

Dear Shareholders

Notice to the 40th Annual General Meeting of Shareholders

Pursuant to Article 17 of the Articles of Incorporation, Hanon Systems is announcing the 40th Annual General Meeting of Shareholders will be held on March 26, 2026.

1. Date and Time: March 26, 2026 at 09:00 KST

2. Place: The main conference room, the executive office, headquarters of Hanon Systems,
Shinilseo-ro 95, Daedeok-gu, Daejeon, Korea

3. Purpose of the 40th Annual General Meeting of Shareholders

1) Items to Report

- Audit Report
- Business Report
- Report on the Operating Condition of the Internal Accounting Control System

2) Agenda to Vote

- Item 1: Approval of the 40th Financial Statements (From January 1st 2025 to December 31st 2025)
- Item 2: Amendments to the Articles of Incorporation
 - Item 2-1: Amendment to provisions relating to electronic shareholders' meetings
 - Item 2-2: Amendment to provisions relating to the independent director system
 - Item 2-3: Deletion of provisions excluding the cumulative voting system
 - Item 2-4: Increase in the number of Audit Committee members subject to separate election
 - Item 2-5: Amendment to provisions relating to the appointment of Audit Committee members
 - Item 2-6: Amendment to reflect revisions to the Commercial Act relating to treasury shares
 - Item 2-7: Addendum
- Item 3: Appointment of Outside Director to Become an Audit Committee Member (Chan Seok Park)
- Item 4: Approval of 2026 Total Remuneration Limit for Directors



- Appendix: 1. Amendments to the Articles of Incorporation
2. Director Appointment to Become an Audit Committee Member
3. 2026 Total Remuneration Limit for Directors
4. Financial Statements and Allocation of Retained Earnings

March 11, 2026

Hanon Systems

Chief Executive Officer

Soo Il Lee



[Appendix 1. Amendments to the Articles of Incorporation]

(1) Amendment to provisions relating to electronic shareholders' meetings

Current Articles of Incorporation	Proposed Amendment	Purpose
<p>Article 19 (Place of Convening a Meeting of Shareholders)</p> <p>All meetings of shareholders shall be held in the head office of the Company or any other place designated by the BOD.</p>	<p>Article 19 (Place of Convening a Meeting of Shareholders)</p> <p>1. All meetings of shareholders shall be held in the head office of the Company or any other place designated by the BOD.</p> <p><u>2. Pursuant to Article 542-14(1) of the Korean Commercial Act, the Company may hold a general meeting of shareholders in a form that permits shareholders to participate in the meeting by electronic means without being physically present at the venue.</u></p>	<p>Amendment to reflect the operation of electronic general shareholders' meetings pursuant to the amended Korean Commercial Act (Articles 364, 542-14 and 542-15)</p>
<p>Article 25 (Shareholders' Voting Rights; Exercise of Voting Rights by Proxy)</p> <p>1. (Omission)</p> <p>2. Each shareholder may exercise his/her voting rights by proxy. The proxyholder shall present to the Company an appropriate document (a power of attorney) evidencing his/her power of representation prior to opening of that meeting.</p>	<p>Article 25 (Shareholders' Voting Rights; Exercise of Voting Rights by Proxy)</p> <p>1. (Omission)</p> <p>2. Each shareholder may exercise his/her voting rights by proxy. The proxyholder shall present to the Company an appropriate document (a power of attorney), <u>in written or electronic form</u>, evidencing his/her power of representation prior to opening of that meeting.</p>	<p>Amendment to permit certification of proxy authority by electronic document as well as in writing, pursuant to the amended Korean Commercial Act. (Articles 364, 542-14 and 542-15)</p>



(2) Amendment to provisions relating to the independent director system

Current Articles of Incorporation	Proposed Amendment	Purpose
<p>Article 29 (Number, Qualification, Remuneration and Election of Directors)</p> <p>1. The Company shall have not less than three (3) directors, but not more than nine (9) directors, and the number of outside directors shall be not less than three (3) and the majority of the total number of directors.</p>	<p>Article 29 (Number, Qualification, Remuneration and Election of Directors)</p> <p>1. The Company shall have not less than three (3) directors, but not more than nine (9) directors, and the number of <u>independent directors</u> shall be not less than three (3) and the majority of the total number of directors.</p>	
<p>Article 29-2 (Recommendation of Candidates for Outside Directors)</p> <p>1. The committee for recommending candidates for outside directors ("Committee for Recommending Candidates for Outside Directors") shall recommend candidates for outside director among those persons having such qualifications as set forth in the Commercial Act.</p> <p>2. The details concerning recommendation of candidates for outside directors and screening of their qualifications shall be determined by the Committee for Recommending Candidates for Outside Directors.</p> <p>3. Outside director shall constitute the majority members of the Committee for Recommending Candidates for Outside Directors.</p>	<p>Article 29-2 (Recommendation of Candidates for <u>Independent Directors</u>)</p> <p>1. The committee for recommending candidates for <u>independent directors</u> ("Committee for Recommending Candidates for <u>Independent Directors</u>") shall recommend candidates for <u>independent director</u> among those persons having such qualifications as set forth in the Commercial Act.</p> <p>2. The details concerning recommendation of candidates for <u>independent directors</u> and screening of their qualifications shall be determined by the Committee for Recommending Candidates for <u>Independent Directors</u>.</p> <p>3. <u>Independent director</u> shall constitute the majority members of the Committee for Recommending Candidates for <u>Independent Directors</u>.</p>	<p>Amendment to change the title of outside directors of a listed company pursuant to the amended Korean Commercial Act. (Article 542-8)</p>
<p>Article 32 (Duties of Directors)</p> <p>1.~4. (Omission)</p> <p>5. A director who has committed any acts prescribed in Article 399 of the Commercial Act shall be liable for damages to the Company to the maximum extent of not</p>	<p>Article 32 (Duties of Directors)</p> <p>1.~4. (Omission)</p> <p>5. A director who has committed any acts prescribed in Article 399 of the Commercial Act shall be liable for damages to the Company to the maximum extent of</p>	

