TECHTRONIC INDUSTRIES COMPANY LIMITED
創 科 實 業 有 限 公 司
(Incorporated in Hong Kong with limited liability)
(Stock code: 669)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

The board of directors (the "Directors" or the "Board") of Techtronic Industries Company Limited ("TTI" or the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended December 31, 2024 together with the comparative figures in 2023.

- TTI delivered outstanding financial results in 2024, growing sales 6.8% in local currency to US$14.6 billion and generating record Free Cash Flow of US$1.6 billion.
- In local currency, our Flagship MILWAUKEE business grew 11.6% and RYOBI grew 6.4%.
- We finished 2024 with total net debt of US$44 million and gearing of 0.7%.

Highlights

	2024 US$' million	2023 US$' million	**Changes**
Revenue	**14,622**	13,731	**+6.5%**
Gross profit margin	**40.3%**	39.5%	**+85 bps**
EBIT	**1,270**	1,135	**+11.9%**
Profit attributable to Owners of the Company	**1,122**	976	**+14.9%**
Basic earnings per share (US cents)	**61.43**	53.36	**+15.1%**
Free Cash Flow	**1,591**	1,281	**+310 m**
Dividend per share (approx. US cents)	**29.09**	24.84	**+17.1%**

BUSINESS REVIEW

TTI delivered record sales of US$14.6 billion in 2024, growing 6.8% in local currency and 6.5% at reported rates. Our Flagship MILWAUKEE business continued to extend its dominant market leadership position with sales growth of 11.6% in local currency. RYOBI, the #1 consumer battery-powered tool and outdoor brand globally, also delivered tremendous results, growing 6.4% in local currency. The remaining businesses decreased sales by 14% compared to 2023 as we focused on plans to increase profitability in these areas.

Across the globe, our teams delivered above market growth in all regions. North America grew 5.5%, Europe grew 10.2%, and Rest of World, featuring Australia and Asia, delivered 12.5% growth in local currency.

Gross margin improved 85 bps to 40.3% in 2024. This improvement is the result of a higher mix of MILWAUKEE branded business, aftermarket battery sales, and highly innovative margin accretive new products across our core verticals. Additionally, our world-class manufacturing, operations, and sourcing teams delivered on cost-saving productivity initiatives.

Total SG&A increased 42 bps to 31.7% as a percentage of sales. Research and Development (R&D), which represents our investment in new products and technologies, increased 44 bps and was the main driver of the total SG&A increase.

EBIT grew 11.9% to US$1,270 million. EBIT Margin as a percentage of sales also improved, increasing 42 bps to 8.7% of sales.

Net profit improved 14.9% to US$1,122 million, reflecting a 31.9% reduction in net interest expense from 2023. Earnings per share also improved 15.1% to US61.43 cents.

Our team did an outstanding job managing inventory by reducing Inventory Days on Hand by 7 days to 102 days at year end. This reduction was primarily related to Raw Materials and WIP, demonstrating the success of our vendor localization and supply chain efficiency efforts.

We improved working capital 322 bps in 2024 to 14.4%. Based on our rigorous working capital controls and processes, we will be targeting a working capital range between 14% to 16% as a percentage of sales in the future.

Capex spend for the year was US$292 million, lower than last year by 41.9%. This spend includes investments in new products, manufacturing capacity, automation, and productivity initiatives in Vietnam, China, Mexico, and the United States.

We delivered US$1,591 million of Free Cash Flow in 2024, reflecting the improvements in net profit and working capital our teams made in 2024.

Our exceptional world-class team and culture is the reason for these tremendous financial results. Our talented people across the globe have worked together as one team, with incredible dedication to continue to grow TTI's financial results, partner with our outstanding customers, and develop our powerful brands. From our USA teams, led out of Wisconsin and South Carolina, to our European team headquartered in London, the Australian team in Melbourne, and our teams across China, Hong Kong, Vietnam, and Mexico, our diverse group of employees have come together as one team to drive our exceptional results. We look forward to our continued success in 2025 and beyond.

REVIEW OF OPERATIONS

Power Equipment

The TTI Power Equipment segment delivered sales of US$13.7 billion in 2024, an increase of 7.3% in reported currency and 7.6% in local currency.

MILWAUKEE

Our flagship MILWAUKEE business grew 11.6% in local currency with reported sales up 11.1%. In local currency, North America grew 10.9%, Europe delivered 14.8% growth, and Rest of World delivered 11.9% growth.

