3Q 2026 Earnings Release

November 05, 2026

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Ⅰ. 3Q 2026 Financial Results

3Q 2026: Key Financials

Unit: KRW in billions	3Q 2026	3Q 2025	YoY Variance	2Q 2026	QoQ Variance
Revenue	**2,656.9**	**2,705.7**	***(1.8%)***	**2,875.2**	***(7.6%)***
COGS	**2,351.4**	**2,418.0**	***(2.8%)***	**2,563.0**	***(8.3%)***
	88.5%	89.4%	*(0.9%pt)*	89.1%	*(0.6%pt)*
SG&A (Incl. R&D)	**185.0**	**192.4**	***(3.8%)***	**208.6**	***(11.3%)***
	7.0%	7.1%	*(0.1%pt)*	7.3%	*(0.3%pt)*
EBITDA	**295.3**	**282.7**	***4.5%***	**292.4**	***1.0%***
	11.1%	10.4%	*0.7%pt*	10.2%	*0.9%*
Operating Profit	**120.6**	**95.3**	***26.6%***	**103.7**	***16.3%***
	4.5%	3.5%	*1.0%pt*	3.6%	*0.9%pt*

Achieved 4.5% OPM, Strengthening Profitability Through Cost Discipline and Operational Efficiencies

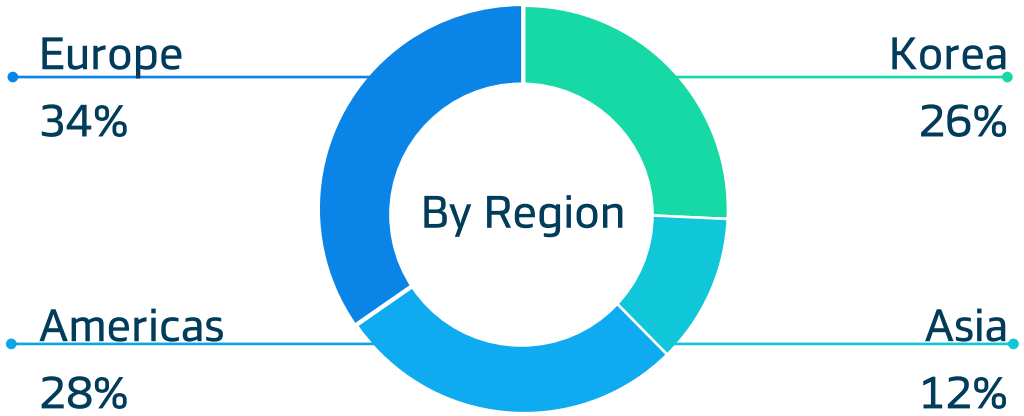
3Q YTD 2026: Key Financials

Unit: KRW in billions	3Q YTD 2026	3Q YTD 2025	YoY Variance	
Revenue	**8,280.4**	**8,181.2**	**99.2**	**1.2%**
COGS	**7,374.6**	**7,449.4**	**(74.8)**	**(1.0%)**
	89.1%	91.1%	(2.0%pt)	
SG&A (Incl. R&D)	**584.4**	**551.1**	**33.3**	**6.0%**
	7.1%	6.7%	0.4%pt	
EBITDA	**871.6**	**724.6**	**147.0**	**20.3%**
	10.5%	8.9%	1.6%pt	
Operating Profit	**321.5**	**180.7**	**140.8**	**77.9%**
	3.9%	2.2%	1.7%pt	

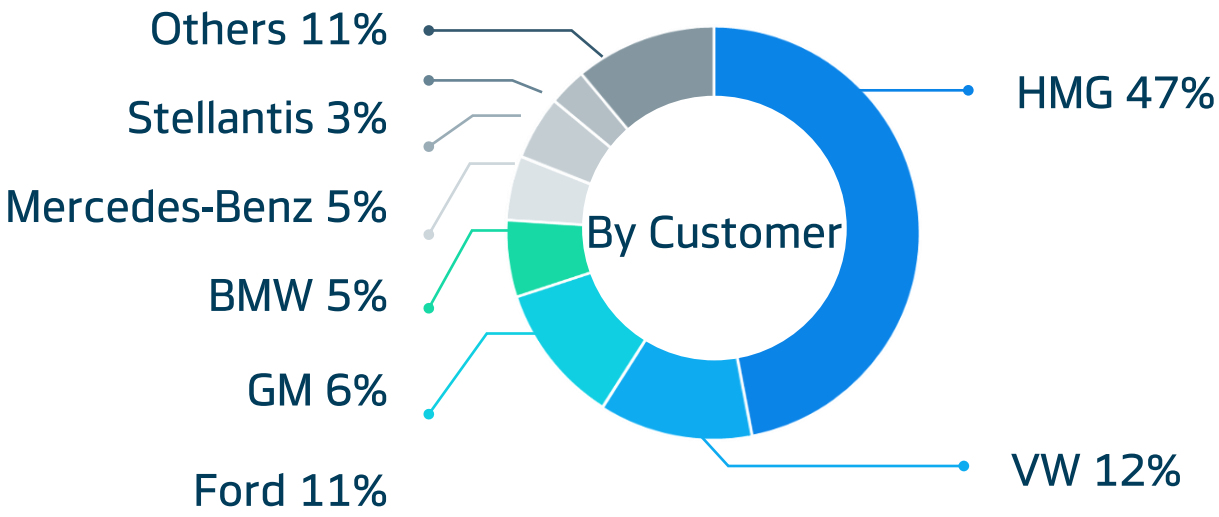
3Q YTD Operating Profit + 77.9% YoY, Driven by Cost Restructuring and Expense Efficiencies

