9 billion.
Impact from improvements in both volume and regional/product mix due to demand recovery was +KRW 61.5 billion compared to the previous year. Price increase and reduction of promotion costs had an impact of +KRW 7.2 billion, the increase in variable/fixed costs due to rising prices was –KRW 32.3 billion, and currency effect due to weakening Korean won was +KRW 55.2 billion.
One-off items totaled KRW 27.6 billion, comprising of 1) KRW 16.7 billion base effect from the China business restructuring booked in 2Q25, 2) KRW 6.7 billion in tariff refunds received following the U.S. court ruling that the tariffs were unconstitutional (Hyundai KRW 6.0 billion, DEVELON KRW 0.7 billion), and 3) other items including partial reversals of provisions.

3. Analysis by Division – Construction Equipment

Construction Equipment

By Region

(Unit : KRW bn)

		2Q25	2Q26	YoY
Construction Equipment Sales		**1,654.1**	**2,018.2**	**+22.0%**
Equipment Sales		**1,472.9**	**1,823.4**	**+23.8%**
America	NA	187.5	200.6	+7.0%
	LA	160.0	207.8	+29.9%
EMEA	EU	250.3	316.0	+26.2%
	ME/AF	274.8	416.1	+51.4%
APAC/CIS	Korea	173.0	216.3	+25.0%
	China	152.7	174.1	+14.1%
	India	100.9	123.2	+22.1%
	SEA/CIS/OC	141.1	165.9	+17.6%
Others		32.4	3.3	-89.9%
AM/PS Sales		**181.3**	**194.9**	**+7.5%**
Construction Equipment EBIT		**76.2**	**200.6**	**+163.3%**
EBIT Margin (%)		4.6%	9.9%	+5.3%p

Revenue : Positive on global demand recovery

- Recovery across all regions in line with full-fledged improvement in global market conditions.
- In particular, infrastructure and mining demand supported firm sales of mid-to-large equipment.
- We are also expanding the foundation to achieve enhanced profitability via our parts sales strategy.

EBIT : Improved region/product mix

- Sharp margin improvement driven by expansion of high-profitability regions and products

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Revenue from construction equipment division grew 22% year-on-year to KRW 2,018.2 billion. EBIT was KRW 200.6 billion, with an EBIT margin of 9.9% — a substantial improvement year-on-year.

During the quarter, we continued to see rising mining-related demand tied to infrastructure investment and resource development, centered on emerging markets in Latin America and Africa. Europe's ongoing economic recovery and continued expansion of public investment were also supportive, as was non-residential construction demand in North America, which held up better than expected. In India, market conditions remain favorable on the back of government-led infrastructure projects. In Korea, replacement demand driven by expanding used-equipment exports, combined with market share gains, supported the business, and in China, revenue grew at a double-digit rate as domestic market growth was accompanied by steady overseas project volumes.

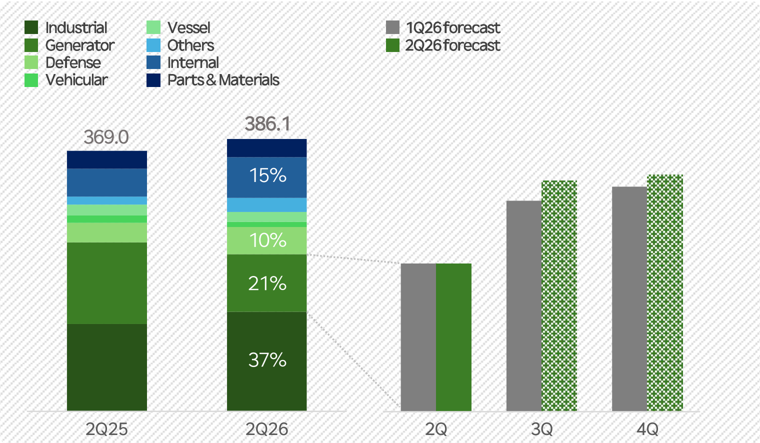
Profitability in the Construction Equipment division also improved significantly. Alongside revenue growth, the improved sales contribution from medium- and large-size equipment, price increases, and reduced promotion costs all contributed positively.

The simultaneous improvement in both revenue and profitability is a very positive development. Going forward, we will continue to expand revenue in line with the market recovery, and work to secure a broader parts revenue base to drive further margin improvement.

