



a **Hankook** Company

1Q 2026 Earnings Release

April 30, 2026

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I. 1Q 2026 Financial Results

1Q 2026: Key Financials

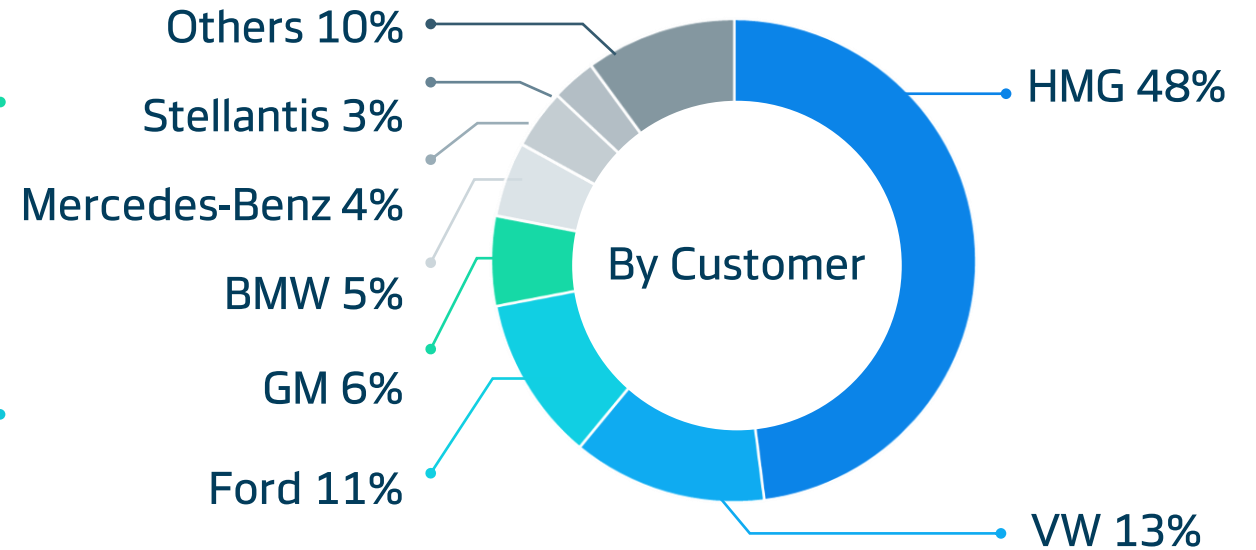
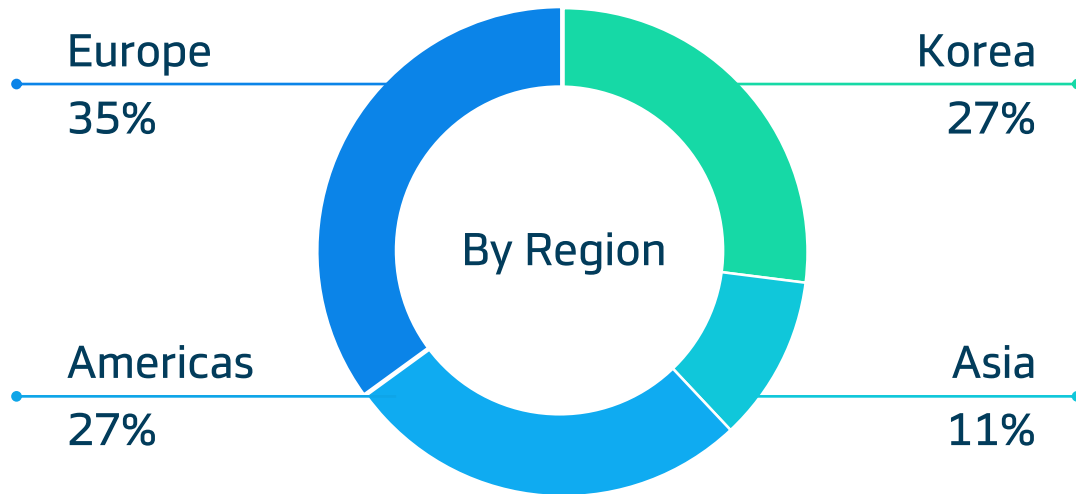
Unit: KRW in billions

