IS Dongseo Q2 2026 Earnings Presentation

Page 5 – Q2 2026 Results Summary

Good afternoon, and thank you for joining us today for IS Dongseo's Second Quarter 2026 Earnings Presentation. My name is Taekkyun Kim, Deputy General Manager of Investor Relations.

I'll begin with our consolidated revenue results for the second quarter.

Revenue totaled KRW 113.8 billion, down 74.0% quarter-on-quarter and 66.0% year-on-year.

This decline was largely attributable to a one-off factor in the Construction segment. Following the termination of certain presale contracts for Goyang Deokeun District Blocks 8, 9 and 10, approximately KRW 180.7 billion in previously recognized revenue was reversed during the quarter, which weighed significantly on reported revenue.

With that context, let me walk you through four key highlights for the quarter.

First, a construction contract for a lithium salt production facility in Saemangeum. IS Dongseo, together with its subsidiary Environment & Energy Solution, was awarded this project by EDL, a subsidiary of Enchem. Valued at approximately KRW 215.7 billion, the project is meaningful in that it allows us to build a track record in a national strategic industry while diversifying our construction portfolio beyond its traditional residential focus.

Second, Gyeongsan PENTAHILLS W Phase 1. Presales launched in June, and contracts are currently being signed.

Third, improved performance in the Environment segment, where revenue rose quarter-on-quarter on the back of higher construction revenue from Environment & Energy Solution.

Fourth, the termination of presale contracts for Goyang Deokeun District Blocks 8, 9 and 10 — the single largest factor behind this quarter's results, given the associated reversal of previously recognized revenue.

Page 6 - Operating Profit Performance

Turning to operating profit, results for the second quarter came in at KRW 5.1 billion, down 95.7% quarter-on-quarter and 90.5% year-on-year.

Starting with cost of revenue: this totaled KRW 115.4 billion, pushing the cost of revenue ratio up 36.1 percentage points quarter-on-quarter to 101.4%. The primary driver was again the Goyang Deokeun Blocks 8, 9 and 10 contract terminations, which resulted in the reversal of KRW 180.7 billion in previously recognized revenue and KRW 102.3 billion in cost of revenue — producing a gross loss of KRW 1.6 billion.

Next, SG&A expenses came in at negative KRW 6.7 billion, reflecting the reversal of the allowance for doubtful accounts tied to those same contract terminations. Of the KRW 65.3 billion allowance recognized in the fourth quarter of 2025, KRW 52.2 billion was reversed this quarter.

Taking all of this together, operating profit for the quarter was KRW 5.1 billion, for an operating margin of 4.5%. For reference, EBITDA came in at KRW 15.0 billion, representing an EBITDA margin of 13.1%.

Page 7 - Net Income Performance

Moving to net income, the quarter came in at KRW 6.2 billion, down 96.0% quarter-on-quarter and 67.9% year-on-year.

Non-operating profit totaled KRW 2.4 billion, with the key item being KRW 22.9 billion in termination penalties and settlement payments related to the Goyang Deokeun Blocks 8, 9 and 10 contract terminations, recognized as other income.

As a result, profit before income tax came in at KRW 7.5 billion, with final net income of KRW 6.2 billion.

Page 8 – Performance Trends

Let me now provide an overview of our recent performance trends.

Revenue for the second quarter totaled KRW 113.8 billion, with operating profit of KRW 5.1 billion. The contract terminations drove significant volatility in the Construction segment, while our non-construction businesses generally maintained stable performance. In particular, the Environment segment saw revenue growth on higher construction revenue, and both the Concrete and Secondary Battery segments maintained double-digit operating margins.

Page 9 - Financial Position

Turning to our financial position as of the end of the second quarter of 2026: total assets stood at KRW 3.3728 trillion, total liabilities at KRW 1.7992 trillion, and total equity at KRW 1.5736 trillion.