Our MILWAUKEE business strategy that has driven our unprecedented growth rates in the industry starts with our unwavering focus on the end user. Our teams strive to completely understand the end user to find opportunities to bring safety and productivity to the jobsite. In the core trades we serve, employee labor is the most valuable asset an organization possesses. By delivering solutions that allow this labor to work more efficiently and safely, MILWAUKEE products can create tremendous value for end users.

When we started our MILWAUKEE cordless journey over 17 years ago, we serviced a limited number of professional trade verticals with only a few products. Today, we are focused on users in the 10 core trade verticals of Mechanical, Electrical, Plumbing, Remodeling, Utility, Transportation Maintenance, General Contracting, Landscaping & Tree Care, and Mining. Our product categories now include Power Tools, Outdoor Power Equipment, Accessories, MX FUEL Light Equipment, PACKOUT Modular Storage Solutions, Hand Tools, and Personal Protective Equipment (PPE). Our mission is to provide a total solution for the end user to make them more productive, safer, and ultimately, more successful.

A prime example of this commitment is our M18 FUEL Overhead Rotary Hammer with Integrated Dust Extraction. Designed for overhead concrete drilling, a demanding application performed by thousands of tradespeople worldwide, this new-to-world solution enhances safety by reducing the risk of musculoskeletal disorder (MSD) injuries, which account for 20% of non-fatal construction injuries. Now 20% lighter, it reduces strain on the user while increasing drilling speed for faster productivity, further lessening fatigue. Its optimized handle design decreases shoulder flexion by 35-45 degrees, significantly lowering the risk of rotator cuff injuries and tears. By redefining how users tackle large-scale overhead drilling, it delivers not just efficiency, but a new standard of safety.

Each of our core trade verticals is further divided into multiple sub-trade verticals, each containing users with unique challenges and productivity needs for which we strive to provide solutions. One example is the M18 FUEL RINGER Roll Groover, the industry's first cordless Roll Groover, designed to optimize the productivity in the pipe-fitting sub-trade vertical of the Mechanical trade. This product allows operators to work anywhere efficiently, eliminating the physical strain of traditional onsite grooving and eliminating the transportation and time to send the pipes offsite for electric powered grooving.

Additionally, the rapid advancement of generative Artificial Intelligence has created a need for the construction of new data centers, which is just one of the hyper growth segments MILWAUKEE is focused on serving. We are partnering with end users, trade organizations, contractors, and training centers to support this growth.

Our deep understanding of the end user extends beyond the tool and related accessory they use to complete the job. Our MILWAUKEE PACKOUT Modular Storage System, which now contains 140+ interchangeable products, is an example of an entirely new business developed in-house by partnering with our end users to solve for their expanding storage and transportation needs on the jobsite. Two other examples of in-house developed businesses include Electrician's Hand Tools and PPE. Both categories demonstrate how our focus on understanding end-user needs has enabled us to introduce new safety and productivity solutions to a market where little innovation previously existed.

RYOBI

Our RYOBI business continued to flourish in 2024, growing 6.4% in local currency. RYOBI Outdoor delivered low double digit growth, while the Power Tool category continued to improve profitability.

As the #1 Consumer cordless power tool and outdoor brand in the world, we are continuing to bring innovation and value to all our customers, ranging from the DIY hobbyist, to the Lawn and Garden Enthusiast, to the Value Pro and everyone in between. We service these customers with 3 innovative cordless platforms including RYOBI 18V ONE+, RYOBI 40V, and RYOBI USB LITHIUM.

First introduced in 1996, the RYOBI 18V ONE+ platform now contains 311 interchangeable products that run off the same battery. All products are completely backward and forward compatible, meaning a tool that was introduced in 1996 is still capable of running off of a battery developed today. In addition, using newer generations of our battery technology, like the new RYOBI 18V LITHIUM HP EDGE with advanced lithium cell designs and onboard electronics, can enhance the performance of existing tools. RYOBI's commitment to growing our existing entrenched user base with new products and advanced battery technology is a significant competitive advantage that creates a strong foundation for additional growth with existing users while attracting new users to the platform.

Across all our RYOBI platforms, our strategy is to understand what brings value to the end user and deliver innovative product while partnering with the best distribution partners in the industry. From the Home Depot in the North America, to Bunnings in Australia and New Zealand, to a plethora of partners across Europe, we are all focused on winning in RYOBI as one team.

Floorcare & Cleaning

The Floorcare and Cleaning segment improved profit by US$1.2 million versus 2023 to US$28.3 million, while reducing sales by 4.5% in local currency to US$899 million. Our innovative line of RYOBI cleaning products is our fastest growing Floorcare category and VAX also performed well in the UK and Australia, growing mid-single digits. In North America, we are focused on improving the profitability of our esteemed HOOVER, DIRT DEVIL, and ORECK brands.