<p>exceeding 6 times (3 times for an outside director) of his/her remuneration (including bonus and profits from exercise of stock options) for the last one (1) year. However, the foregoing provision shall not apply if such damages have been caused due to his/her gross negligence or willful misconduct or violation of the provisions of Articles 397, 397-2 and 398 of the Commercial Act.</p>	<p>not exceeding 6 times (3 times for an <u>independent director</u>) of his/her remuneration (including bonus and profits from exercise of stock options) for the last one (1) year. However, the foregoing provision shall not apply if such damages have been caused due to his/her gross negligence or willful misconduct or violation of the provisions of Articles 397, 397-2 and 398 of the Commercial Act.</p>
<p>Article 40-2 (Committees)</p> <p>1. The Company shall establish committees in the BOD, as described below:</p> <p>(a) Committee for Recommending Candidates for Outside Directors</p> <p>(b) Audit Committee</p> <p>(c) Any other committees as required by the BOD</p>	<p>Article 40-2 (Committees)</p> <p>1. The Company shall establish committees in the BOD, as described below:</p> <p>(a) Committee for Recommending Candidates for <u>Independent Directors</u></p> <p>(b) Audit Committee</p> <p>(c) Any other committees as required by the BOD</p>
<p>Article 40-3 (Composition of Audit Committee)</p> <p>1. (Omission)</p> <p>2. The Audit Committee shall be composed of three (3) or more directors. Not less than two-thirds (2/3) of the total number of Audit Committee members shall be outside directors.</p> <p>3. At least one of the Audit Committee members shall be an accounting or financial specialist as defined in Article 542-11(2) of the Commercial Act. An Audit Committee member, who is not an outside director, shall meet the qualifications under Article 542-10(2) of the Commercial Act.</p> <p>4.-5. (Omission)</p> <p>6. If the number of the shares held by any shareholder exceeds 3/100 of the total number of issued and outstanding shares with voting rights, the said shareholder may</p>	<p>Article 40-3 (Composition of Audit Committee)</p> <p>1. (Omission)</p> <p>2. The Audit Committee shall be composed of three (3) or more directors. Not less than two-thirds (2/3) of the total number of Audit Committee members shall be <u>independent directors</u>.</p> <p>3. At least one of the Audit Committee members shall be an accounting or financial specialist as defined in Article 542-11(2) of the Commercial Act. An Audit Committee member, who is not an <u>independent director</u>, shall meet the qualifications under Article 542-10(2) of the Commercial Act.</p> <p>4.-5. (Omission)</p> <p>7. The Audit Committee shall, by its resolution, appoint the person who will</p>

<p>not exercise his/her voting rights in electing or removing a member of the Audit Committee with respect to the shares in excess of such 3/100; provided, however, that in calculating the number of shares held by the largest shareholder, the number of shares owned by his/her related person(s) and any other person designated by the Enforcement Decree of the Commercial Act shall be added up together.</p> <p>7. The Audit Committee shall, by its resolution, appoint the person who will represent the Audit Committee, who shall be an outside director.</p> <p>8. If, as a result of resignation or death of an outside director, there is a vacancy in the number of outside directors as provided in Article 40-3(2) hereof, the requirements concerning such a vacancy shall be met at the first meeting of shareholders convened after such a cause of vacancy has occurred.</p>	<p>represent the Audit Committee, who shall be an <u>independent director</u>.</p> <p>8. If, as a result of resignation or death of an <u>independent director</u>, there is a vacancy in the number of <u>independent directors</u> as provided in Article 40-3(2) hereof, the requirements concerning such a vacancy shall be met at the first meeting of shareholders convened after such a cause of vacancy has occurred.</p>	
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(3) Deletion of the provision for the exclusion of the Cumulative Voting System

Current Articles of Incorporation	Proposed Amendment	Purpose
<p>Article 29 (Number, Qualification, Remuneration and Election of Directors) 1.-6. (Omission) 7. In case two (2) or more directors are elected at a meeting of shareholders, the cumulative vote stipulated in Article 382-2 of the Commercial Act shall not apply.</p>	<p>Article 29 (Number, Qualification, Remuneration and Election of Directors) 1.-6. (Omission) <u>7. (Deleted)</u></p>	<p>Amendment to delete the provision excluding cumulative voting pursuant to the amended Korean Commercial Act (Article 542-7)</p>
<p>Article 31 (Election to Fill a Vacancy) 1. (Omission) 2. In case two (2) or more directors are elected to fill vacancies, the cumulative vote</p>	<p>Article 31 (Election to Fill a Vacancy) 1. (Omission) <u>2. (Deleted)</u></p>	