3Q YTD 2026: Revenue Mix

By Region



By Customer



YoY (3Q YTD)

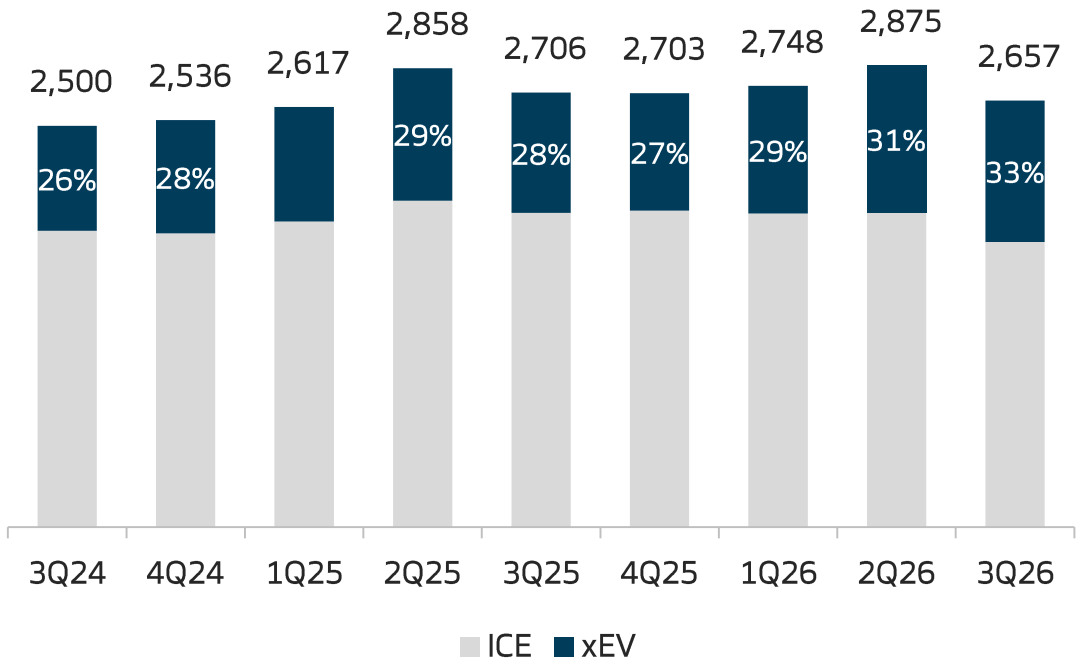
- Europe 31% ▲ 3%
- Americas 30% ▼ 2%
- Korea 27% ▼ 1%
- Asia 12% —
- HMG 49% ▼ 2%
- Ford 13% ▼ 2%
- BMW 4% ▲ 1%
- VW 11% ▲ 1%
- GM 7% ▼ 1%
- Mercedes-Benz 2% ▲ 3%

Europe Market Share +3%p; Driven by Increased Supply to European Customers

Quarterly Sales

Consolidated Sales

(KRW in billions)



Comments

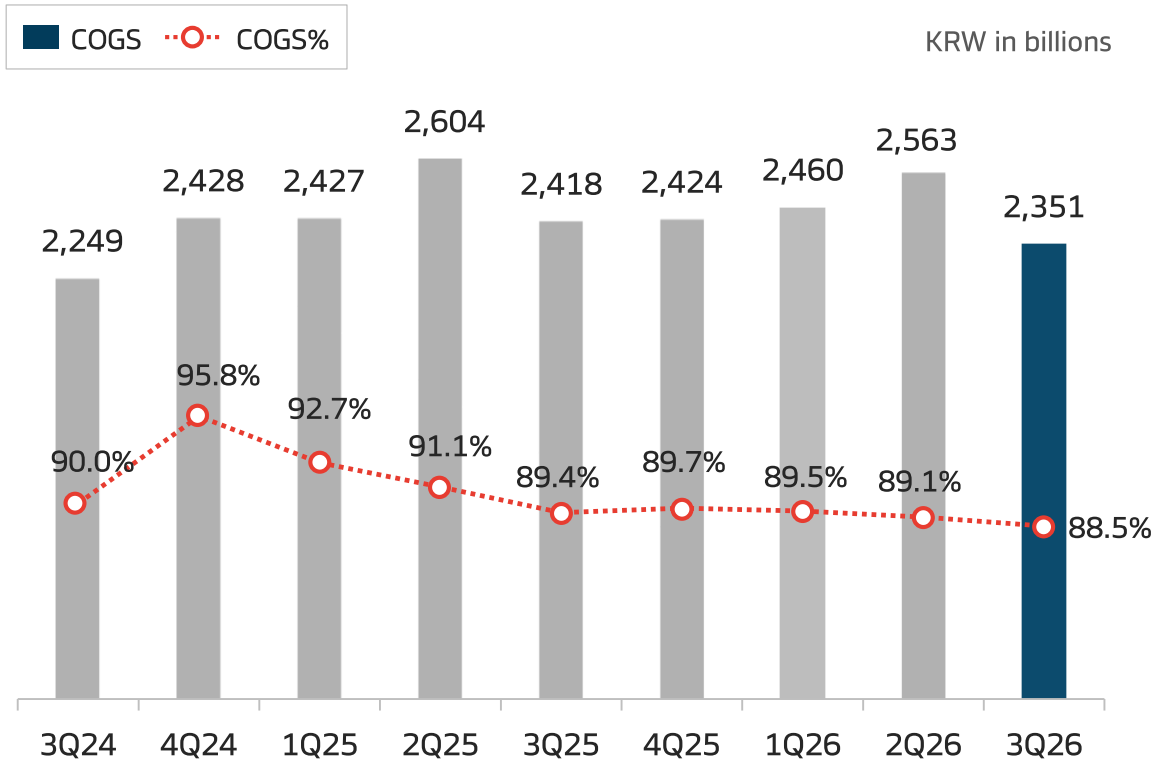
- Maintained stable revenue through portfolio diversification despite temporary global OEM volatility