	1Q 2026	4Q 2025	QoQ Variance
Revenue	2,748.2	2,702.5	1.7%
COGS	2,460.3	2,424.4	1.5%
% of Sales	89.5%	89.7%	(0.2%pt)
SG&A (Incl. R&D)	190.8	188.4	1.3%
% of Sales	6.9%	7.0%	(0.1%pt)
EBITDA	283.9	287.7	(1.3%)
Margin (%)	10.3%	10.6%	(0.3%pt)
Operating Profit	97.2	89.7	8.3%
Margin (%)	3.5%	3.3%	0.2%pt

Revenue and Operating Profit Increased QoQ Driven by Cost Efficiencies and Favorable FX Impact

1Q 2026 Highlights

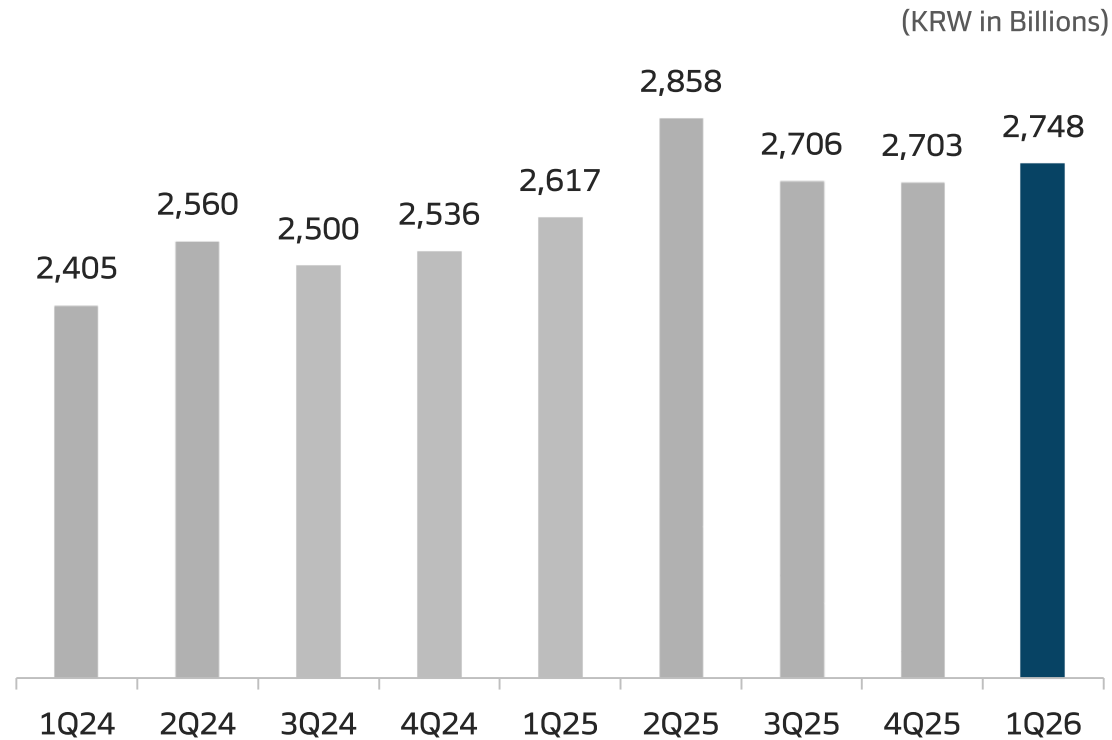
Sales Breakdown (1Q 2026)



1Q 2026 Highlights

- Revenue remained stable, supported by favorable FX impact and increased supply coverage, including growth with EU customers
- OPM recorded 3.5%, enabled by cost management in materials, freight, and labor, along with improved operational efficiency
- 1Q xEV revenue ratio hit 29% on strong EU customer performance; xEV revenue growth expected in 2026 with market expansion

Consolidated Sales



Comments



- Increase in Europe (+16%), Korea (+7%)