<p>stipulated in Article 382-2 of the Commercial Act shall not apply.</p>		
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(4) Increase in the number of Audit Committee members subject to separate election

Current Articles of Incorporation	Proposed Amendment	Purpose
<p>Article 40-3 (Composition of Audit Committee) 1.-3. (Omission) 4. An Audit Committee member shall be elected from among the directed elected at a meeting of shareholders. In this case, one of the Audit Committee members shall be elected separately from other directors by a resolution of the general meeting of shareholders.</p>	<p>Article 40-3 (Composition of Audit Committee) 1.-3. (Omission) 4. An Audit Committee member shall be elected from among the directed elected at a meeting of shareholders. In this case, <u>two</u> of the Audit Committee members shall be elected separately from other directors by a resolution of the general meeting of shareholders.</p>	<p>Amendment to increase the number of separately elected Audit Committee members (from 1 to 2) pursuant to the amended Korean Commercial Act (Article 542-12 (2))</p>

(5) Amendment to the provisions regarding the appointment of Audit Committee members

Current Articles of Incorporation	Proposed Amendment	Purpose
<p>Article 40-3 (Composition of Audit Committee) 1.-5. (Omission) 6. If the number of the shares held by any shareholder exceeds 3/100 of the total number of issued and outstanding shares with voting rights, the said shareholder may not exercise his/her voting rights in electing or removing a member of the Audit Committee with respect to the shares in</p>	<p>Article 40-3 (Composition of Audit Committee) 1.-5. (Omission) 6. If the number of the shares held by any shareholder exceeds 3/100 of the total number of issued and outstanding shares with voting rights, the said shareholder may not exercise his/her voting rights in electing or <u>removing a member of the Audit Committee</u> with respect to the shares in</p>	<p>Amendment to reflect the 3% voting cap on the largest shareholder and its specially related persons in the election and removal of Audit</p>

<p>excess of such 3/100; provided, however, that in calculating the number of shares held by the largest shareholder, the number of shares owned by his/her related person(s) and any other person designated by the Enforcement Decree of the Commercial Act shall be added up together.</p>	<p>excess of such 3/100; provided, however, that in calculating the number of shares held by the largest shareholder, the number of shares owned by his/her related person(s) and any other person designated by the Enforcement Decree of the Commercial Act shall be added up together.</p>	<p>Committee members pursuant to the amended Korean Commercial Act (Article 542-12 (4))</p>
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(6) Amendment to reflect revisions to the Commercial Act relating to treasury shares

Current Articles of Incorporation	Proposed Amendment	Purpose
<p>(New)</p>	<p><u>Article 13-4 (Holding or Disposal of Treasury Shares)</u> <u>1. The Company may pursuant to the Commercial Act, prepare a plan for the holding or disposal of treasury shares and, upon approval at a general meeting of shareholders, hold or dispose of its treasury shares in accordance with such approved plan.</u> <u>2. The Company shall obtain approval of the plan for the holding or disposal of treasury shares at a general meeting of shareholders each year. Such plan shall include the matters prescribed by the Korean Commercial Act and shall be signed or sealed by all directors.</u></p>	<p>Addition of a provision establishing the basis for the holding or disposal of treasury shares, subject to the passage of the third amendment to the Korean Commercial Act</p>

(7) Addendum

Current Articles of Incorporation	Proposed Amendment	Purpose
<p>(New) Addendum</p>	<p><u>Addendum (March 26, 2026)</u> <u>Article 1 (Effective Date)</u> <u>1. These Articles of Incorporation shall come into effect on March 26, 2026.</u></p>	<p>Specification of the effective date and the enforcement date</p>

2. The amended provisions of Article 29(1), Article 29-2, Article 32(5), Article 40-2(1), and Article 40-3(2), (3), (6), (7), and (8) shall come into effect on July 23, 2026.

3. The amended provisions of Article 29(7), Article 31(2), and Article 40-3(4) shall come into effect on September 10, 2026.

4. The amended provision of Article 40-3(4) shall take effect immediately upon the date of amendment.

5. The amended provisions of Article 19 and Article 25(2) shall come into effect on January 1, 2027.

6. The amended provision of Article 13-4 shall come into effect on the effective date of the revised Korean Commercial Act regarding the holding and disposal of treasury shares (referring to Article 341-4 of the Third Amendment of the Korean Commercial Act).



[Appendix 2. Director Appointment to Become an Audit Committee Member]

Candidate	Details	
Chan Seok Park	Position	Outside Director
	Date of birth	01.04.1962
	Gender	Male
	Type of appointment	Re-appointment
	Appointment term	3 years
	Relationship with largest shareholder	None
	Transaction with the company for the past three years	None
	Taxes in Arrears	None
	Management of insolvent companies	None
	Statutory reasons for disqualification	None
	Experience	(2024 - Current) Outside Director, Doosan Fuel Cell (2024 - Current) Certified Public Accountant, Ilshin CPA (2019 - 2023) Advisor, Samsung Life Insurance (1994 - 2019) The First Deputy Secretary-General, The Board of Audit and Inspection of Korea (BAI) (1988 - 1994) Certified Public Accountant, Samil PWC



[Appendix 3. 2026 Remuneration for Directors]

(FY 2026)

Number of Directors (Outside Directors)	Seven (Four)
Proposed Remuneration Limit for Directors	5 Billion Korean Won

(FY 2025)

Number of Directors (Outside Directors)	Seven (Four)
Actual Remuneration for Directors	1.16 Billion Korean Won
Approved Remuneration Limit for Directors	5 Billion Korean Won

※ The above amount approved by the general meeting of shareholders represents the total remuneration limit for all directors.