- xEV sales represented 33% of total sales in 3Q
- Improved customer mix and increased xEV volumes in Europe

Revenue Impacted by Temporary Volume Adjustments and FX; While xEV Mix Continued to Improve

Quarterly COGS

Quarterly Cost of Goods Sold



Comments

Positive Factors

- Sustained profitability improvement through cost structure efficiencies
  - 3Q25 COGS 89.4% → 3Q26 88.5%
- Enhanced cost efficiencies through material optimization and operational improvements

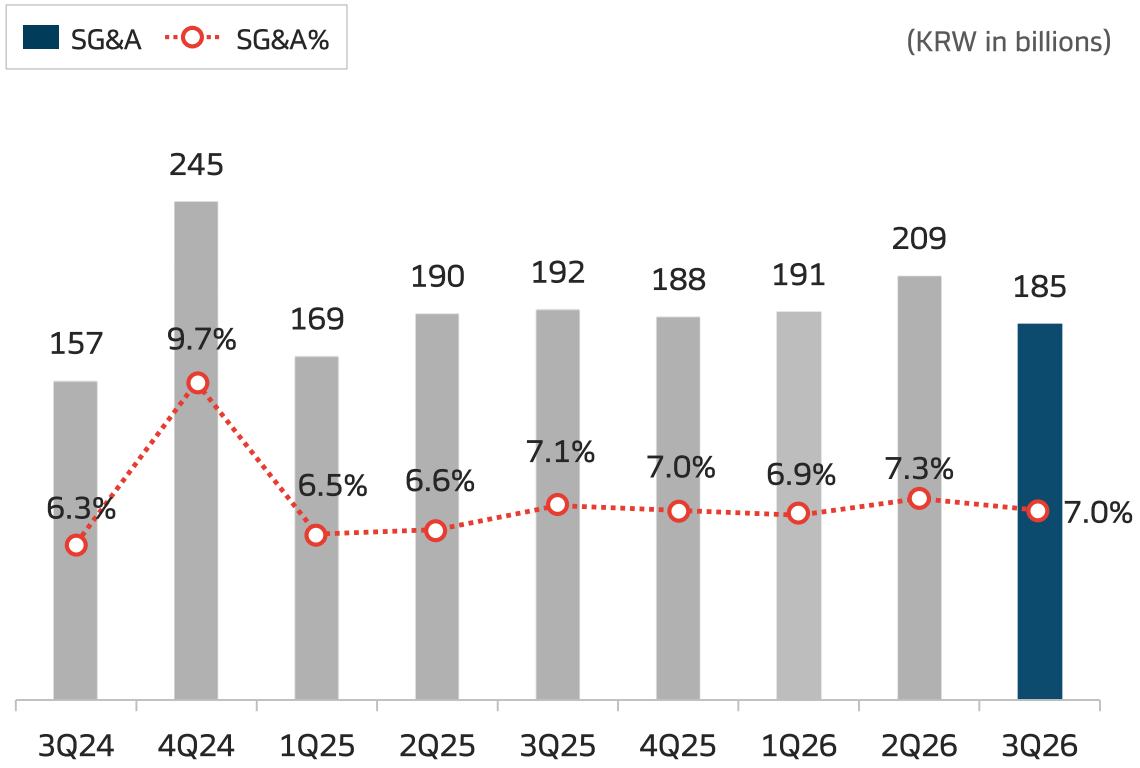
Negative Factors

- Cost uncertainty increased due to geopolitical risks and external factors
- Increased volatility in capacity utilization due to lower volumes from key OEMs

Continued Structural Cost Optimization: 3Q COGS% Improved to 88.5% (-0.9%p YoY, -0.6%p QoQ)