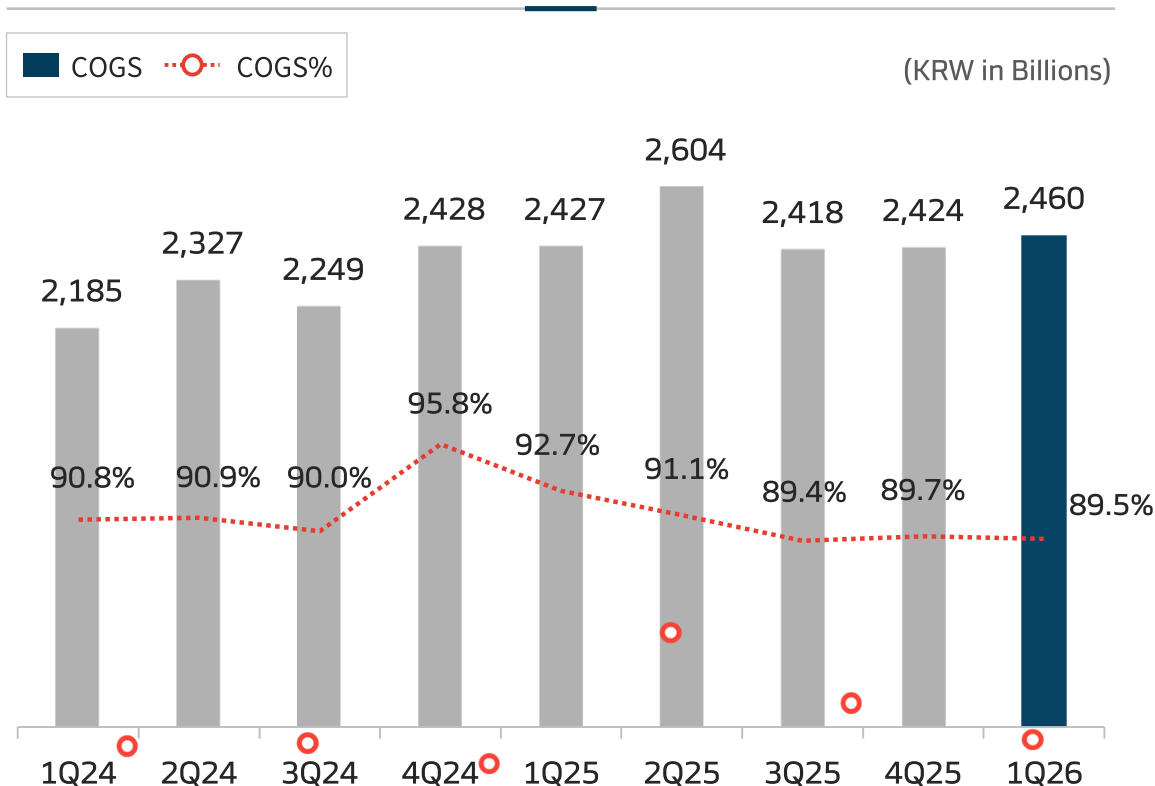


- Increase in Mercedes-Benz (+131%), BMW (+30%), VW (+19%), HMG (+6%)

Revenue Sustained a Stable Growth Trend, Driven by Expanded Supply Coverage and Favorable FX

Quarterly COGS

Quarterly Cost of Goods Sold



Comments

Positive Factors

- Sustained profitability improvement through cost structure efficiencies
 - 1Q25 COGS 92.7% → 1Q26 89.5%