※ The above number of persons and the total remuneration are based on the period from January 2025 to December 2025, and include the total remuneration of seven directors in office as of the date of preparation of this disclosure, as well as that of three outside directors whose terms have expired.



[Appendix 4. Financial Statements and Allocation of Retained Earnings]

※The following financial statements are provisional data before the audit process, which are subject to change depending on the results of independent audit and/or the Annual General Shareholders' Meeting. Audit report written in Korean including the final financial statements, notes and independent auditors' opinions will be disclosed on March 18, 2026 on DART system ([Link](#)), and its English version will be uploaded on the company's website ([Link](#)) within April.

Consolidated Statements of Financial Position

December 31, 2025 and 2024

Hanon Systems and Subsidiaries

(in Korean Won)

	2025	2024
Assets		
I. Current assets	4,412,507,003,269	4,439,022,125,072
Cash and cash equivalents	924,789,114,632	1,346,499,808,114
Other financial assets	12,500,000,000	12,500,000,000
Derivative financial assets	2,441,599,997	6,604,573,204
Trade receivables	1,437,035,888,232	1,259,011,617,341
Other current receivables	125,458,852,932	94,189,840,574
Other current assets	505,592,754,987	478,985,834,461
Inventories	1,404,688,792,489	1,241,230,451,378
II. Non-current assets	6,079,741,412,891	6,181,230,252,424
Long-term financial assets	48,328,720	57,455,666
Financial asset at fair value through profit or loss	100	5,882,753,974
Other non-current receivables	29,956,904,028	41,721,904,387
Investments in associates	39,644,268,172	38,153,121,512

	2025	2024
Investments in joint ventures	59,553,249,712	57,114,850,241
Property, plant and equipment	2,724,355,771,362	2,863,718,772,795
Intangible assets	2,184,606,731,681	2,351,357,457,333
Right-of-use assets	604,232,334,040	478,429,235,350
Deferred tax assets	209,787,840,167	202,735,069,482
Net defined benefit assets	26,007,649,770	459,336,475
Other non-current assets	201,548,335,139	141,600,295,209
Total assets	10,492,248,416,160	10,620,252,377,496
Liabilities		
I. Current liabilities	3,984,822,273,916	5,033,806,802,743
Trade payables	1,204,825,539,133	1,353,734,003,030
Other current payables	620,851,938,679	787,487,769,715
Short-term borrowings	1,008,001,502,872	1,901,593,500,420
Current portion of lease liabilities	70,676,849,401	57,082,611,178
Current portion of debentures	684,765,033,294	482,751,291,069
Derivative financial liabilities	5,250,030,804	142,233,953,175
Current tax liabilities	12,764,879,800	42,892,242,235
Other current liabilities	295,876,493,731	218,084,211,486
Other provisions	81,810,006,202	47,947,220,435
II. Non-current liabilities	2,594,445,125,798	2,587,707,106,387
Other non-current payables	7,252,986,867	9,619,052,359
Long-term borrowings	890,740,883,181	366,344,653,478
Lease liabilities	551,438,792,860	422,135,575,815
Debentures	654,093,388,419	1,337,543,213,789
Derivative financial liabilities	578,148,116	5,371,312,049
Net defined benefit liabilities	131,305,678,410	134,073,959,513
Other non-current provisions	34,239,603,804	24,156,514,066
Deferred tax liabilities	280,878,419,400	251,248,785,618
Other non-current liabilities	43,917,224,741	37,214,039,700
Total liabilities	6,579,267,399,714	7,621,513,909,130

	2025	2024
Equity		
Equity attributable to owners of the Parent Company	3,767,762,778,930	2,853,472,095,503
I. Share capital	102,626,255,200	67,876,255,200
II. Share premium	1,576,018,928,203	632,085,156,600
III. Other components of equity	(57,731,869,417)	(58,094,153,017)
IV. Accumulated other comprehensive Income (loss)	626,161,589,212	510,078,960,376
V. Retained earnings	1,520,687,875,732	1,701,525,876,344
Non-controlling interests	145,218,237,516	145,266,372,863
Total equity	3,912,981,016,446	2,998,738,468,366
Total liabilities and equity	10,492,248,416,160	10,620,252,377,496

Consolidated Statements of Profit or Loss

December 31, 2025 and 2024

Hanon Systems and Subsidiaries

(in Korean Won)

	2025	2024
I. Sales	10,883,728,406,019	9,998,723,268,169
II. Cost of sales	9,873,826,069,417	9,186,539,604,117
III. Gross profit	1,009,902,336,602	812,183,664,052
IV. Selling, general and administrative expenses	739,530,703,434	716,646,310,258
V. Operating profit	270,371,633,168	95,537,353,794
VI. Finance income or costs	(114,498,280,969)	(280,816,763,088)
1. Finance income	223,408,635,505	188,747,668,336
2. Finance costs	337,906,916,474	469,564,431,424