3. Analysis by Division – Engine

Engine

By Application



Revenue
: Solid global demand recovery

- +5% YoY growth on higher industrial engine volumes amid global recovery
- Power generation engine sales expected to accelerate in 2H in line with continued demand growth for electricity

EBIT
: Consistent double-digit margin

- Slight decline YoY due to high prior-year base and mix shift, but continued to improve relative to last quarter.

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Revenue grew 5% year-on-year to KRW 386.1 billion, supported by increased demand across our major product lines.
By product, growth was most pronounced in construction equipment and general industrial engines, both for internal and external customers, while defense engine revenue also grew steadily.
EBIT declined slightly year-on-year due to a shift in product mix, but the EBIT margin continued its improving trend quarter-on-quarter.
As for generator engines, we delivered results in line with our internal estimates set for 2Q26. Furthermore, power-related demand in North America – microgrids and data centers related applications – is shaping up very favorably, raising our expectations for future performance.

4. Financial Structure

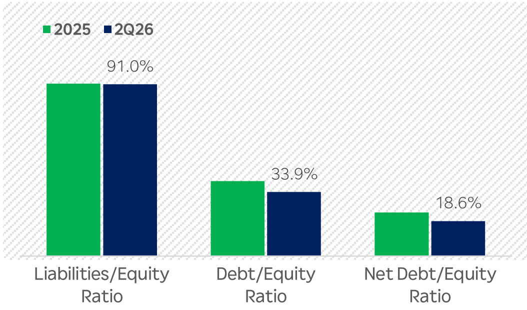
Statement of Financial Position

(Unit : KRW bn)

	2025	1Q26	2Q26
Total Assets	8,838.9	9,297.1	9,615.3
Cash & Cash Equivalent	768.3	734.7	767.9
Current Assets	4,947.6	5,361.7	5,621.7
Fixed Assets	3,891.3	3,935.3	3,993.5
Total Liabilities	4,220.3	4,467.3	4,581.6
Debt	1,836.8	1,742.0	1,705.2
Net Debt	1,068.6	1,007.3	937.3
Total Shareholder's Equity	4,618.5	4,829.8	5,033.6
Liabilities/Equity Ratio	91.4%	92.5%	91.0%

※ Based on K-IFRS consolidated financial statements
※ 2025 financials are based on internal data under the assumption of a merger and have not been audited.

Key Financial Ratios



- Liabilities/equity ratio improved in line with profit growth and resultant expansion in shareholders' equity.
- On top of investment for future growth and plans to enhance shareholders' return, we will endeavor to further improve our financial structure.