Cash and cash equivalents declined quarter-on-quarter to KRW 370.1 billion, while total borrowings decreased by KRW 53.5 billion from the previous quarter to KRW 1.3113 trillion. Among key financial ratios, the debt-to-equity ratio stood at 114.3%, and the borrowings ratio improved to 83.3%. The net debt ratio edged up slightly, from 58.7% in the previous quarter to 59.8%, mainly due to the decline in cash and cash equivalents.

Overall, our financial structure remained stable, supported by lower borrowings and an increase in equity.

Page 11 - Business Segment Performance: Construction

I'll start with the Construction segment, which recorded negative revenue of KRW 106.6 billion and an operating loss of KRW 14.2 billion in the second quarter.

Following the termination of the existing presale contracts for Goyang Deokeun District Blocks 8, 9 and 10, KRW 180.7 billion in previously recognized revenue and KRW 102.3 billion in cost of revenue were reversed during the quarter, alongside a KRW 52.2 billion reversal of the related allowance for doubtful accounts.

Excluding the impact of these contract terminations, the Construction segment would have recorded approximately KRW 74.1 billion in revenue and KRW 12.0 billion in operating profit for the quarter.

Looking ahead, revenue recognition from Goyang Deokeun Blocks 6 and 7 continues as the remaining contracted units are delivered, though the pace of move-ins has gradually slowed since the first quarter. Meanwhile, presale contracts for Gyeongsan PENTAHILLS W Phase 1 are currently being signed.

Page 12 - Construction Segment: New Orders and Order Backlog

Turning to new orders and the order backlog for the Construction segment, new orders for the second quarter came in at negative KRW 149.6 billion, bringing cumulative new orders for the first half to negative KRW 11.3 billion.

This mainly reflected the reversal of approximately KRW 186.6 billion in existing orders following the Goyang Deokeun District Blocks 8, 9 and 10 contract terminations, partially offset by approximately KRW 37.0 billion in additional contracts tied to existing projects, including Ulsan New City Phase 2 and Ulsan Lake Park Eileen's Garden.

As of the end of the second quarter, the total order backlog stood at KRW 2.2249 trillion, down 4.9% from year-end 2025 — comprising KRW 1.5443 trillion in building construction, KRW 637.0 billion in development projects, and KRW 43.6 billion in civil engineering.

For reference, projects planned for future presales are not yet reflected in the current order backlog figures.

Page 13 - Construction Segment: Project Status

Next, let me provide an update on our major ongoing and upcoming projects within the Construction segment.

Starting with ongoing projects.

For Ulsan New City Eileen's Garden Phase 2, the majority of revenue has already been recognized, so the remaining revenue contribution is expected to be limited.

For Goyang Deokeun Blocks 8, 9 and 10, resale activities are currently underway following the contract terminations, and revenue is expected to be recognized again once the units are resold and delivered.

At Goyang Deokeun Blocks 6 and 7, revenue recognition has continued as the remaining contracted units are delivered, following the concentrated recognition of revenue in the first quarter — though the pace of move-ins has gradually slowed.

Construction of Ulsan Lake Park Eileen's Garden Phases 1 and 2 is currently underway, and at this stage we believe the applicable revenue recognition method is likely to be delivery-based.

Presale contracts for Gyeongsan PENTAHILLS W Phase 1 are currently being signed.

Turning to upcoming projects, the B-14 Housing Redevelopment Project in Nam-gu, Ulsan — to be marketed under the brand name Grand Lac Eileen's Garden — is being prepared for a presale launch in September.

Page 14 - Gyeongsan Jungsan District Project

Next, let me provide an update on the Gyeongsan Jungsan District project, PENTAHILLS W.

PENTAHILLS W is a large-scale residential development located in Jungsan-dong, Gyeongsan, comprising a total of 3,443 units. One of its key location advantages is its proximity to Suseong-gu, Daegu, giving residents convenient access to the Suseong-gu living area.

The project is being developed in two phases. Presales for Phase 1, comprising 1,712 units, are currently underway, with contracts being signed. Presales for Phase 2 are planned for 2027, while completion and move-in for the overall project are targeted for November 2030.