	2025	2024
VII. Other non-operating income or expenses	(301,263,543,856)	(157,233,593,851)
1. Other non-operating income	212,425,803,198	328,144,594,511
2. Other non-operating expenses	513,689,347,054	485,378,188,362
VIII. Share of profit of associates and joint ventures	10,538,089,889	12,823,270,467
1. Equity method Income from associates	3,602,178,021	3,125,105,319
2. Equity method income from joint ventures	6,935,911,868	9,698,165,148
IX. Profit before income taxes	(134,852,101,768)	(329,689,732,678)
X. Income tax expense	62,416,193,123	19,590,748,440
XI. Net income (loss) from continuing operations	(197,268,294,891)	(349,280,481,118)
XII. Net income (loss) from Discontinued Operations	-	(9,315,316,988)
XIII. Profit for the year	(197,268,294,891)	(358,595,798,106)
XII. Attributable to :		
Equity holders of the Company	(198,546,222,382)	(363,255,550,781)
Non-controlling interests	1,277,927,491	4,659,752,675
XV. Earnings per share attributable to the equity holders of the company for the year		
Earnings per share from continuing operations	(293)	(659)
Earnings per share from discontinued operations	-	(17)
Diluted earnings per share from continuing operations	(293)	(659)
Diluted earnings per share from discontinued operations	-	(17)

Consolidated Statements of Comprehensive Income

December 31, 2025 and 2024

Hanon Systems and Subsidiaries

(in Korean Won)

	2025	2024
I . Profit for the year	(197,268,294,891)	(358,595,798,106)
II . Other comprehensive income (loss) for the year, after tax	134,846,100,704	298,290,466,237
1. Items that will not be subsequently reclassified to profit or loss:		
Re-measurement of the net defined benefit liabilities	17,708,221,770	(2,032,615,629)
Gain on valuation of land	(6,111,568,400)	-
2. Items that may be subsequently reclassified to profit or loss:		
Gain (loss) on cash flow hedge derivative instruments	16,743,740,710	(20,281,262,696)
Foreign currency translation adjustments	106,693,471,046	315,863,361,843
Share of other comprehensive income of associates and joint ventures	(697,318,198)	4,740,982,719
III . Total comprehensive income for the year	(62,931,747,963)	(60,305,331,869)
IV . Attributable to:		
Equity holders of the Company	(64,755,371,776)	(79,649,500,515)
Non-controlling interests	1,823,623,813	19,344,168,646



Consolidated Statements of Changes in Equity

December 31, 2025 and 2024

Hanon Systems and Subsidiaries

(in Korean Won)

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Other components of equity	Accumulated other comprehensive income(loss)	Retained earnings		
Balances at January 1, 2024	53,380,000,000	48,060,000,000	(57,288,361,413)	224,440,294,481	2,103,103,495,994	136,791,151,546	2,508,486,580,608
Comprehensive Income							
Profit for the year	-	-	-	-	(363,255,550,781)	4,659,752,675	(358,595,798,106)
Re-measurement of net defined benefit liabilities	-	-	-	-	(2,032,615,629)	-	(2,032,615,629)
Profit (loss) on cash flow hedge derivative instruments	-	-	-	(20,281,262,696)	-	-	(20,281,262,696)
Translation of foreign currency financial statements	-	-	-	301,178,945,872	-	14,684,415,971	315,863,361,843
Share of other comprehensive income (loss) of associates and joint ventures	-	-	-	4,740,982,719	-	-	4,740,982,719
Transactions with equity holders of the Company	-	-	-	-	-	-	-

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Other components of equity	Accumulated other comprehensive income(loss)	Retained earnings		
Share-based payment	-	-	(805,791,604)	-	-	-	(805,791,604)
Cash dividends					(36,289,453,240)	(10,868,947,329)	(47,158,400,569)
Paid-in capital increase	14,496,255,200	584,025,156,600	-	-	-	-	598,521,411,800
Balances at December 31, 2024	67,876,255,200	632,085,156,600	(58,094,153,017)	510,078,960,376	1,701,525,876,344	145,266,372,863	2,998,738,468,366
Balances at January 1, 2025	67,876,255,200	632,085,156,600	(58,094,153,017)	510,078,960,376	1,701,525,876,344	145,266,372,863	2,998,738,468,366
Comprehensive Income							
Profit for the year	-	-	-	-	(198,546,222,382)	1,277,927,491	(197,268,294,891)
Re-measurement of net defined benefit liabilities	-	-	-	-	17,708,221,770	-	17,708,221,770
Profit (loss) on cash flow hedge derivative instruments	-	-	-	16,743,740,710	-	-	16,743,740,710
Gain on valuation of land	-	-	-	(6,111,568,400)	-	-	(6,111,568,400)
Translation of foreign currency financial statements	-	-	-	106,147,774,724	-	545,696,322	106,693,471,046
Share of other comprehensive income (loss) of	-	-	-	(697,318,198)	-	-	(697,318,198)