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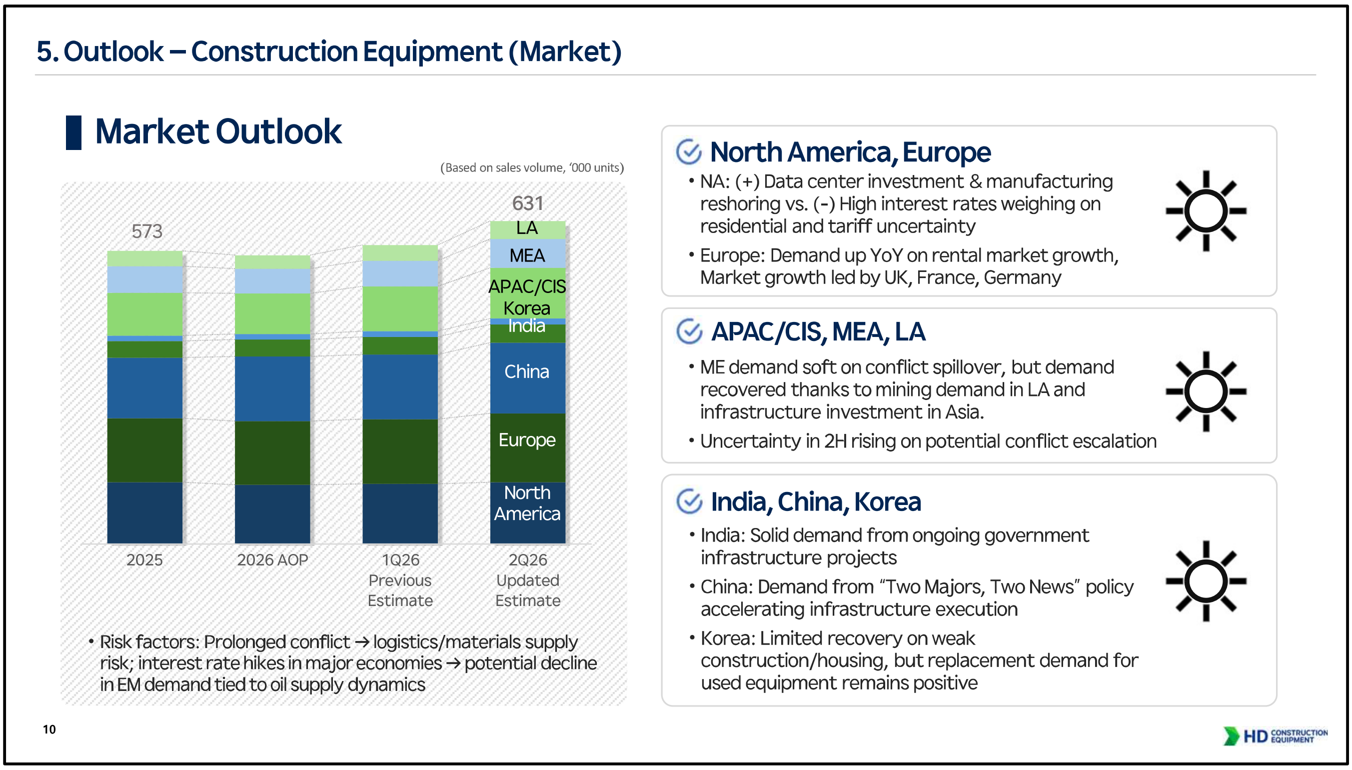
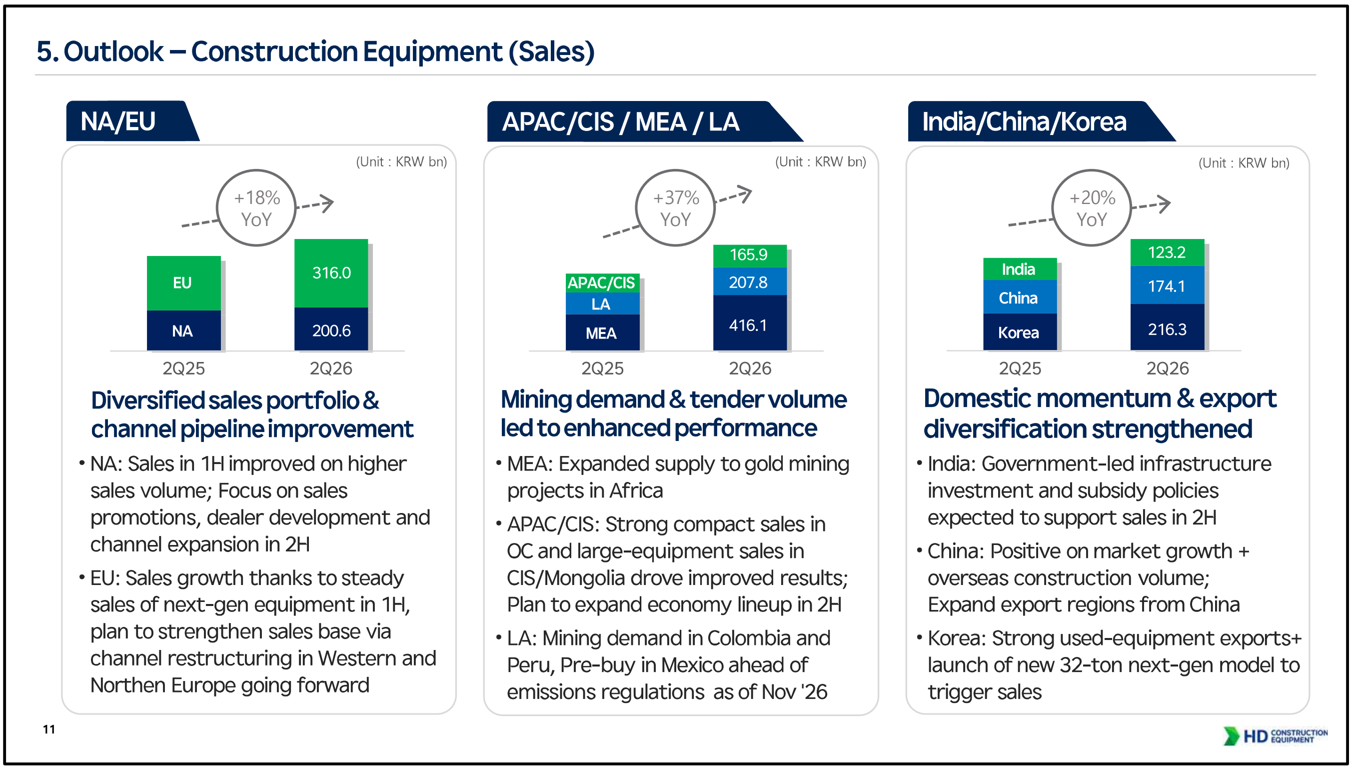
Total shareholders' equity expanded on the back of increased cumulative net income in 1H26, which drove a modest improvement in the debt-to-equity ratio versus year-end 2025.
Building on this solid financial footing, we will continue to invest in securing future growth drivers, while pursuing an active and sustainable shareholder return policy to enhance shareholder value.



