

2026 HD KSOE Value-up Plan (Progress Report)

April 1, 2026



CONTENTS

1. Market Assessment
2. Target Status
3. Action Plan Review
4. Communication

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1. Market Assessment

● Market Assessment Target Status Action Plan Review Communication

Price

+61% share price return vs. end -2024 (as of Mar 27, 2026)

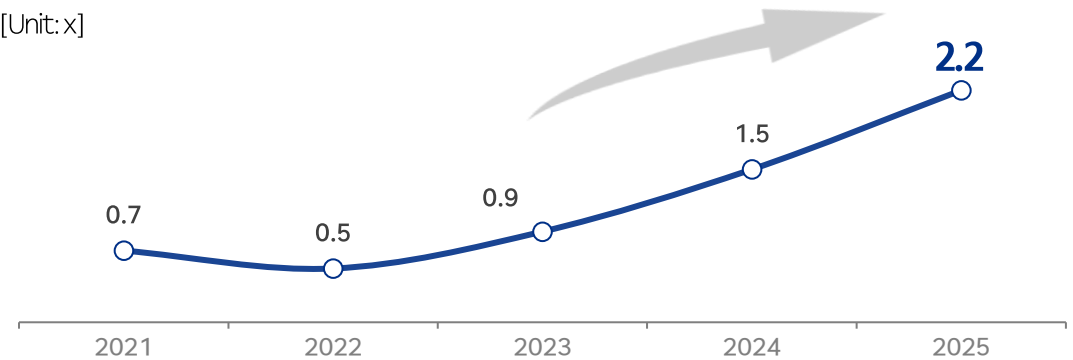
[Unit: Won]



PBR

PBR 2024: 1.5x → 2025: 2.2x

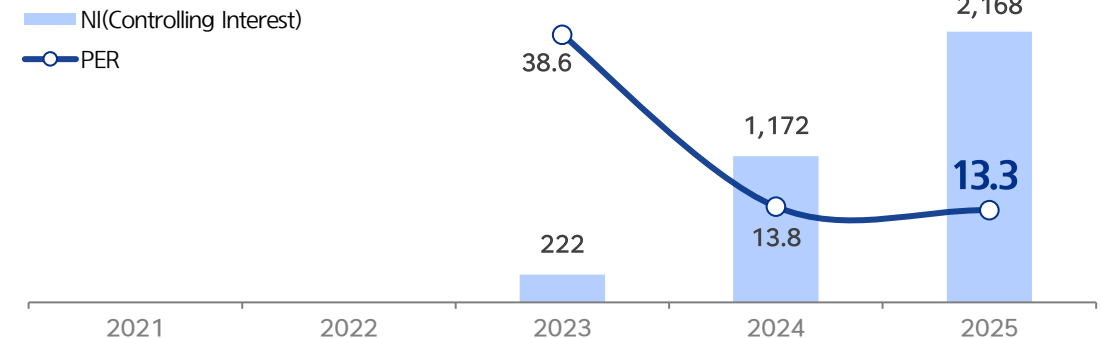
[Unit: x]



PER

PER 2024: 13.8x → 2025: 13.3x

[Unit: x, bn KRW]



1) PBR (Price to Book Ratio) : Ending stock price / Ending BPS
 2) PER (Price to Earnings Ratio) : Ending stock price / EPS (controlling interest)
 3) Controlling net income for FY2021 and FY2022 is not presented as negative

2. Target Status • Update

Market Assessment

● Target Status

Action Plan Review

Communication

	Targets	Progress ('25)	Update
Shareholder¹ Returns	<p>30%~ FY25 ~ FY27 • Non-Consolidated Basis</p>	<p>142% Target Outperformed Consolidated (Controlling Interest) Basis 40%</p>	<p>Non-Consolidated Maintain ('25~'27) : 30% ~ • Quarterly dividend record date: Board-determined (New)</p>
Long-Term Revenue	<p>'27 34.0^{tn} KRW CAGR 12.8% ('23~'27)</p>	<p>29.9^{tn} KRW Growth Outperformed CAGR 18.5% ('23~'25)</p>	<p>Upgrade ('27) : 34.0tn → 36.1tn • CAGR 14.1% ('23~'27) • Target raised on productivity gains • pricing elevation</p>
ROE²	<p>'27 12%~</p>	<p>16.3% Target Outperformed Significant Improved vs. 10.6% in '24</p>	<p>Maintain ('27) : 12% ~ • Stable ROE via restructuring • productivity gains</p>
Key Governance Metrics³	<p>'27 93% Compliance Rate</p>	<p>'24 87% Rate Improved 13 of 15 key metrics met</p>	<p>Maintain ('27) : 93% • Maintain and manage key governance indicators</p>

