HD CONSTRUCTION EQUIPMENT

2Q26 Earnings Release

July 2026

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Contents

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%

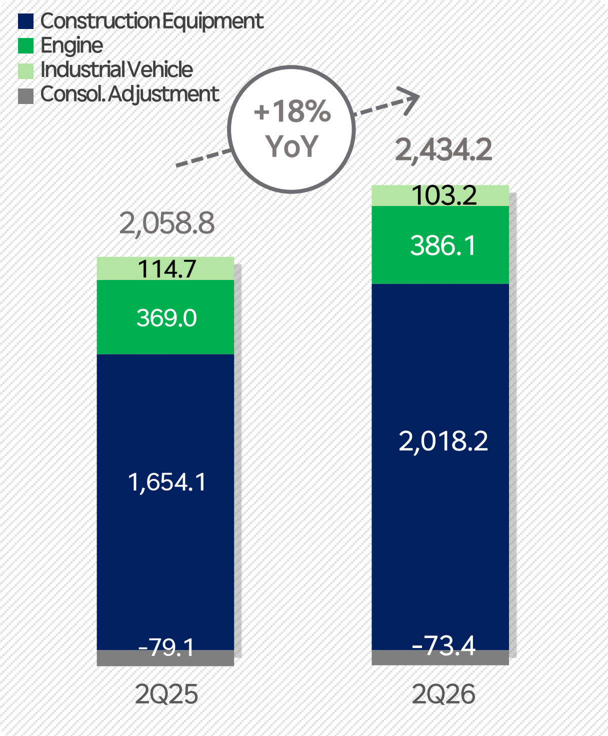
※ Based on K-IFRS consolidated financial statements

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

Sales & EBIT

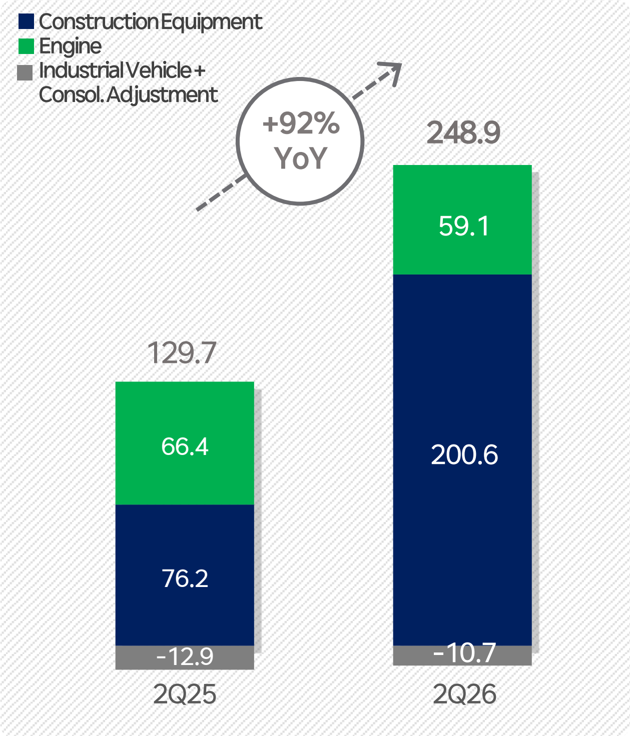
Sales

(Unit : KRW bn)



EBIT

(Unit : KRW bn)