Pages 10 and 11 provide an update on our second-half outlook for the construction equipment market, together with our regional revenue performance and outlook.

〈 Global Market by Region 〉
Across most regions, conditions were more favorable than we had anticipated, and we now expect year-on-year growth. We forecast the market to expand by approximately 10%, from 573,000 units in 2025 to 631,000 units in 2026.

In North America, the residential market remained somewhat weak on high interest rates, and tariff uncertainty persisted. Even so, we expect market size to be broadly comparable to last year, supported by data center investment and manufacturing onshoring.
In Europe, first-half growth was led by the rental market, and the recovery seen in major countries such as the U.K., France, and Germany was a positive. There are concerns that growth may slow somewhat in the second half, but we do not expect the underlying recovery trend to change materially.
In Asia-Pacific and CIS, the Middle East and Africa, and Latin America, resource-rich countries drove growth throughout the first half. In the second half, we expect mining and government-led infrastructure investment demand – particularly in Latin America and Asia – to continue driving market growth. That said, heightened second-half uncertainty in the Middle East and Africa, where the conflict has recently escalated, is a concern.
For reference, the Middle East and Africa account for approximately 9% of total demand, and the Middle East – the region most directly affected – accounts for roughly 2.5%. The demand base itself is therefore not large. However, the risk that the impact spreads globally does remain.
In India, equipment demand remained solid as government construction projects moved forward, and we expect stable growth to continue.
In China, we continued to observe steady growth in the domestic market as infrastructure investment accelerated under the government's "Two Major, Two New" policy. Replacement demand for equipment sold at the previous market peak is also beginning to emerge, pointing to favorable demand in the second half.
In Korea, despite a limited recovery in construction and housing, strong used equipment exports continued to generate steady demand for new machines, supporting market growth.
Through the first half, we did not observe pronounced demand swings in most regions attributable to the conflict. However, the risk of renewed escalation remains, and in that event we could see higher logistics costs, logistics disruptions, and parts supply risk. We will monitor these risk factors closely so that we can respond quickly in the second half.



〈 Regional performance and outlook for our Construction Equipment division 〉

First, North America and Europe. Combined revenue grew approximately 18% year-on-year. In North America, growth was led by higher sales of excavators and trucks. In Europe, the launch of next-generation models and channel stabilization contributed to revenue expansion.
In the second half, we plan to strengthen our market position further through intensified promotions targeting the North American snow removal market, dealer development in white-space territories, and a realignment of our channels in Western and Northern Europe.

The Middle East, Africa, Latin America, Asia-Pacific, and CIS regions posted our strongest growth, up 37% year-on-year. Expanded supply to mining projects in Africa and increased mining investment in Latin America were the principal drivers. Higher compact equipment sales in Oceania and strong large equipment sales in the CIS and Mongolia also contributed positively.
In the second half, we aim to capture additional growth by expanding our value lineup and by winning major projects.

Our single-country regions – India, China, and Korea – also delivered solid growth of 20% year-on-year. In India, as mentioned, government-led infrastructure investment and equipment subsidy programs continue. In China, we expect export growth driven by a domestic recovery alongside an increase in overseas construction projects. In Korea, we expect healthy demand to carry into the second half on the back of next-generation model launches.