1) Shareholder Return Ratio: (Dividends + Buyback and Cancellation of Shares) / Net income on separate financial statements × 100. Non-recurring factors, such as one-time gains and losses, can be excluded

2) ROE (Return on Equity): Net income attributable to controlling interest / Average controlling interest equity (beginning and ending balances)

3) Key Governance Metrics: Important indicators evaluating the transparency and fairness of a company's governance, calculated based on the compliance rate of 15 criteria designated by the Korea Exchange (Figures based on '24 due to '25 non-disclosure)

3. Action Plan Review : Returns & Financials

Market Assessment

Target Status

Action Plan Review

Communication

Returns. Qualified as a High Dividend Company with Stable Returns

Setting Shareholder Return Policy

- 3-year shareholder return plan (FY 25~FY 27)
- Sustainable shareholder return policy aligned with long-term business conditions

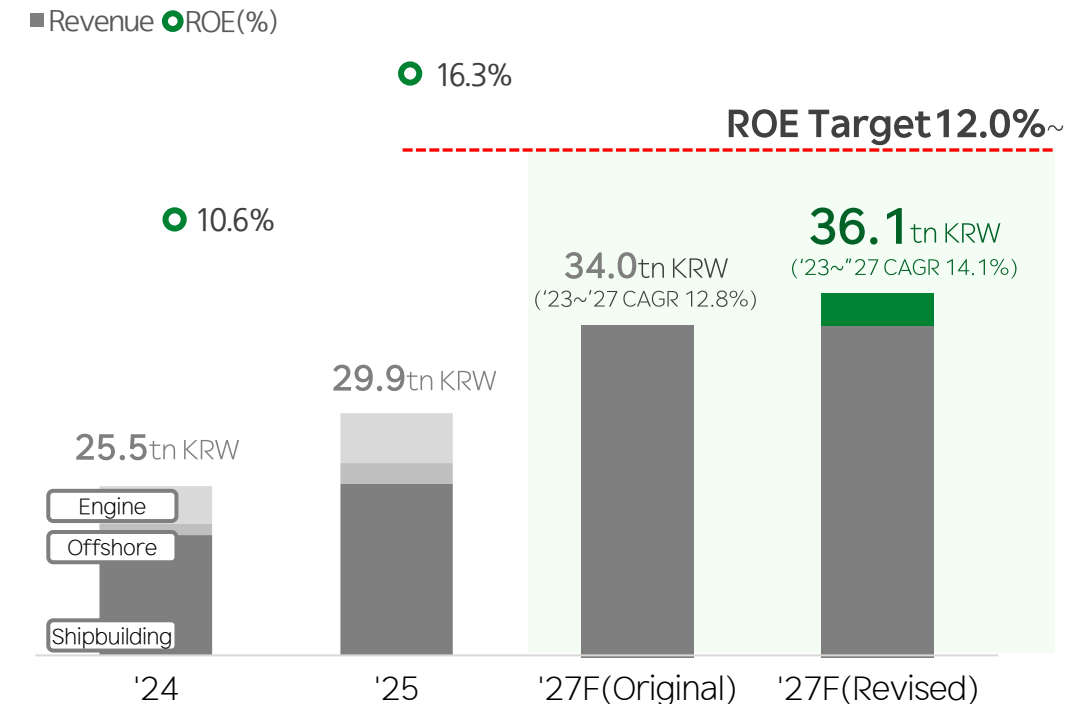
Proactive Shareholder Return Policy

- '25 payout ratio 40% (consolidated net income basis), qualified as a high-dividend company
- Quarterly dividend Initiation (1/year)
- Considering Share Buybacks and Cancellations