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Other components of equity	Accumulated other comprehensive income(loss)	Retained earnings		
associates and joint ventures							
Transactions with equity holders of the Company							
Disposal of treasury shares	-	-	362,283,600	-	-	-	362,283,600
Cash dividends	-	-	-	-	-	(1,871,759,160)	(1,871,759,160)
Paid-in capital increase	34,750,000,000	943,933,771,603	-	-	-	-	978,683,771,603
Balances at December 31, 2025	102,626,255,200	1,576,018,928,203	(57,731,869,417)	626,161,589,212	1,520,687,875,732	145,218,237,516	3,912,981,016,446

Consolidated Statements of Cash Flows

December 31, 2025 and 2024

Hanon Systems and Subsidiaries

(in Korean Won)

	2025	2024
I . Cash flows from operating activities	112,337,412,418	569,253,858,880
1. Cash generated from operations	421,337,429,637	880,635,543,366
(1) Profit for the year	(197,268,294,891)	(358,595,798,106)
(2) Adjustments to reconcile profit for the year to net cash provided by operating activities	1,318,315,792,749	1,208,387,602,243

	2025	2024
(3) Changes in operating assets and liabilities	(699,710,068,221)	30,843,739,229
2. Interest received	35,162,143,701	32,866,306,171
3. Interest paid	(239,362,391,249)	(254,951,525,857)
4. Dividend received	5,911,225,560	4,020,592,000
5. Income tax paid	(110,710,995,231)	(93,317,056,800)
II. Cash flows from investing activities	(546,996,305,010)	(732,734,032,496)
1. Cash inflows from investing activities	62,382,914,679	18,191,001,571
Collection of short-term loans	3,747,518,547	1,721,358,260
Collection of long-term loans	1,040,422,378	1,118,679,214
Disposal of long-term financial assets	15,315,879	2,000,000,000
Disposal of financial asset at fair value through profit or loss	7,029,629,555	-
Disposal of property, plant and equipment	48,964,505,000	13,350,735,681
Disposal of intangible assets	-	228,416
Decrease in long-term deposits	1,585,523,320	-
2. Cash outflows from investing activities	(609,379,219,689)	(750,925,034,067)
Increase in short-term loans receivable	(346,420,429)	(810,506,889)
Increase in long-term loans receivable	(153,730,984)	(9,234,532,480)
Acquisition of long-term financial assets	(1,427,424)	-
Derivative transactions	(117,814,500,000)	-
Acquisition of property, plant and equipment	(293,086,557,785)	(385,616,422,665)
Acquisition of intangible assets	(187,091,840,000)	(347,652,999,306)
Acquisition of investments in subsidiary	(9,796,890,747)	(7,610,572,727)
Increase in long-term deposits	(1,087,852,320)	-
III. Cash flows from financing activities	949,574,443	650,561,950,177
1. Cash inflows from financing activities	5,260,883,612,678	4,335,878,663,236
Paid-in capital increase	978,683,771,603	598,521,411,800
Proceeds from short-term borrowings	3,562,199,841,075	2,963,972,256,509
Proceeds from long-term borrowings	720,000,000,000	373,384,994,927

	2025	2024
Proceeds from issuance of debentures	-	400,000,000,000
2. Cash outflows from financing activities	(5,259,934,038,235)	(3,685,316,713,059)
Repayment of short-term borrowings	(3,723,993,048,964)	(2,978,729,813,739)
Repayment of long-term borrowings	(970,000,000,000)	(80,000,000,000)
Repayment of lease liabilities	(82,083,554,933)	(75,104,700,588)
Repayment of debentures	(476,527,500,000)	(500,000,000,000)
Issuance costs of borrowings and debentures	(5,458,175,178)	(5,113,238,815)
Dividends paid	-	(36,289,453,240)
Dividends paid to non-controlling interests	(1,871,759,160)	(10,079,506,677)
IV. Net Increase in cash and cash equivalents	(433,709,318,149)	487,081,776,561
V. Beginning of the year	1,346,499,808,114	778,560,330,727
VI. Effect of exchange rate on cash and cash equivalents	11,998,624,667	80,857,700,826
VII. End of the year	924,789,114,632	1,346,499,808,114



Statements of Financial Position

December 31, 2025 and 2024

Hanon Systems

(in Korean Won)

	2025	2024
Assets		
I. Current assets	1,668,121,042,633	2,400,622,970,094
Cash and cash equivalents	100,132,618,722	462,341,657,600
Other financial assets	12,500,000,000	12,500,000,000
Derivative financial assets	-	6,604,573,204
Trade receivables	1,077,564,937,617	1,382,926,136,035
Other current receivables	211,686,277,188	270,626,098,608
Other current assets	54,268,585,300	63,755,320,415
Inventories	188,994,827,893	180,304,179,138
Current assets held for sale	22,973,795,913	21,565,005,094
II. Non-current assets	5,488,411,641,875	4,980,449,429,640
Long-term financial assets	2,000,000	2,000,000
Long-term trade receivables	510,737,445,159	-
Long-term other receivables	68,341,952,750	-
Financial asset at fair value through profit or loss	100	5,882,753,974
Other non-current receivables	25,321,488,434	25,953,046,685
Investments in consolidated affiliates	3,793,248,242,465	3,866,147,136,986
Investments in associates	39,644,268,379	38,153,121,719
Investments in joint ventures	59,553,249,538	57,114,850,067
Property, plant and equipment	444,760,700,471	493,500,189,541
Intangible assets	401,408,061,410	394,459,549,226