- Improved COGS ratio through freight and labor cost efficiencies

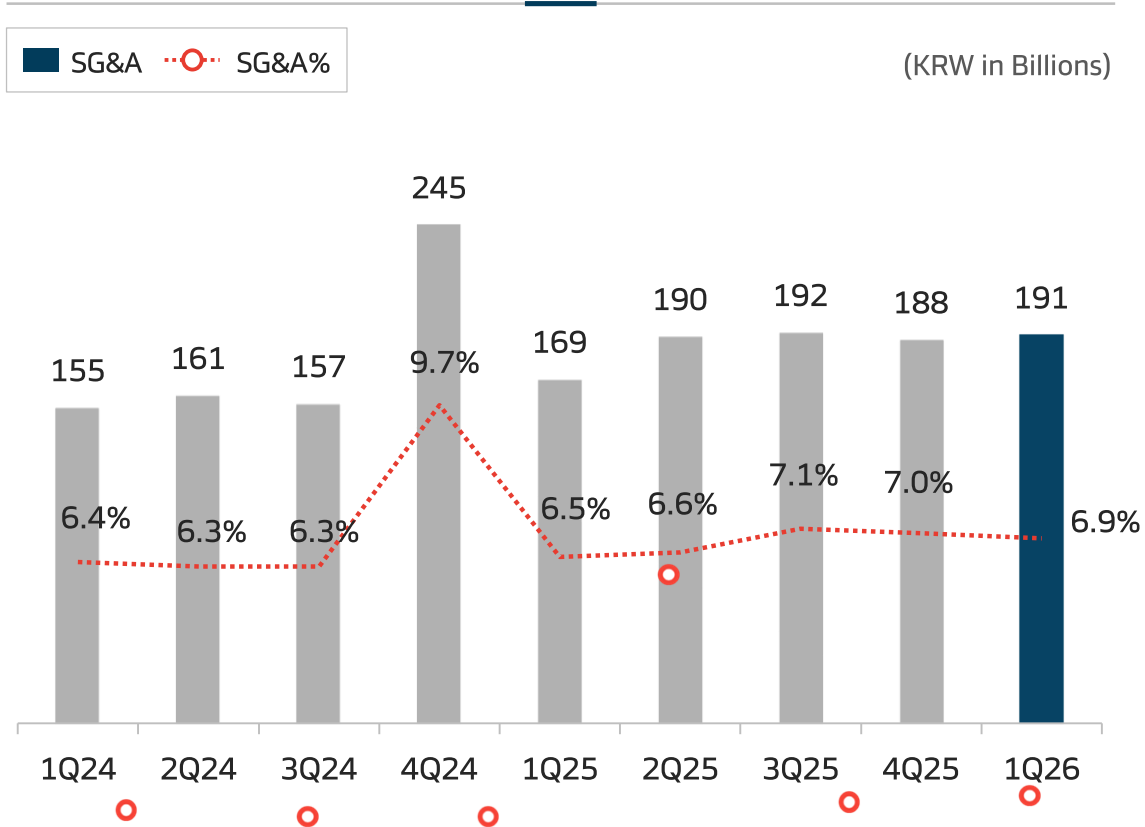
Negative Factors

- Continuing cost pressures from geopolitical risks and U.S. tariffs impacts

- Slower electrification transition led to customer production adjustments and operational uncertainty

Profitability improved due to cost structure efficiencies, despite tariffs and geopolitical risks

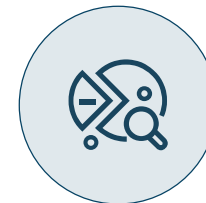
Quarterly SG&A



Comments



- 1Q26 SG&A expense : 6.9% of total revenue
- SG&A ratio maintained at around 7% through cost structure improvements