In summary, we are reducing our dependence on any single region and delivering balanced results across a diverse set of growth markets, including North America, Europe, the Middle East, Africa, Latin America, and India. We will also continue to expand sales of higher-margin products such as medium and large equipment and mining equipment, driving both revenue growth and margin improvement.

Finally, with the conflict unresolved, uncertainty remains in the global market. Despite external risks such as the conflict and interest rates, we will maintain growth momentum by strengthening our channel competitiveness in North America and Europe, and by actively improving revenue in Latin America, Asia, and India, where we expect favorable momentum in the second half. We will also sustain our profitability-focused mix improvement strategy to defend against any market downturn.

5. Market Outlook Update – Engine

Generator

**Incheon Plant :
Large Engine Capacity Expansion**

- North American Oil & Gas sales softened, but recovery expected in 2H.
- Capacity expansion to meet rising demand from Oil & Gas Field, Data Center and Microgrid applications.
- Gunsan ex-large generator engine production capacity enables full-scale response to growing backup power demand
  (Designed as backup ≥ prime power : N+1·2N standard)

Defense

**Gunsan Plant :
Production Launch from 2H**

- Gunsan plant completion scheduled for Oct. 2026
- Rising demand for defense engines amid geopolitical tensions. Exports beyond existing customer countries expected.
- Multiple new development programs with government and prime contractors expected to provide upside potential in terms of defense exports + standalone engine export opportunities

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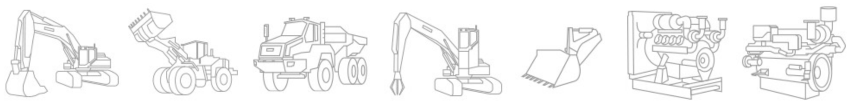
On page 12, we would like to focus on capacity expansion for power generation engines and defense engines, which are the future growth drivers within our engine business.

〈 Power Generation Engines 〉
Power generation business is broadly divided into diesel engines, primarily for standby applications, and gas engines, primarily for prime power applications.
During 1H26, volumes for the North American oil and gas field market were somewhat weaker year-on-year. As we explained in terms of mix, this resulted in flat gas engine revenue. In 2H26, however, we expect a return to a growth trajectory, led by gas power generation engine revenue.
Demand for our gas engines is growing considerably in data centers and distributed power generation. Beyond the oil and gas field applications we have discussed previously, required volumes on the prime power side continue to increase, centered on data centers and distributed power plants.
These engines are produced on the large engine production line at our Incheon Plant, and we are reviewing the need to expand production capacity.
Demand for gas engines is rising in this way because we are able to meet precisely what the market requires.
The first factor is fast delivery. As you are aware, lead times for many other power sources serving data centers have become significantly extended. What customers care about most, therefore, is how quickly they can secure volume – and we are able to make a clear lead-time case to our customers.
The second factor is a proven track record. This engine has been in operation in Korea for more than 15 years. It is already proven in the North American market together with our major North American customers, and we are leveraging that track record as we pursue customer orders.
Beyond the gas engines I have just described, let me also address ultra-large power generation.
In addition to the gas engine expansion at Incheon, the ultra-large engine expansion at our Gunsan Plant is also proceeding on schedule, as previously announced. Mass production of our 37-liter class diesel engine is scheduled to begin in January of next year.
The ultra-large diesel engines produced at Gunsan will be well suited not only to the standby power generation business we already serve, but also to the data center standby power market. We therefore plan to address that market actively, and we expect meaningful revenue going forward.
Additionally, because standby power is the critical power source that must respond when the main supply is disrupted, major facilities are standardizing on N+1 or 2N redundancy relative to their required load. As a result, we expect the standby power market to be comparable in size to – or potentially larger than – the prime power market.

〈 Defense Engines 〉
Capacity expansion for defense engines is also taking place at our Gunsan Plant. As with the power generation engines, mass production of defense engines is scheduled to begin at Gunsan in October of this year. Once capacity at Gunsan is expanded, we expect production volumes to increase to a level comparable to our Incheon Plant.
As you know, the core of our defense engine business is the engine for the K2 tank. We are meeting all schedules for both domestic production and export volumes for the K2. We are also reviewing business opportunities together with the prime contractors that build the tanks.
As geopolitical tensions persist globally, demand for tank engines is increasing, and we are exploring additional export opportunities beyond the countries we currently supply. We are also pursuing opportunities to export engines on a standalone basis.
That said, given the nature of the defense business – where volumes are planned over the medium to long term and executed under contract, and where confidentiality is important – there is still only a limited amount we can state definitively.
We expect that in the not-too-distant future, Incheon alone will not provide sufficient capacity. Accordingly, we will meet customer demand on the basis of the expanded capability that production at Gunsan provides.