Record Date of Dividend

- Record date of dividend: Dec.31 → Board-determined date
- Quarterly dividend record date: Board-determined (New)

Financials. Revenue Target Revision • ROE Acceleration



- Revenue: revised to 36.1tn on higher pricing & productivity gains
- ROE: pursuing ROE 12%~ though constant profitability initiatives

3. Action Plan Review : Commercial Vessel

Market Assessment

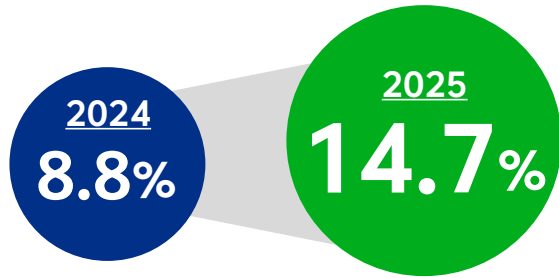
Target Status

● Action Plan Review

Communication

Achievements. Eco-friendly Ship Market Leadership • Smart Shipyard

Expanding the M/S of¹⁾ Eco-friendly Vessel Orders



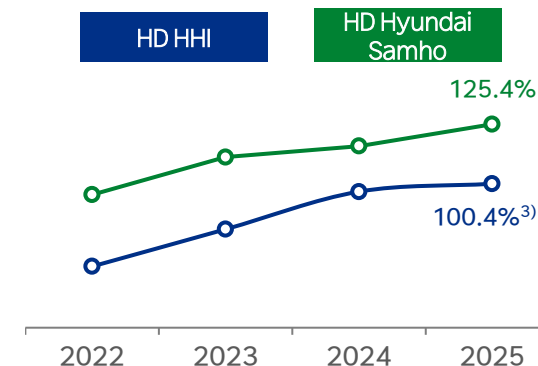
Leading in digital shipbuilding technologies

- Expansion of Autonomous Navigation Solution (HiNAS Control)
 - HMM's acquisition of 40 vessels (Record-high)
 - Cumulatively ~350 units supplied & installed
- Expansion of solutions across the vessel lifecycle
 - Integrated Smart-Ship Solution
 - Optimal Route Solution (OceanWise)
 - Operation Optimization Solution (VesselWise) etc

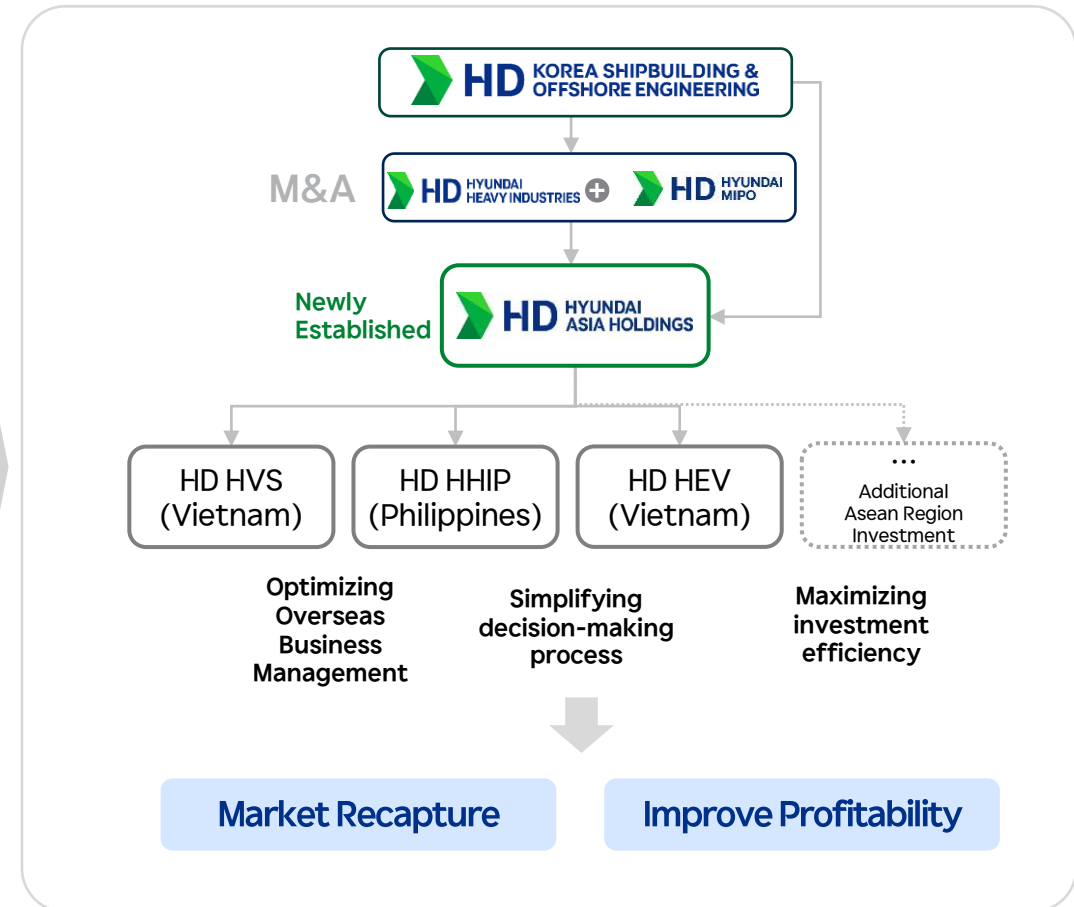
Maximizing Production Efficiency through Smart Shipyard