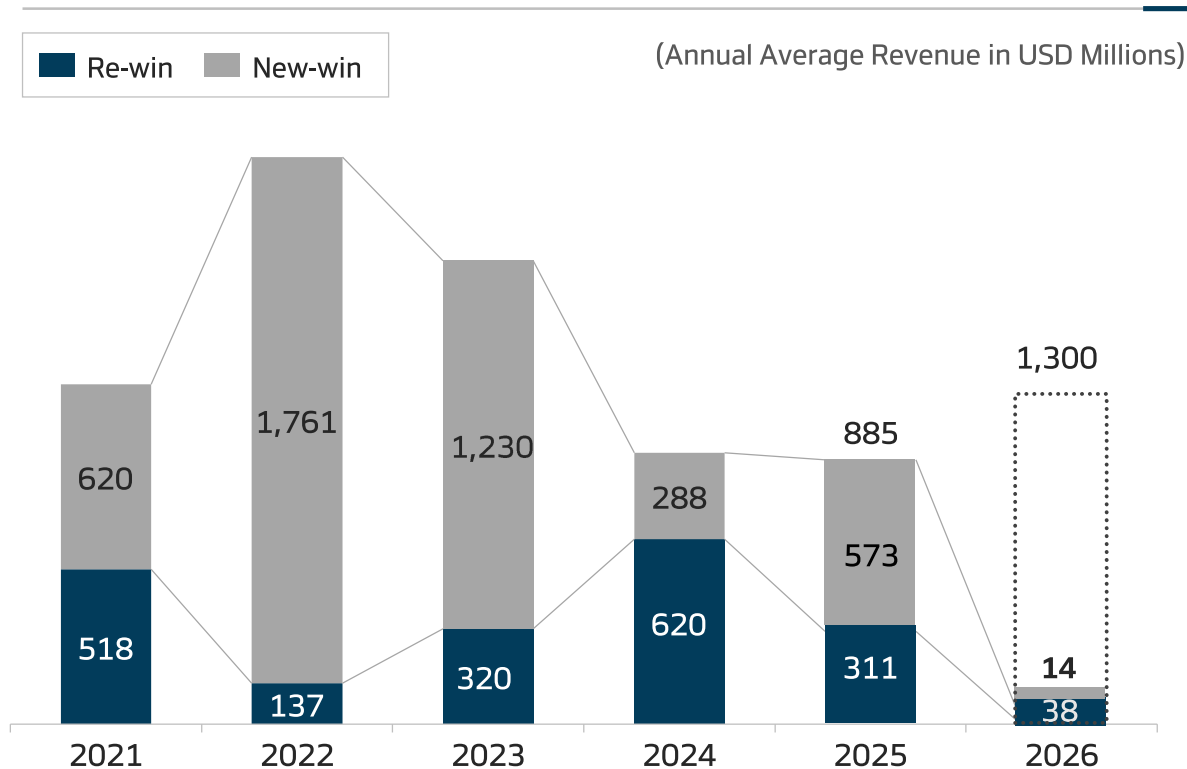


- 1Q26 R&D spending (incl. R&D capitalization) : 3.4% of total revenue (4Q25 3.7%)
- 1Q26 Capitalization: 34% of R&D Spending

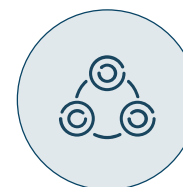
Ongoing Cost-Efficiency Initiatives Eased SG&A and Improved the Overall Profit Structure

New Business Wins Update

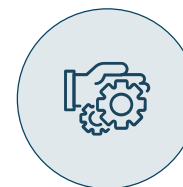
FY 2026 New Business Wins



- 2026 New Business Wins target: \$1.3B key programs scheduled in following quarters, including next-generation platforms



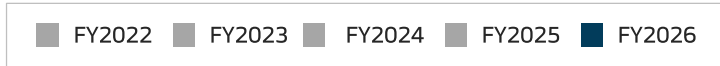
- Technological leadership maintained with robust portfolio adaptable to all types of powertrains, including ICE, BEV, HEV, PHEV and EREV



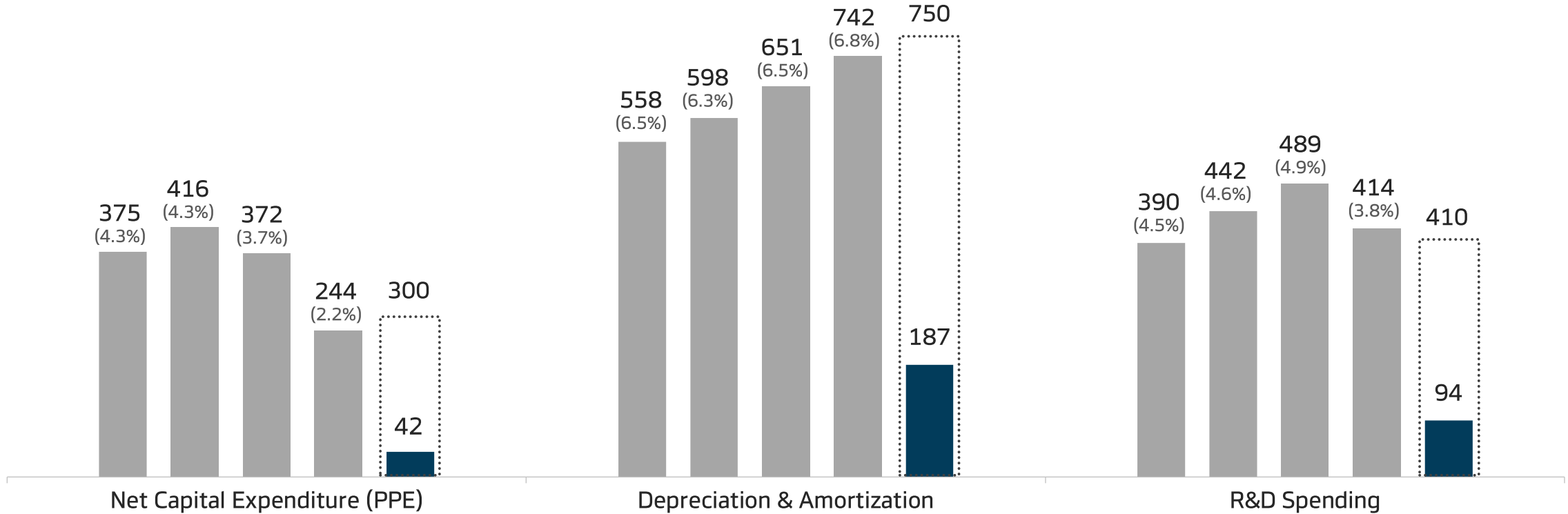
- Revenue stability secured through ICE/HEV program extensions and growth expected from EV mix transition