Quarterly SG&A

Quarterly SG&A



Comments

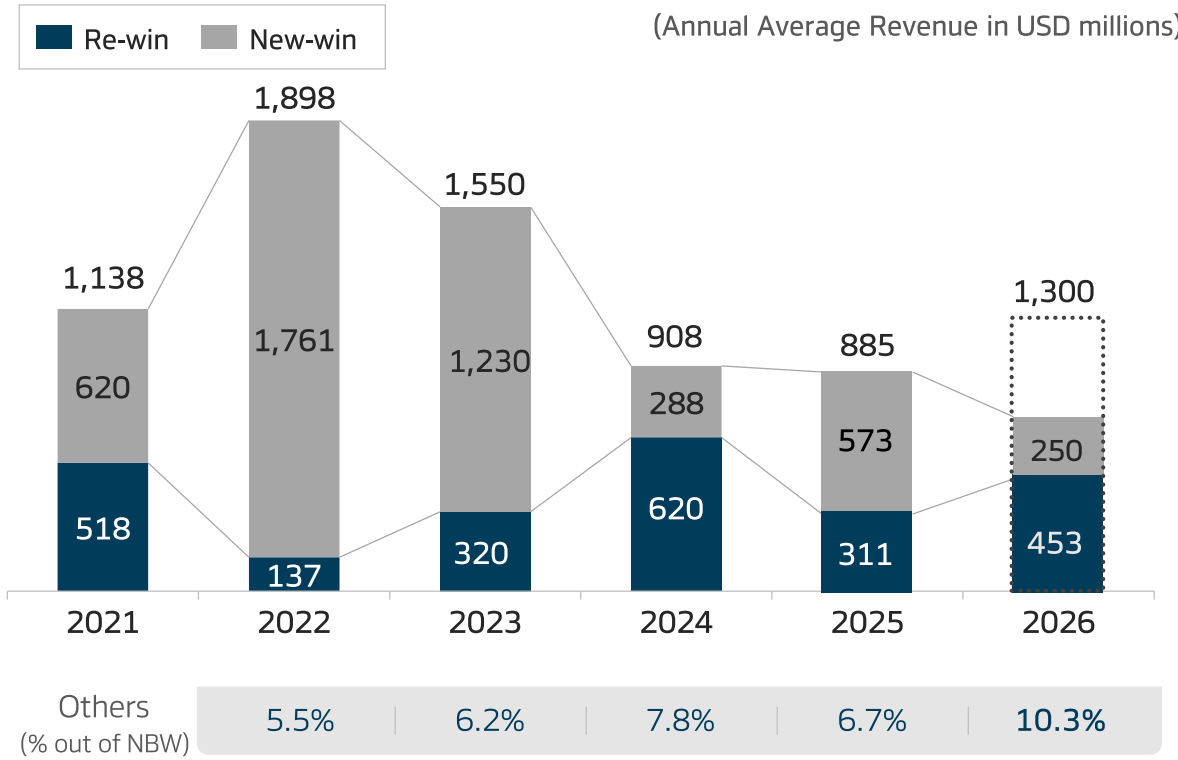
- 3Q26 SG&A: 7.0% of total revenue
- SG&A ratio remained around 7% of revenue despite reduced R&D capitalization

- 3Q26 R&D spending (incl. R&D capitalization) : 3.5% of total revenue (2Q26 3.4%)
- 3Q26 Capitalization: 24% of R&D spending

Maintained Stable SG&A Ratio Through Cost Efficiencies Despite Conservative R&D Capitalization

New Business Wins Update

FY 2026 New Business Wins



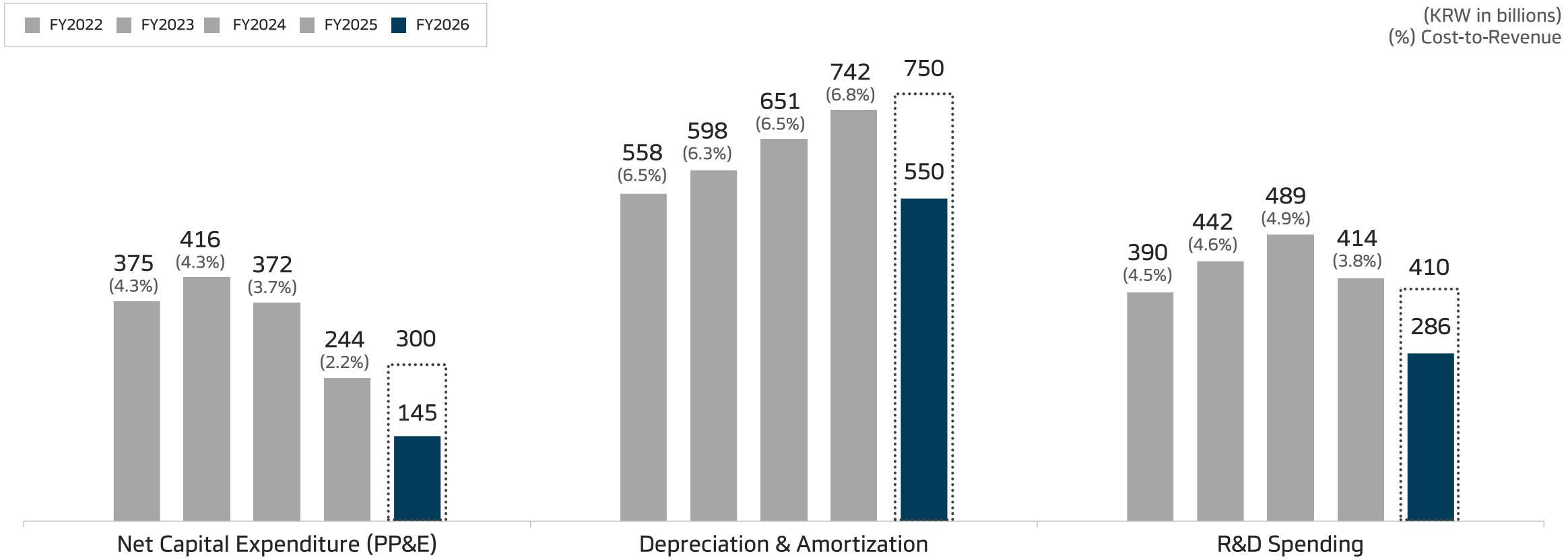
- 2026 New Business Wins target: $1.3B
  Key program wins expected in 4Q