- Accelerating the transition to a smart shipyard to maximize production efficiency
 - Automated welding process (Yongyeon Site)
 - Initiate an integrated digital platform for design · manufacture
 - Initiate the development of humanoid for shipbuilding welding
- Driving sustained revenue & profit growth by improving productivity and maximizing yard utilization

Yard Utilization²⁾



Initiatives. Overseas Acceleration through Business Streamlining



1) Share of orders for eco-friendly vessels(equipped with D/F LNG, LPG, methanol, etc) that have been secured by HD Hyundai Group (HHI, HSHI, HVS) (CGT basis)

2) Shipyard Utilization: Actual M/H / Maximum M/H invested annually

3) HMD's one month of utilization rate is reflected following HMD-HHI merger as of Dec. 2025

3. Action Plan Review : Special & Navel Vessel

Market Assessment

Target Status

● Action Plan Review

Communication

Achievements. Overseas Expansion through Next-Gen Technology

- Developed Korea's first 'high-voltage propulsion drive' for electric propulsion vessel
- Developing Unmanned Surface Vehicle(USV)
 - Secured a contract for the conceptual design of Korea's combat USV
 - Pursuing joint development with Anduril

- [N.A.]**
 - U.S Navy Logistics Support Vessel MRO
 - Collaboration with Huntington Ingalls (HII)
 - Canada submarine project shortlist
- [S.A.]** Commenced construction for the Peru
- [A.P.]** Secured 2 Philippines Frigates ('25)
- [Africa]** Shipyard Modernization in Morocco
- [E.U/M.E.]** Pursuing projects in Portugal, Saudi Arabia, etc

Initiatives. Enhancing Defense Synergies through Merger

(Annual revenue target, including SPV)

Defense Synergy through HHI-HMD Merger

- W1tn (~2025)**
 - Outstanding defense Tech.& domestic track record
- W7tn (~2030)**
 - Expanding domestic capa → driving high-spec exports
 - Global presence with local construction/ MRO
- W10tn (~2035)**
 - Full-scale U.S. naval vessel construction and unmanned frigate collaboration with Anduril Inc.
 - Pursuing domestic construction of U.S. naval vessels

3. Action Plan Review : Engine

Market Assessment

Target Status

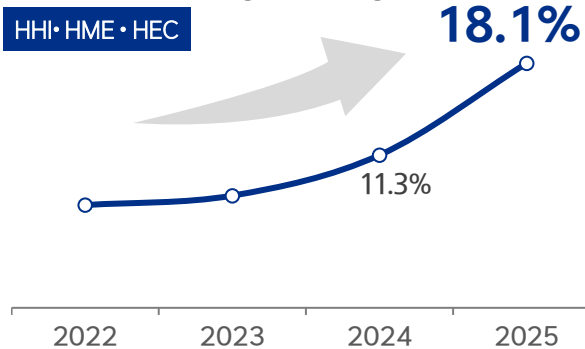
● Action Plan Review

Communication

Achievements. Engine Production Optimization • Eco-engine Production

Enhancing Cross-company Synergies

OP of 3 major engine manufacturers
(Weighted Average)