	2025	2024
Right-of-use assets	34,174,217,697	19,783,014,775
Deferred tax assets	89,992,151,311	73,842,766,830
Net defined benefit assets	16,655,397,624	-
Other non-current assets	4,572,466,537	5,610,999,837
Total assets	7,156,532,684,508	7,381,072,399,734
Liabilities		
I. Current liabilities	1,723,635,168,987	2,759,859,719,756
Trade payables	459,159,863,865	593,396,874,236
Other current payables	244,738,232,757	324,601,533,018
Short-term borrowings	270,011,825,425	1,278,775,383,787
Current portion of lease liabilities	4,785,190,267	5,915,630,337
Current portion of debentures	684,765,033,294	482,751,291,069
Derivative financial liabilities	5,250,030,804	24,419,453,175
Other current liabilities	4,069,546,799	6,904,251,256
Other provisions	50,855,445,776	43,095,302,878
II. Non-current liabilities	1,610,420,284,565	1,748,907,847,577
Long-term borrowings	876,372,363,218	349,953,905,109
Long-term lease liabilities	27,791,244,244	11,796,490,485
Debentures	654,093,388,419	1,337,543,213,789
Derivative financial liabilities	578,148,116	5,371,312,049
Net defined benefit liabilities	-	6,522,770,160
Other non-current provisions	17,496,044,050	11,617,467,141
Other non-current liabilities	34,089,096,518	26,102,688,844
Total liabilities	3,334,055,453,552	4,508,767,567,333
Equity		
I. Share capital	102,626,255,200	67,876,255,200
II. Share premium	1,576,018,928,203	632,085,156,600
III. Other components of equity	180,590,874,687	180,228,591,087
IV. Accumulated other comprehensive loss	631,768,950,548	451,754,557,885

	2025	2024
V. Retained earnings	1,331,472,222,318	1,540,360,271,629
Total equity	3,822,477,230,956	2,872,304,832,401
Total liabilities and equity	7,156,532,684,508	7,381,072,399,734

Statements of Profit or Loss

December 31, 2025 and 2024

Hanon Systems

(in Korean Won)

	2025	2024
I. Sales	3,930,039,896,659	3,625,271,424,615
II. Cost of sales	3,446,028,232,165	3,275,215,783,383
III. Gross profit	484,011,664,494	350,055,641,232
IV. Selling, general and administrative expenses	372,153,053,542	357,361,745,942
V. Operating profit	111,858,610,952	(7,306,104,710)
VI. Finance income or costs	(101,054,034,894)	(154,634,231,741)
1. Finance income	62,597,925,417	26,710,729,544
2. Finance costs	163,651,960,311	181,344,961,285
VII. Other non-operating income or expenses	(47,195,655,020)	(77,403,575,767)
1. Other non-operating income	171,463,340,265	246,415,988,341
2. Other non-operating expenses	218,658,995,285	323,819,564,108
VIII. Share of profit of associates and joint ventures	(186,779,567,521)	(225,732,188,870)
IX. Profit before income taxes	(223,170,646,483)	(465,076,101,088)
X. Income tax expense	(6,774,762,811)	(560,044,263)
XI. Profit for the year	(216,395,883,672)	(464,516,056,825)
XII. Earnings per share		

	2025	2024
Basic earnings per share of ordinary share	(318)	(865)
Diluted earnings per share of ordinary share	(318)	(865)

Statements of Comprehensive Income

December 31, 2025 and 2024

Hanon Systems

(in Korean Won)

	2025	2024
I . Profit for the year	(216,395,883,672)	(464,516,056,825)
II. Other comprehensive income (loss) for the year, after tax	187,522,227,023	260,089,979,608
1. Items that will not be subsequently reclassified to profit or loss:		
Re-measurement of the net defined benefit liabilities	7,507,834,360	(12,205,512,787)
Gain on valuation of land	(2,304,414,897)	
2. Items that may be subsequently reclassified to profit or loss:		
Gain (loss) on cash flow hedge derivative instruments	16,366,539,604	(22,212,074,051)
Share of associates' other changes in net assets	165,952,267,956	294,507,566,446
III. Total comprehensive income for the year	(28,873,656,649)	(204,426,077,217)

Statements of Changes in Equity

December 31, 2025 and 2024



Hanon Systems

(in Korean Won)