- Maintained stable business wins base through continued partnerships with 7 key customers

- Expanded new business wins in global growth markets through thermal expertise and diversified product portfolio

Strengthened Core Business Growth Through Key Customers and Entry to New Strategic Markets

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



Continued CapEX and R&D Optimization to Reduce Fixed Costs and Improve Cost Structure

3Q 2026 Balance Sheet

(K-IFRS / KRW in billions, x times)	3Q26	2025	2024
Cash and cash equivalent	873	925	1,347
Account receivable	1,571	1,592	1,395
Inventories	1,344	1,405	1,241
Property and equipment	2,431	2,724	2,864
Intangible assets	1,958	2,185	2,351
Lease assets	494	604	478
Other assets	1,100	1,057	944
Total assets	9,771	10,492	10,620
Account payable	1,732	1,833	2,151
Debt	3,518	3,860	4,567
Other liabilities	831	886	903
Shareholders' equity	3,553	3,768	2,853
Non-controlling	137	145	145
Total liabilities & shareholders' equity	9,771	10,492	10,620

Cash Balance	3Q 2026	2025	2024
Debt to Equity Ratio	165%	168%	254%
Borrowings Ratio	95%	99%	152%
Net Debt Ratio	72%	75%	107%

Leverage	3Q26 TTM	2025	2024
EBITDA	1,159	1,012	747
Debt / EBITDA	3.03	3.81	6.12
Net Debt / EBITDA	2.28	2.90	4.31
EBITDA / Net Interest Expense	7.47	5.00	3.23

Improved Financial Structure Through Debt Reduction and Stronger Earnings Capacity