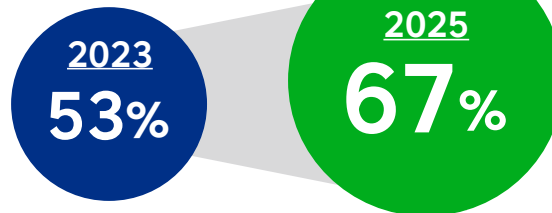


- Gain competitiveness through integrated operation of 3 major engine manufacturers
 - Maximize synergy via organizational and system integration
 - Improve cost competitiveness in procurements
- Establishing a strategic production system
 - HHI: Product R&D and production
 - HME: Mid-small size 2-ST engine
 - HEC: Large-mid size 4-ST engine

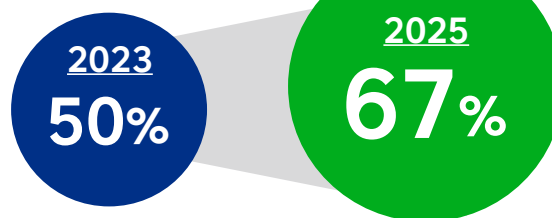
1) Weighted average OP of 3 engine manufacturers (Sales basis)

Increasing Eco-friendly Engine Production¹⁾

2-ST Engine²⁾



4-ST Engine³⁾



1) Eco-friendly D/F engine / total engine production (Output basis)

2) 2-ST engine for large-mid size vessel (HHI production basis)

3) Large-mid size 4-ST engine & small size 2-ST engine (HHI+HCE production basis)

Initiatives. Strengthen M/S via Eco-friendly Tech

Sustaining Tech Leadership through R&D of Eco-friendly Engines

Ammonia

- Delivered large size ammonia prototype engine
- Completed TAT¹⁾ of ammonia HiMSEN engine

Hydrogen

- Hydrogen-Diesel combine test completed (performance improvement in progress)
- Development of hydrogen full-combustion engine in progress
- Promote hydrogen engine and demonstration center

Methanol

- R&D of high performance/efficiency models in progress
- Expand methanol product line-up

1) TAT: Type Approval Test

3. Action Plan Review : Offshore Energy

Market Assessment

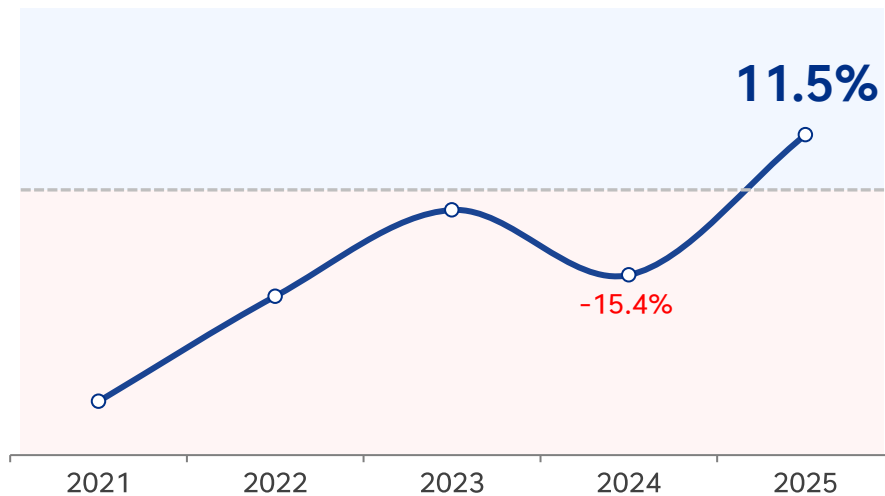
Target Status

● Action Plan Review

Communication

Achievements. Profit Stabilization • Revenue Growth

Offshore Margin turned to Profit



- Stable · high-profit focused operations
- Flexible business execution via collaboration with global partners
 - Establish a local production partnership in China, Asia-Pacific, etc