EBIT Margin

10.2%

YoY +3.9%p

Construction Equipment

9.9%

YoY +5.3%p

Engine

15.3%

YoY -2.7%p

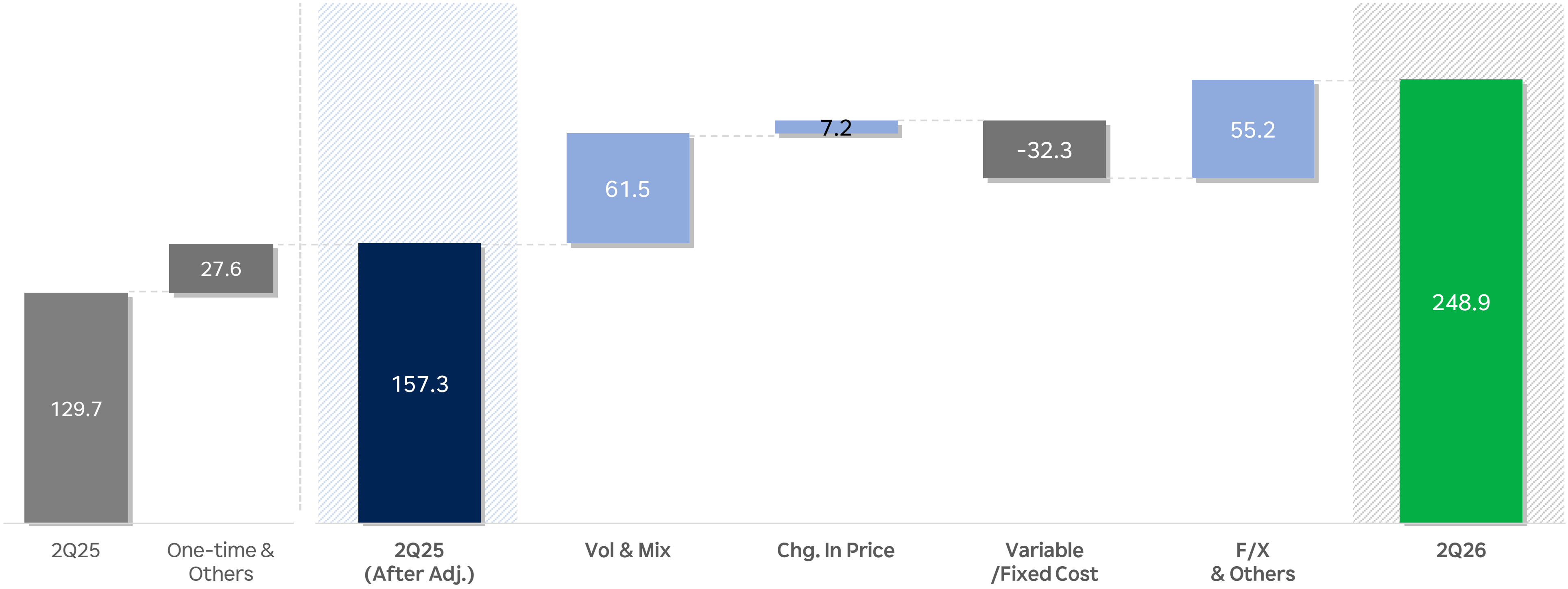
Note. Based on the company's internal data. Consolidation adjustment are separately indicated

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.

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

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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.