Ⅱ. Business Update

Financial Structure Update

Leverage 2.28x

Net Debt / EBITDA

3Q26

EBITDA +59%

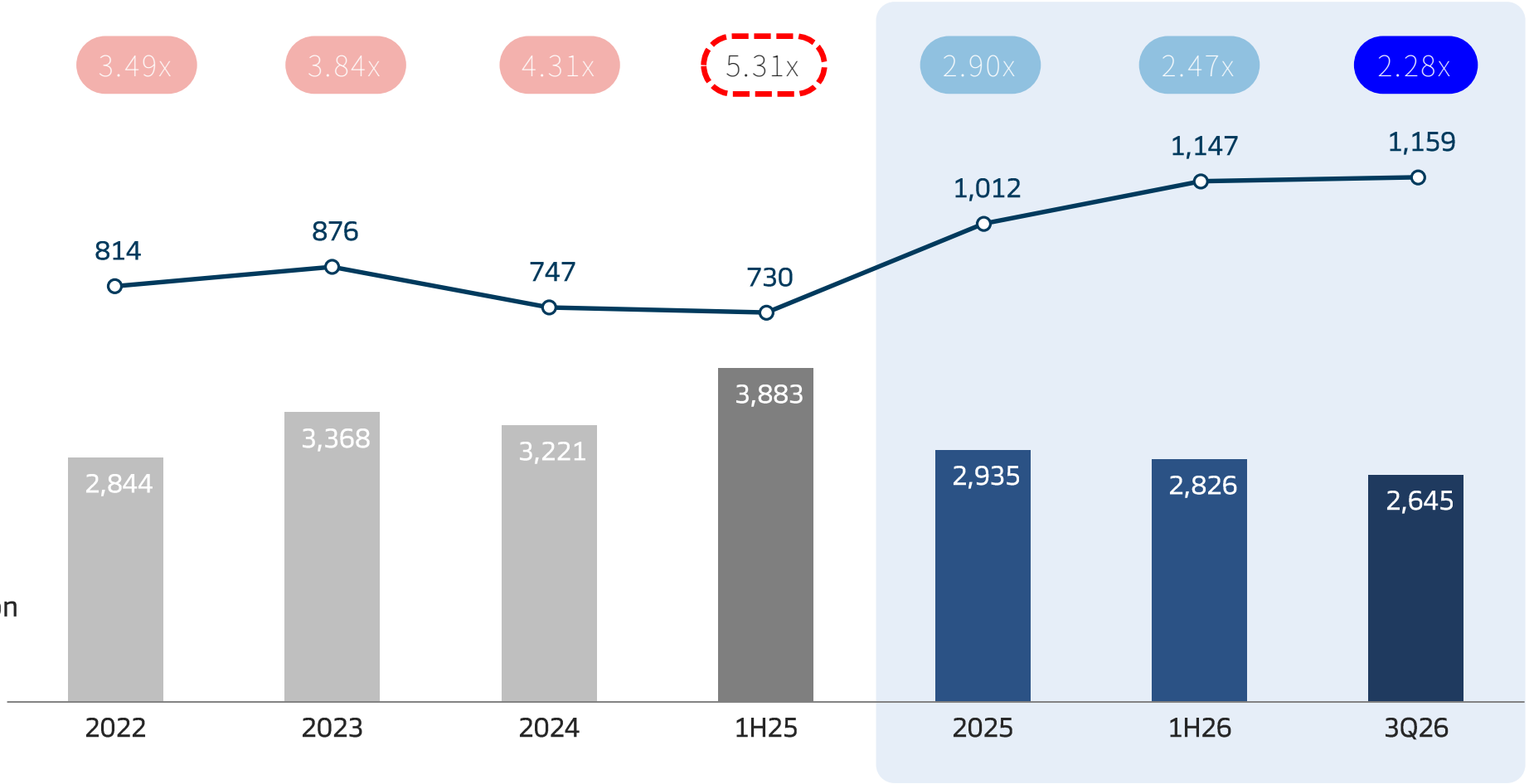
KRW 730.1bn → KRW 1,159.3bn

1H25(TTM) → 3Q26(TTM)

NET DEBT ▲32%

KRW 3,882.8bn → KRW 2,644.9bn

1H25 → 3Q26



Improved Finance Leverage Through Stronger Cash Generation and Lower Net Debt/EBITDA

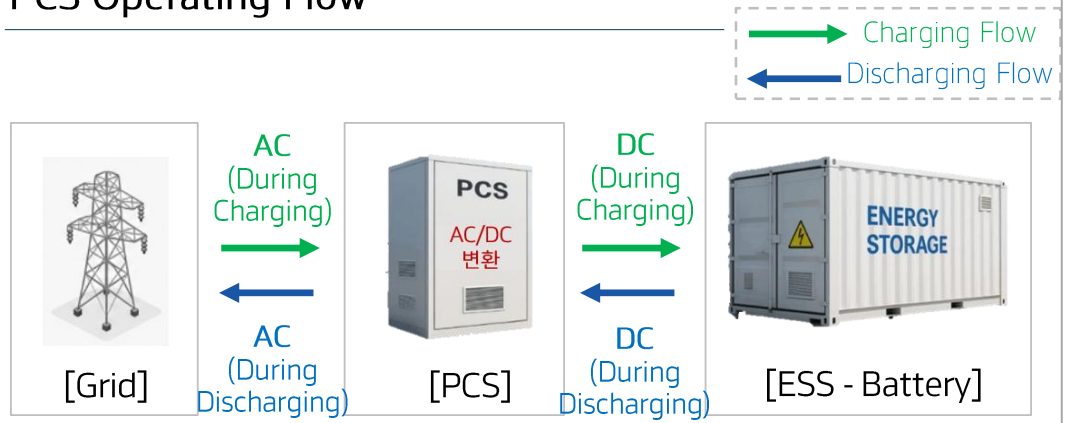
New Business: Thermal Management Opportunities

▪ ESS - Power Conversion System

Role of PCS (Power Conversion System)

- ESS : A system that stores and delivers power on demand, improving energy efficiency and stability
- PCS : Converts and controls AC/DC power between the ESS battery and grid. Thermal management is essential for power conversion efficiency and equipment reliability.

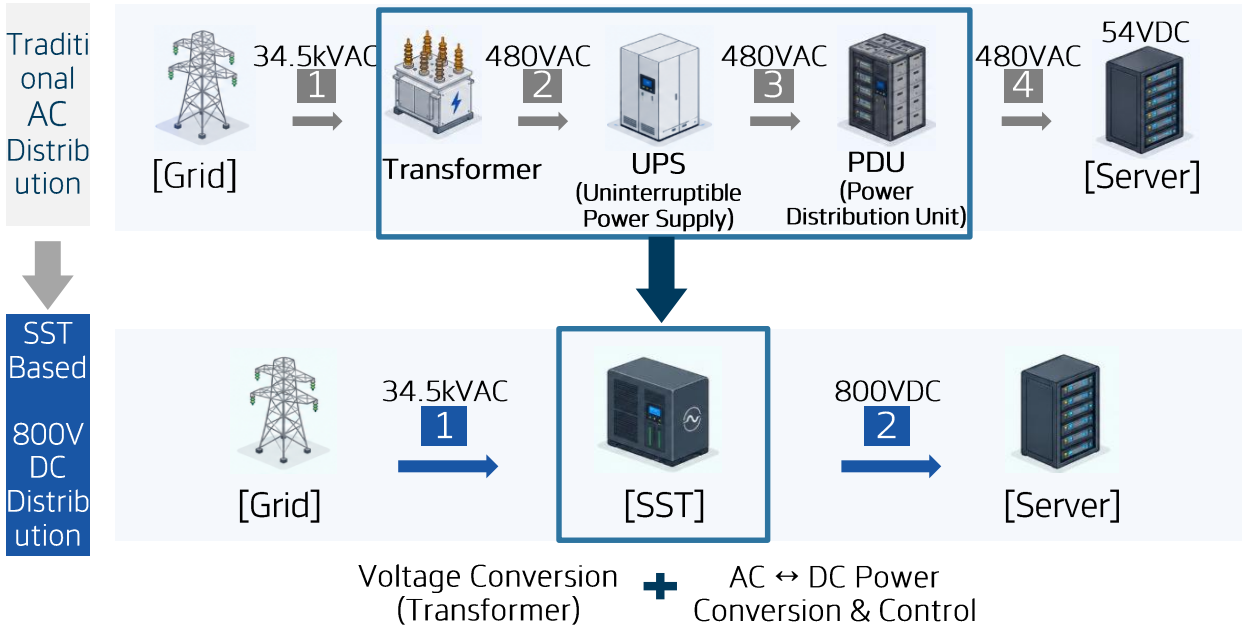
PCS Operating Flow



▪ SST - Solid-State Transformer

Role of SST (Solid-State Transformer)

- SST A next-generation transformer that combines conventional transformer functionality with semiconductor-based AC/DC power conversion and control.