DIVIDEND

The Directors have recommended a final dividend of HK118.00 cents (approximately US15.19 cents) per share with a total of approximately US$278,265,000 for the year ended December 31, 2024 (2023: HK98.00 cents (approximately US12.61 cents)) payable to the Company's shareholders whose names appear on the register of members of the Company on May 19, 2025. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company, the proposed final dividend is expected to be paid on or about June 27, 2025. This payment, together with the interim dividend of HK108.00 cents (approximately US13.90 cents) per share (2023: HK95.00 cents (approximately US12.23 cents)) paid on September 19, 2024, makes a total payment of HK226.00 cents (approximately US29.09 cents) per share for 2024 (2023: HK193.00 cents (approximately US24.84 cents)).

FINANCIAL REVIEW

FINANCIAL RESULTS

Result Analysis

The Group's revenue for the year amounted to US$14.6 billion, an increase of 6.5% as compared to US$13.7 billion in 2023. EBIT amounted to US$1,270 million, an increase of 11.9% as compared to US$1,135 million in 2023.

Profit attributable to Owners of the Company amounted to US$1,122 million as compared to US$976 million in 2023, an increase of 14.9%.

Basic earnings per share for the year was at US61.43 cents as compared to US53.36 cents in 2023.

Gross Margin

Gross margin improved to 40.3% as compared to 39.5% last year. The margin improvement was the result of a higher mix of margin accretive MILWAUKEE business, aftermarket battery sales, accretive innovative new products and effective cost controls by all our manufacturing operations.

Operating Expenses

Total operating expenses for the year amounted to US$4,642 million as compared to US$4,302 million in 2023, representing 31.7% of turnover (2023: 31.3%). The increase was mainly due to our strategic investments in new products and technologies.

Our R&D expenses amounted to US$648 million, representing 4.4% of turnover (2023: 4.0%) reflecting our continuous focus on innovation, new products and technology. We will continue to invest in breakthrough technology and deliver broad base end-user products and categories as these are most critical, not only to maintain sales growth momentum, but also margin expansion.

Net interest expense for the year amounted to US$54 million as compared to US$79 million in 2023, representing 0.4% of turnover (2023: 0.6%). The decrease in net interest expense is the result of our efficient management of financial resources.

The effective tax rate, being tax charged for the year to before tax profits was at 7.8% (2023: 7.5%). The Group will continue to leverage its global operations and align its strategy to manage various tax policy changes globally to sustain our overall tax efficiencies.

LIQUIDITY AND FINANCIAL RESOURCES

Shareholders' Funds

Total shareholders' funds amounted to US$6.4 billion as compared to US$5.7 billion in 2023. Book value per share was at US$3.47 as compared to US$3.13 last year, an increase of 10.9%.

Financial Position

The Group continued to maintain a strong financial position. As at December 31, 2024, the Group's cash and cash equivalents amounted to US$1,232 million (2023: US$953 million), of which 38.9%, 24.3%, 17.2%, and 19.6% were denominated in US$, EUR, AUD and other currencies respectively.

The Group generated free cash flow of US$1,591 million for the year as compared to US$1,281 million last year. (Free cash flow equals to net cash from operating activities, less purchase of property, plant and equipment, less additions to intangible assets, and add proceeds from disposal of property, plant and equipment).

The Group's net gearing, expressed as a percentage of total net borrowing (excluding bank advance from factored trade receivables which are without recourse in nature) to equity attributable to Owners of the Company, was at 0.7% as compared to 17.1% in 2023.

Bank Borrowings

Long term borrowings accounted for 59.8% of total debts (2023: 53.3%).

The Group's major borrowings continued to be in US$. Borrowings are predominantly Secured Overnight Financing Rate ("SOFR") based. There is a natural hedge mechanism in place as the Group's major revenues are in US$ and currency exposure therefore is low. Currency, interest rate exposures, and cash management functions are all being closely monitored and managed by the Group's treasury team.

Amongst the bank borrowings, fixed rate debts after interest rate hedging account for 72.3% of the total bank borrowings, the balance being floating rate debts.

Working Capital

Total inventory was at US$4,076 million as compared to US$4,098 million in 2023. Inventory days decreased by 7 days from 109 days to 102 days. The Group will continue to focus on managing the inventory level and improve inventory turns. Raw material inventory decreased by 7 days to 15 days while Finished Goods inventory days maintained at 84 days.

Trade receivable turnover days were at 47 days as compared to 45 days last year. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing the credit exposure.

Trade payable days were at 96 days as compared to 90 days in 2023.