Securing 2026 Growth Visibility through Life Cycle Extensions and EV Mix Transition

Trend of CapEx, D&A and R&D Spending



(KRW in Billions)
(%) Cost-to-Revenue



Capex and R&D Spending Optimization Expected to Improve Cost Structure in 2026

1Q 2026 Balance Sheet

(K-IFRS / KRW in Billions, x times)

	Mar 2026	Dec 2025	Dec 2024
Cash and cash equivalent	848	925	1,347
Account receivable	1,921	1,592	1,395
Inventories	1,443	1,405	1,241
Property and equipment	2,745	2,724	2,864
Intangible assets	2,210	2,185	2,351
Lease assets	622	604	478
Other assets	1,102	1,057	944
Total assets	10,891	10,492	10,620
Account payable	2,048	1,833	2,151
Debt	3,797	3,860	4,567
Other liabilities	930	886	903
Shareholder's equity	3,968	3,768	2,853
Non-controlling	148	145	145
Total liabilities & shareholders' equity	10,891	10,492	10,620

Cash Balance	Mar 2026	2025	2024
Debt to Equity Ratio	165%	168%	254%
Borrowings Ratio	92%	99%	152%
Net Debt Ratio	72%	75%	107%

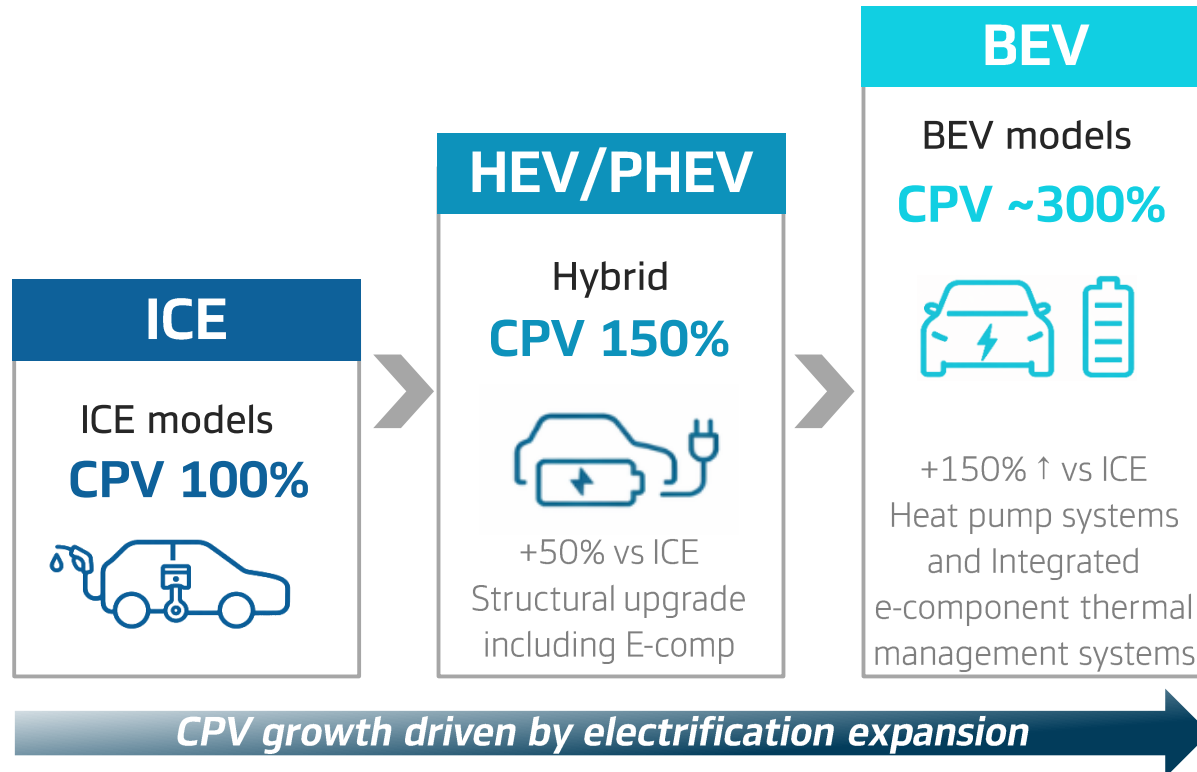
Leverage	1Q26 TTM	2025	2024
EBITDA	1,105	1,012	747
Debt / EBITDA	3.44	3.81	6.12
Net Debt / EBITDA	2.67	2.90	4.31
EBITDA / Net Interest Expenses	5.91	5.00	3.23