[Reference] Sales Breakdown by Region & Division

(Unit : KRW bn)

		1Q25	2Q25	3Q25	4Q25	2025	1Q26	2Q26	YoY
Sales		**1,887.9**	**2,058.8**	**1,971.6**	**2,008.4**	**7,926.9**	**2,304.9**	**2,434.2**	**+18.2%**
Construction Equipment		**1,340.0**	**1,472.9**	**1,443.0**	**1,474.6**	**5,730.5**	**1,748.8**	**1,823.4**	**+23.8%**
America	**NA**	147.3	187.5	191.3	183.4	709.6	185.5	200.6	+7.0%
	LA	131.0	160.0	174.6	163.6	629.3	191.7	207.8	+29.9%
EMEA	**EU**	176.8	250.3	286.2	278.7	992.1	281.2	316.0	+26.2%
	ME/AF	197.1	274.8	280.9	304.7	1,057.5	331.3	416.1	+51.4%
APAC/CIS	**Korea**	244.6	173.0	154.4	103.2	675.3	285.4	216.3	+25.0%
	China	145.0	152.7	123.7	189.5	610.9	169.6	174.1	+14.1%
	India	146.0	100.9	80.2	110.8	437.9	157.0	123.2	+22.1%
	SEA/CIS/OC	135.0	141.1	113.2	106.7	496.0	133.3	165.9	+17.6%
Other		17.3	32.4	38.3	33.9	122.0	13.8	3.3	-89.9%
AM/PS		**179.4**	**181.3**	**162.7**	**160.9**	**684.3**	**178.7**	**194.9**	**+7.5%**
Engine		**304.9**	**369.0**	**317.8**	**334.6**	**1,326.4**	**336.1**	**386.1**	**+4.6%**
Industrial Vehicle		**118.9**	**114.7**	**118.4**	**113.1**	**465.2**	**97.4**	**103.2**	**-10.1%**
Consolidation Adjustment		**-55.3**	**-79.1**	**-70.3**	**-74.8**	**-279.5**	**-56.1**	**-73.4**	**-**

※ Note: Company source, Engine sales figures are presented before consolidation adjustments

Construction Equipment

Q. Which regions outperformed expectations?

- Three emerging regions (MEA, LatAm, Asia-CIS) and Europe outperformed forecasts. Mining/infrastructure investment continued, and the same trend is expected to continue in 2H.

Q. Africa sales forecast in 2H and relationship with dealers?

- Middle East tensions may constrain oil supply for some oil importing countries, which could delay new demand – but this isn't a profitability issue; once oil supply normalizes, demand is expected to improve.
- Company's main markets are Ethiopia, Sudan, Egypt, Libya, Algeria, Morocco and South Africa/West Africa have also gained traction recently. Relationships with major dealers span 15+ years.

Q. New product impact – structural growth?

- Next-gen models rolled out sequentially since the Korea launch last August. Despite higher prices, strong product competitiveness is recognized, supporting future growth.

Q. Correlation between non-gold mineral prices and construction equipment demand?

- Rising demand for minerals used in data center & electric power equipment → Strong copper demand in LA and Africa + Copper & mineral demand continues elsewhere.

Engine

Q. Ultra-large (37L class) engine orders/supply?

- 37L engine mass production to begin January next year. Pilot engines are being installed this year with key customers. Order intake is considered an expansion of the engine lineup for existing power generation customers.

Q. Plans to revise annual engine OPM guidance?

- Given high external uncertainties, guidance will be maintained for now. We will communicate with the market if conditions change.
- Fixed costs such as depreciation will rise with new plant operations in 2H, but the impact on EBIT is expected to be limited.
- Given high external uncertainty, guidance will be maintained for now, with market communication if conditions change.

General

Q. Drivers of overall operating profit growth and outlook?

- (1H) Volume growth, positive product/regional mix (e.g. MEA, LA), and favorable FX.
- (2H) Continued above-trend growth expected in emerging markets/Europe, though global rate hike risk and geopolitical risk remain.