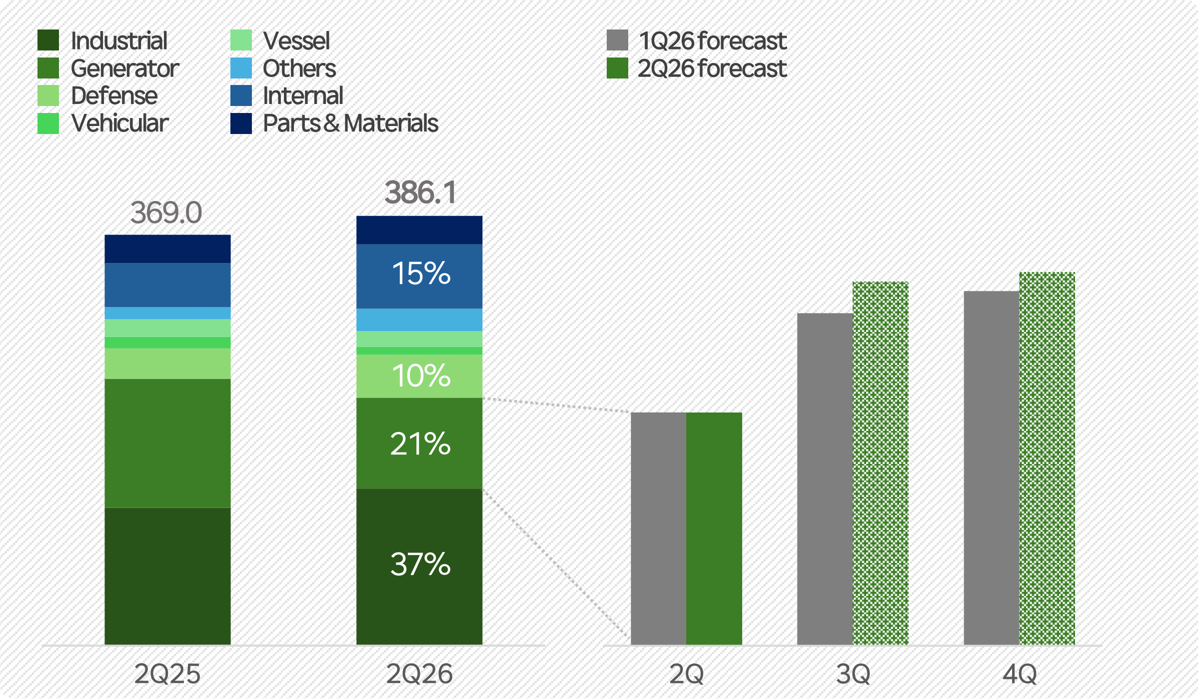
EBIT : Improved region/product mix

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

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.

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
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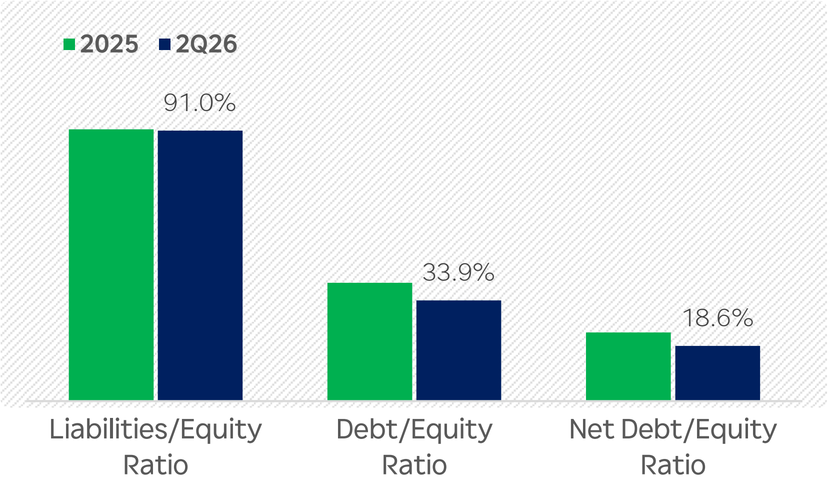
Key Financial Ratios

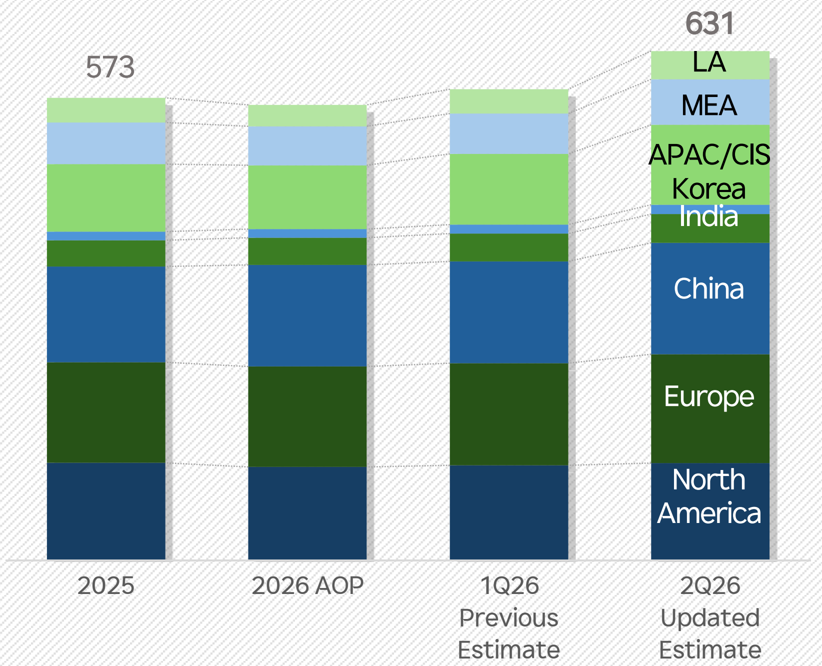


- Liabilities/equity ratio improved in line with profit growth and resultant expansion in shareholders' equity.
- On top of investment for future growth and plans to enhance shareholders' return, we will endeavor to further improve our financial structure.