1) HHI's offshore plant division OPM basis

Initiatives. Exploring new opportunities in future energy

New business opportunities via R&D for future energy



SMR 1)



해상풍력

- SMR: TerraPower²⁾ equity investment & participation in SMR R&D
 - Strategic agreement to expand SMR manufacturing supply chain
- Offshore Wind: Pursue project orders on in-house developed offshore wind and offshore substation models

1) SMR : Small Modular Reactor -nuclear power plant using metal fuel produced from nuclear reprocessing

2) Terra Power: US's SMR R&D company

3. Action Plan Review : R&D • New Business

Market Assessment

Target Status

Action Plan Review

Communication

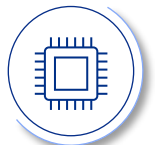
Achievements. Key Progress in R&D

Eco-friendly and Advanced Mobility



Zero-Emission (Eco-ship)

- R&D SMR¹⁾ for vessels and SMR-powered vessels
- Conduct joint R&D on a 4th - Gen reactor with Terra Power



Electrification (Electric propulsion)

- Completed Korea's first land-based demonstration of a modular VFD²⁾ structure - launch expected in '27FY

Smart Yard

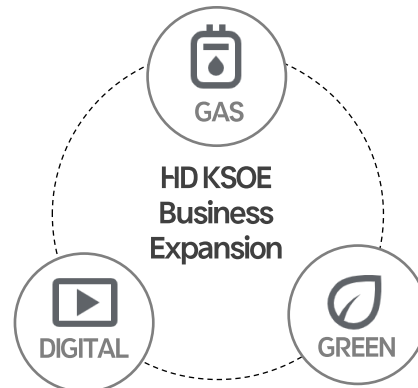


Automation (Autonomous control)

- Korea's first automated AI welding system
- Expected to achieve **80%** automation by adopting collaborative robots

Expanding Eco-friendly Equipment Line-up

- Secured 1st order for an ammonia fuel supply system
- Secured the 1st order for a proprietary LNG high-pressure pump
- Delivered the 1st LPG cargo handling system
- Launched the independent tank business



- Secured a full-package order for an independent electric propulsion system
- Developed proprietary ESS system for ships
- Secured the first overseas contract for an Air Lubrication System
- Completed sea trials for a proprietary Wind-Assisted Propulsion System

Initiatives. Portfolio Diversification

HD HYDROGEN

- Awarded a competitive bid in the hydrogen power generation market (launch expected in '27FY)
- Signed MOU with Maersk on decarbonization tech & integrated logistics services
- Developing cell-powered container vessel and cruise

AMC SCIENCES

- Develop innovative therapeutics through open innovation based on medical research at Asan Medical Center
- Developing therapeutics for oncology, immune system disorder and pigmentation

1) SMR: Small Modular Reactor
2) VFD: Variant Frequency Drive

4. Communication

Market Assessment

Target Status

Action Plan Review

● Communication

2025 IR Highlights

01 Introduced English Earnings Call

- Since 2Q25 Earnings Call

02 Conducted C-Level Meeting

- Domestic : Jan / Jun 2025
- Overseas : Sep 2025 (HK • SG)

03 Awarded as IR Excellence company from Korea IR Service (KIRS)

- One of 10 winners (Sep 26 2025)

2025 IR Activities

2025 IR Activities 206

Category	Domestic	Overseas
Earnings Call	4	3
NDR	7	1
C-Level Meeting	2	1
Conference	12	5
Yard Tour	2	4
IR Meeting	71	91
ESG Meeting	3	-

Long-term IR Initiatives

01 Expanding IR for overseas Institutional Investors

- Expanding IR coverages in Asia • USA • Europe • Middle East

02 Expanding Communication Channels

- Regular C-Level Meetings (at least twice a year)
- Regular Domestic and Overseas NDRs

03 Strengthening communication for individual Investors

- Group meeting for individual investors



HD KOREA SHIPBUILDING &
OFFSHORE ENGINEERING