Identified Long-Term PCS Growth Opportunities Driven by ESS Expansion and AI DC Power Demands

New Business: Growth Strategy

- **Thermal Management New Business Growth Strategy**

Phase1 | 2026 Entry into New Markets	Phase 2 | 2027-2029 New Business Expansion	Phase 3 | 2030+ Long-Term Growth Goals
▪ Positioning for early PCS/SST market growth through proven automotive thermal expertise and global production footprint	▪ Driving PCS/SST thermal solutions production through a global footprint, leveraging North America manufacturing operations	▪ Expanding AI Data Center and power infrastructure revenue to drive future growth
▪ Co-developing PCS/SST Thermal Solutions with Global OEMs; Performance Validation Completed	▪ Expanding global top-tier customer partnerships and establishing a dedicated automated production lines	▪ Achieving solid double-digit margins through system solution portfolio
▪ Developing AI Data Center Liquid Cooling Solutions (CDUs), Leveraging In-House Pump and Heat Exchanger Technologies	▪ Launching AI Data Center thermal solutions and securing 48V/800V product portfolio	▪ Strengthening market position as an integrated AI Data Center thermal solutions provider

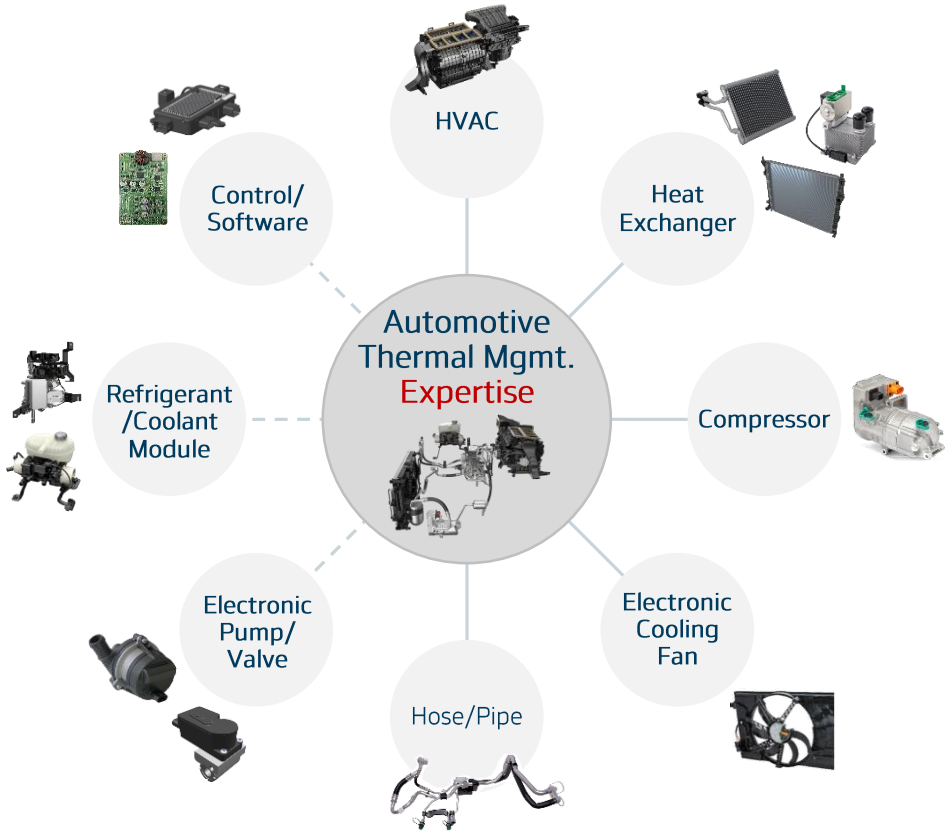
Expanding Thermal Management and Developing New Growth Platforms in High-Growth Markets