Strengthened Financial Structure through Capital Expansion and Profitability Improvement

II . Business Update

Full-Line Supply Capability across All Powertrains

Full-line supplier across all powertrains



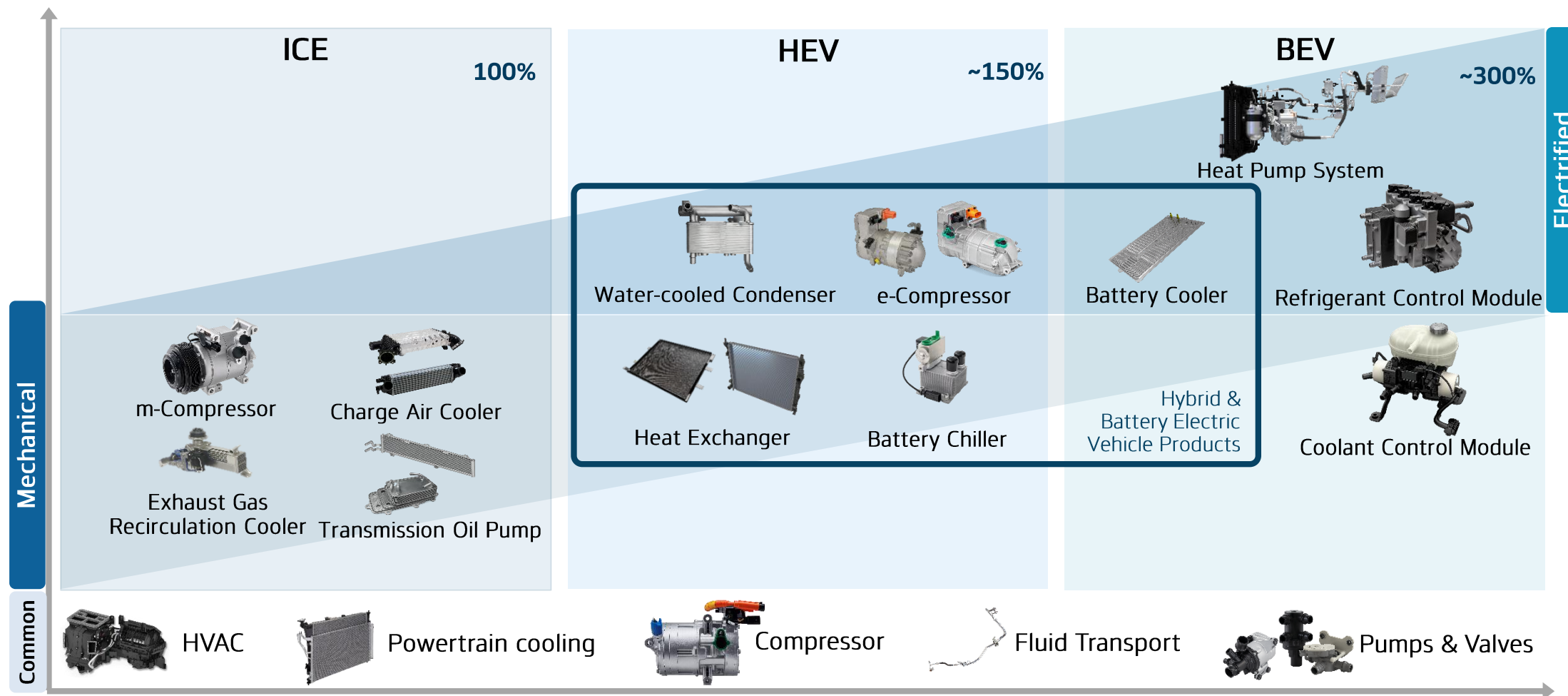
Key messages

- 1 Electrification structurally expands thermal management content per vehicle due to increased demand
- 2 Full-line coverage from ICE to HEV and BEV captures opportunities from electrification mix shifts
- 3 Expansion of thermal management and electronic control-based systems drives higher value-added growth

→ **Stable growth secured through full-line coverage and xEV market expansion**

Structural Growth Driven by Full-System Supply across ICE, HEV/PHEV and BEV Applications

Hanon Systems Product Portfolio

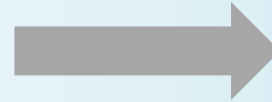