	Share capital	Share premium	Other components of equity	Accumulated other comprehensive income(loss)	Retained earnings	Total equity
Balances at January 1, 2024	53,380,000,000	48,060,000,000	181,034,382,691	179,459,065,490	2,053,371,294,481	2,515,304,742,662
Comprehensive Income						
Profit for the year	-	-	-	-	(464,516,056,825)	(464,516,056,825)
Re-measurement of net defined benefit liabilities	-	-	-	-	(12,205,512,787)	(12,205,512,787)
Profit (loss) on cash flow hedge derivative instruments	-	-	-	(22,212,074,051)	-	(22,212,074,051)
Share of associates' other changes in net assets	-	-	-	294,507,566,446	-	294,507,566,446
Transactions with equity holders of the Company						
Share-based payment	-	-	(805,791,604)	-	-	(805,791,604)
Cash dividends	-	-	-	-	(36,289,453,240)	(36,289,453,240)
Paid-in capital increase	14,496,255,200	584,025,156,600	-	-	-	598,521,411,800
Balances at December 31, 2024	67,876,255,200	632,085,156,600	180,228,591,087	451,754,557,885	1,540,360,271,629	2,872,304,832,401
Balances at January 1, 2025	67,876,255,200	632,085,156,600	180,228,591,087	451,754,557,885	1,540,360,271,629	2,872,304,832,401
Comprehensive income						
Profit for the year	-	-	-	-	(216,395,883,672)	(216,395,883,672)
Re-measurement of net defined benefit liabilities	-	-	-	-	7,507,834,361	7,507,834,361
Profit (loss) on cash flow hedge derivative instruments	-	-	-	16,366,539,604	-	16,366,539,604
Gain on valuation of land	-	-	-	(2,304,414,897)	-	(2,304,414,897)
Share of associates' other changes in net assets	-	-	-	165,952,267,956	-	165,952,267,956
Transactions with equity holders						

	Share capital	Share premium	Other components of equity	Accumulated other comprehensive income(loss)	Retained earnings	Total equity
of the Company						
Disposal of treasury shares	-	-	362,283,600	-	-	362,283,600
Issue of shares	34,750,000,000	943,933,771,603	-	-	-	978,683,771,603
Balances at December 31, 2025	102,626,255,200	1,576,018,928,203	180,590,874,687	631,768,950,548	1,331,472,222,318	3,822,477,230,956

Statements of Cash Flows

December 31, 2025 and 2024

Hanon Systems

(in Korean Won)

	2025	2024
I . Cash flows from operating activities	(228,625,186,249)	(259,454,945,000)
1. Cash generated from operations	(72,082,836,900)	(182,816,235,065)
(1) Profit for the year	(216,395,883,672)	(464,516,056,825)
(2) Adjustments to reconcile profit for the year to net cash provided by operating activities	530,775,793,147	690,074,186,371
(3) Changes in operating assets and liabilities	(386,462,746,374)	(408,374,364,611)
2. Interest received	6,138,203,443	6,392,375,450
3. Interest paid	(151,770,772,064)	(158,348,415,004)
4. Dividend received	8,477,167,200	95,893,403,156
5. Income tax paid	(19,386,947,929)	(20,576,073,537)
II . Cash flows from investing activities	(136,326,127,173)	(133,497,481,509)
1. Cash inflows from investing activities	37,692,945,628	83,756,452,700
Disposal of property, plant and equipment	24,775,237,377	82,419,068,380

	2025	2024
Collection of short-term loans	4,302,555,376	800,000,000
Decrease in long-term deposits	1,585,523,320	537,384,320
Disposal of financial asset at fair value through profit or loss	7,029,629,555	-
2. Cash outflows from investing activities	(174,019,072,801)	(217,253,934,209)
Acquisition of property, plant and equipment	(85,536,373,937)	(115,330,478,085)
Acquisition of intangible assets	(77,033,188,159)	(84,081,411,576)
Acquisition of investments in subsidiary	(6,484,083,549)	(9,941,737,613)
Increase in short-term deposits	(3,877,574,836)	(897,000,000)
Increase in long-term deposits	(1,087,852,320)	(7,003,306,935)
III. Cash flows from financing activities	5,963,407,021	724,109,899,478
1. Cash inflows from financing activities	3,767,472,909,785	2,797,021,411,800
Issue of shares	978,683,771,603	598,521,411,800
Proceeds from short-term borrowings	2,068,789,138,182	1,438,500,000,000
Proceeds from long-term borrowings	720,000,000,000	360,000,000,000
Proceeds from issuance of debentures	0	400,000,000,000
2. Cash outflows from financing activities	(3,761,509,502,764)	(2,072,911,512,322)
Repayment of short-term borrowings	(3,218,669,000,000)	(1,439,333,300,000)
Repayment of long-term borrowings	(50,000,000,000)	(80,000,000,000)
Issuance costs of borrowings and debentures	(5,458,175,178)	(5,113,238,815)
Repayment of debentures	(476,527,500,000)	(500,000,000,000)
Dividends paid	-	(36,289,453,240)
Repayment of lease liabilities	(10,854,827,586)	(12,175,520,267)
IV. Net increase in cash and cash equivalents	(358,987,906,401)	331,157,472,969
V. Beginning of the year	462,341,657,600	118,892,629,189
VI. Effect of exchange rate on cash and cash equivalents	(3,221,132,477)	12,291,555,442
VII. End of the year	100,132,618,722	462,341,657,600

Statements of Allocation of Retained Earnings

December 31, 2025 and 2024

Hanon Systems

(in Korean Won)

	2025	2024
I. Unappropriated retained earnings (Deficit)	(208,888,049,312)	(476,721,569,612)
1. Profit for the year	(216,395,883,672)	(464,516,056,825)
2. Re-measurement of net defined benefit	7,507,834,360	(12,205,512,787)
II. Appropriations of retained earnings	(208,888,049,312)	(476,721,569,612)
1. Reserve for business expansion	(208,888,049,312)	(476,721,569,612)
III. Unappropriated retained earnings carried over to the next year	-	-

※ The company decided not to pay dividends for the 2025 settlement, considering its business performance, operating cash flow.

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