New Business: Technology Development Status

Business Area	Key Development Status	Difference from Automotive	Stage
ESS / PCS Energy Storage System / Power Conversion System	• Planning to supply cooling systems including radiators, electric cooling fans (eCF) and electronic water pumps (eWP) for PCS applications	• Ease of modular maintenance • UL certification (UL 778, etc.)	●●○ Deveopment
SST Solid-State Transformer	• Delivered initial cooling module samples, including radiators, intercoolers and eCF, with enhanced samples currently under development.	• 24/7 continuous operation with high reliability • Ease of modular maintenance • UL certification (UL 778, etc.)	●●○ Deveopment
Data Center AI / High-Performance Computing	• Evaluating stainless steel plate-type heat exchangers and high reliability eWP for Coolant Distribution Unit (CDU). • Targeting samples for promotion in 2027..	• 24/7 continuous operation technology - Quick replacement of pumps and sensors • Long-term durability (service life: 10yrs)	●○○ Deveopment
Residential AC / HP Air Conditioning / Heat Pump	• Early engagement in residential heat pump applications using R290 refrigerant, leveraging automotive thermal components (eCompressor, electronic refrigerant valve (eRV), heat exchangers)	• Refrigerant & noise regulations - EU restrictions of refrigerants with GWP above 150 effective Jan. 2027 - Noise limits set at max. 65-70 dB(A) for EU residential heat pumps	●○○ Concept
Off-road Mobility Construction / Agriculture	• Early engagement in Integrated thermal management modules for electrified tractors, covering battery, e-motor, inverter and on-board charger cooling • Continued radiator supply to Japanese tractor OEM ('25yr: 140K units)	• Extreme dust, vibration, ambient conditions • Different driving conditions, communication environments	●○○ Concept

Expanding Proven Automotive Thermal Technologies into High-Growth Adjacent Markets

New Business: Technology Mid- to Long-Term Plan



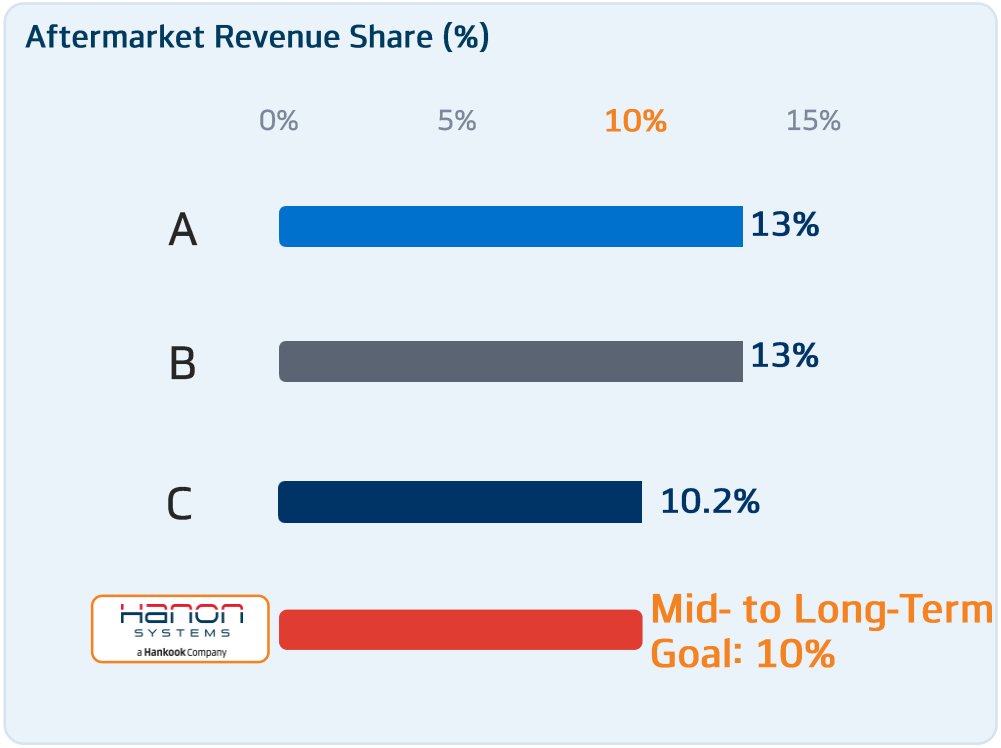
Differentiated Technology & Business Capabilities

1. **Mass-Production Expertise**
   Delivering automotive quality with cost competitiveness
2. **In-House Core Components**
   HVAC, Compressor, Heat Exchanger, eWP/eCF/eRV, Controller, Hose/Pipe, etc.
3. **System Integration Expertise**
   Advanced thermal architecture design supported by deep software capabilities
4. **Refrigerant and Heat Pump Expertise**
   Proven experience with low-GWP and PFAS-free natural refrigerants R744 and R290
5. **High-Voltage Electrification**
   Advanced battery and power electronics cooling solutions for 400V/800V EV platforms
6. **Global Engineering Presence**
   R&D capabilities close to customers

Automotive Thermal Management Expertise as a Foundation for Cross-Industry Growth

Aftermarket Business Expansion

Mid-to-Long term Aftermarket Goal



Growth Competitiveness

- OE Thermal Design·Quality·Technology Aligned with Market Needs

High market demand and customer trust built on proven global experience

→ Strong market demand driving active customer engagement

→ 30 Customer meetings held at German Trade Show; continued engagements and targeted follow-ups

- Group Aftermarket Synergies

Leveraging Hankook Tire's AM expertise and customer networks

→ HKT's aftermarket sales and marketing expertise

→ Expanding joint sales via customer networks and trade shows

→ Operational synergies through distribution and logistics

Technology Competitiveness × Market Reach × Group Synergies: Targeting 10%+ OPM & Revenue Growth

Aftermarket Distribution Strategy



Accelerating Aftermarket Growth Through New Customers and Global Distribution Expansion

Thank You

Hanon Systems Investor Relations

ir@hanonsystems.com