Full Portfolio of Thermal Management Solutions Across All Powertrains

AI-based Integrated Thermal Management for SDV

Mechanical

- Precision mechanical devices
- Internal combustion engines
- Hardware-based physical control



Software-Defined Vehicle

- High-performance electronic devices
- Electric motors & batteries
- Software-based integrated control

AI-based integrated thermal management solution

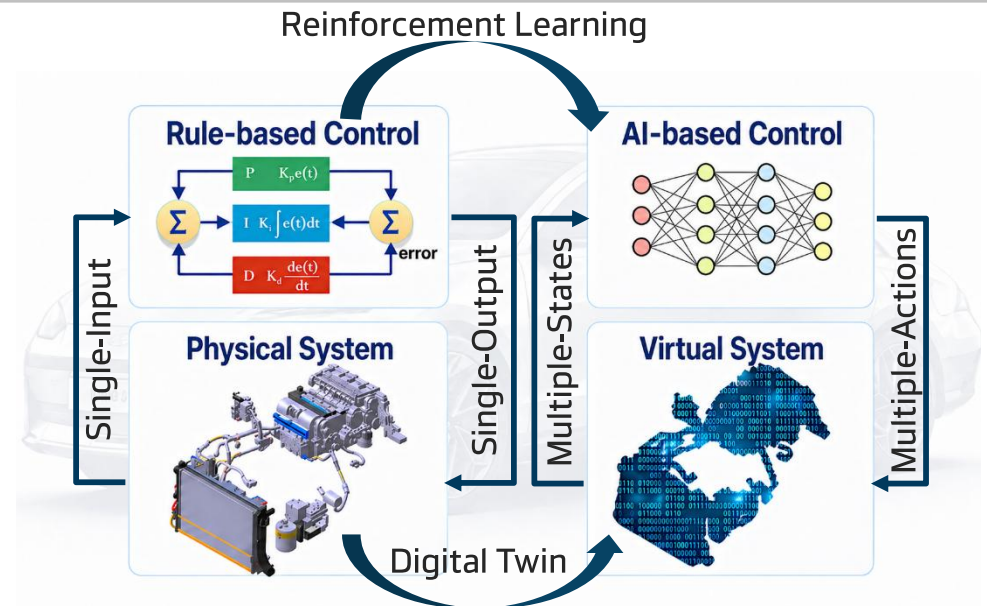
Autonomous computing and sensors emerging as key heat sources



Integrated thermal management scope and complexity expanding with SDV transition



Evolving from convenience to a critical role in operational quality and safety



Optimized thermal management through AI-based physical-virtual system integration

Thank You

Hanon Systems Investor Relations

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