5. Outlook – Construction Equipment (Market)

Market Outlook

(Based on sales volume, '000 units)



- Risk factors: Prolonged conflict → logistics/materials supply risk; interest rate hikes in major economies → potential decline in EM demand tied to oil supply dynamics

North America, Europe

- NA: (+) Data center investment & manufacturing reshoring vs. (-) High interest rates weighing on residential and tariff uncertainty
- Europe: Demand up YoY on rental market growth, Market growth led by UK, France, Germany

APAC/CIS, MEA, LA

- ME demand soft on conflict spillover, but demand recovered thanks to mining demand in LA and infrastructure investment in Asia.
- Uncertainty in 2H rising on potential conflict escalation

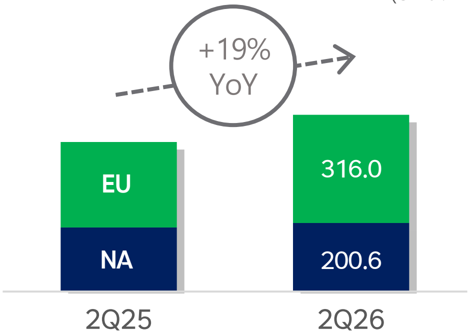
India, China, Korea

- India: Solid demand from ongoing government infrastructure projects
- China: Demand from "Two Majors, Two News" policy accelerating infrastructure execution
- Korea: Limited recovery on weak construction/housing, but replacement demand for used equipment remains positive

5. Outlook – Construction Equipment (Sales)

NA/EU

(Unit : KRW bn)

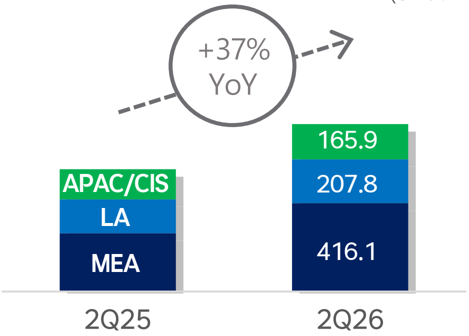


Diversified sales portfolio & channel pipeline improvement

- NA: Sales in 1H improved on higher sales volume; Focus on sales promotions, dealer development and channel expansion in 2H
- EU: Sales growth thanks to steady sales of next-gen equipment in 1H, plan to strengthen sales base via channel restructuring in Western and Northen Europe going forward

APAC/CIS / MEA / LA

(Unit : KRW bn)

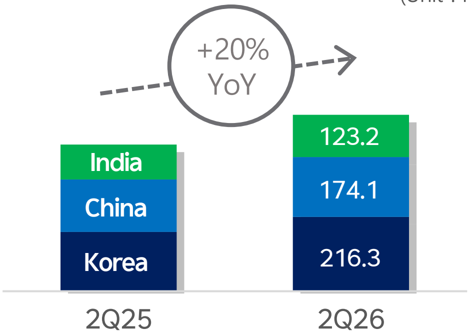


Mining demand & tender volume led to enhanced performance

- MEA: Expanded supply to gold mining projects in Africa
- APAC/CIS: Strong compact sales in OC and large-equipment sales in CIS/Mongolia drove improved results; Plan to expand economy lineup in 2H
- LA: Mining demand in Colombia and Peru, Pre-buy in Mexico ahead of emissions regulations as of Nov '26

India/China/Korea

(Unit : KRW bn)



Domestic momentum & export diversification strengthened

- India: Government-led infrastructure investment and subsidy policies expected to support sales in 2H
- China: Positive on market growth + overseas construction volume; Expand export regions from China
- Korea: Strong used-equipment exports+ launch of new 32-ton next-gen model to trigger sales

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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

2H Gunsan Plant Production Launch, +120 units Capacity

- 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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[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

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