For now, we are focused on successfully executing Phase 1 presale contracts, and we plan to proceed with Phase 2 in a phased manner, taking market conditions into consideration.

Page 15 - Concrete Segment Performance

Next, I will discuss the performance of our Concrete segment.

The Concrete segment posted revenue of KRW 47.6 billion and operating profit of KRW 5.4 billion in the second quarter, for an operating margin of 11.4%.

In the PC segment, revenue declined quarter-on-quarter due to the concentration of production and deliveries for Pyeongtaek P5 in the first quarter. In contrast, the PILE segment delivered higher revenue and profit, supported by higher selling prices and increased shipments of large-diameter piles for semiconductor plants in Yongin and Cheongju, continuing its improving trend since returning to profitability in the first quarter.

Looking ahead, the PC segment is maintaining a high plant utilization rate by securing orders mainly for Samsung semiconductor projects, while also pursuing additional semiconductor-related orders in Yongin and Cheongju. In the PILE segment, we will continue shipments of large-diameter piles for the Yongin and Cheongju semiconductor plants while responding to rising demand by restarting some production lines at the Cheongyang plant.

Page 16 - Environment Segment Performance

Next, I will discuss the performance of our Environment segment.

The Environment segment posted revenue of KRW 105.2 billion and operating profit of KRW 4.4 billion in the second quarter, for an operating margin of 4.2%.

At Insun E&T, operating performance improved on higher construction waste treatment volumes and stronger scrap metal sales from automobile recycling, although the improvement in operating profit was partially offset by the recognition of property tax in the second quarter. At Environment & Energy Solution, construction revenue increased as existing projects progressed and new projects commenced.

Looking ahead, Insun E&T is expected to benefit from a gradual recovery in the construction waste market and continued strength in automobile recycling scrap metal prices. Environment & Energy Solution is expected to continue growing, supported by new orders and higher project completion rates, with the Saemangeum project expected to begin contributing meaningfully to revenue from 2027.

Page 17 - Secondary Battery Segment Performance

Next, I will discuss the performance of our Secondary Battery segment.

The Secondary Battery segment posted revenue of KRW 47.2 billion and operating profit of KRW 6.8 billion in the second quarter, for an operating margin of 14.4%. Solid profitability continued from the first quarter, supported by higher prices of key metals and the favorable impact of low-cost raw materials secured in advance. That said, plant utilization remained in line with the previous quarter due to continued constraints in the supply of scrap, the segment's key raw material.

Looking ahead, profitability is expected to moderate in the third quarter compared with the first half, reflecting lower metal prices and continued strength in the Korean won. Accordingly, we will focus on preserving profitability through stable raw material procurement and disciplined cost management.

Page 19 - 2026 Revenue Guidance

Finally, I will present our revenue guidance for 2026.

We have revised our consolidated revenue guidance for 2026 downward, from the previous range of KRW 1.3 trillion–KRW 1.4 trillion to a new range of KRW 1.1 trillion–KRW 1.2 trillion. The primary reason for this revision is the reversal of previously recognized revenue following the termination of presale contracts for Goyang Deokeun District Blocks 8, 9 and 10.

That said, presales for Gyeongsan PENTAHILLS W Phase 1 are currently underway, and new projects — including the B-14 District project in Nam-gu, Ulsan — are also progressing sequentially. Accordingly, we believe the Company is entering a new presale cycle from a mid- to long-term perspective. As presales and revenue recognition from these major projects advance, we expect to build a stronger foundation for revenue growth from 2027 onward.

Page 31 - Closing Remarks

This concludes our Second Quarter 2026 Earnings Presentation.

During the second quarter, reported results showed significant volatility due to the impact of presale contract terminations in the Goyang Deokeun District. Excluding this impact, our major non-construction businesses continued to deliver generally stable performance.

Going forward, IS Dongseo will continue to execute key projects, including Gyeongsan PENTAHILLS W, as planned, while also focusing on expanding new orders and maintaining profitability across our business segments.

We sincerely appreciate the continued interest and support of our shareholders and investors. Thank you for your time today.