Working capital as a percentage of sales was at 14.4% as compared to 17.7% in 2023.

Capital Expenditure

Total capital expenditures for the year amounted to US$292 million (2023: US$502 million) representing 2.0% of sales.

Capital Commitments and Guarantees

As at December 31, 2024, total capital commitments for the acquisition of property, plant and equipment and equity interest in a subsidiary contracted for but not provided amounted to US$167 million (2023: US$178 million), and there were no material guarantees or off balance sheet obligations.

Charge

None of the Group's assets are charged or subject to encumbrance.

Major Customers and Suppliers

For the year ended December 31, 2024

(i) the Group's largest customer and five largest customers accounted for approximately 44.6% and 53.5% respectively of the Group's total revenue; and

(ii) the Group's largest supplier and five largest suppliers accounted for approximately 5.4% and 17.3% respectively of the Group's total purchases (not including purchases of items which are of a capital nature).

As far as the Directors are aware, none of the Directors, their associates or any shareholders who owned more than 5% of TTI's share capital had any interest in the five largest customers or suppliers of the Group.

HUMAN RESOURCES

The Group employed a total of 46,580 employees as at December 31, 2024 (2023: 42,846) in Hong Kong and overseas. Total staff cost for the year under review amounted to US$2,726 million (2023: US$2,454 million).

The Group regards human capital as vital for the Group's continuous growth and profitability and remains committed to improving the quality, competence and skills of all employees. It provides job-related training and leadership development programs throughout the organization. The Group continues to offer competitive remuneration packages, discretionary share options and bonuses to eligible staff, based on the performance of the Group and the individual employee.

CORPORATE STRATEGY AND BUSINESS MODEL

The Group is a world-class leader in design, manufacturing and marketing of power tools, outdoor power equipment and floorcare & cleaning for consumers, professional and industrial users in the home improvement, infrastructure and construction industries. We are committed to implementing our long term strategic plan that focuses on "Powerful Brands, Innovative Products, Operational Excellence and Exceptional People".

We continue to strengthen our portfolio of powerful brands with a focused marketing approach. Our extension into new product categories and under-represented markets enable us to generate outstanding growth. Geographic expansion will be a highlight of TTI's future, our long term strategy is to aggressively build our business both inside and outside North America and we are relentlessly focused on expanding and establishing presence in high potential markets around the world.

Introducing innovative new products is the centerpiece of our long term strategy. We continue to invest in building a high-speed product development process, enabling us to respond faster to customer requests and emerging opportunities, giving us a vigorous competitive advantage.

Our strategy in operational excellence will continue, we will drive further gains in efficiency across our manufacturing operations, supporting further margin improvement.

We continue to deploy our Leadership Development Program (LDP) to develop our pool of talent for the future. The LDP initiative is successfully feeding talent into key positions throughout the company.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed with senior management of the Group and Messrs Deloitte Touche Tohmatsu the accounting principles and practices adopted by the Group and has discussed internal controls and financial reporting matters, including the review of the Group's consolidated financial statements for the year ended December 31, 2024. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Corporate Governance Code") throughout the year ended December 31, 2024, save that none of the Directors are appointed for a specific term since they are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Under Article 107(A) of the Articles of Association of the Company, one-third of the Board must retire by rotation at each annual general meeting of the Company, and if eligible, offer themselves for re-election.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Board has adopted the provisions of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the "Model Code"). Specific enquiries have been made with all Directors who have confirmed that they have fully complied with the required standards as set out in the Model Code during the year ended December 31, 2024.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Other than 2,872,500 shares of the Company purchased on-market by the trustee for satisfying the awarded shares granted under the Company's share award scheme (details of which will be set out in the Corporate Governance Report to be included in the Company's 2024 Annual Report), a total of 3,000,000 ordinary shares were bought back by the Company during the year at prices ranging from HK$86.00 to HK$116.20 per share. The consideration paid by the Company for such buy-backs of the shares of approximately US$37,521,000 was charged to the retained profits.

The shares bought back were cancelled and accordingly the issued share capital of the Company was reduced. The buy-backs of the Company's shares during the year were effected by the Directors pursuant to the mandate granted by shareholders at the previous annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries has, during the year, purchased, sold or redeemed any listed securities of the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

To ascertain members' eligibility to attend and vote at the 2025 Annual General Meeting, the register of members of the Company will be closed from May 7, 2025 to May 9, 2025, both days inclusive, during which period no transfers of shares will be effected. In order to qualify to attend and vote at the 2025 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on May 6, 2025.

To ascertain members' entitlement to the final dividend, the register of members of the Company will be closed on May 19, 2025 when no transfers of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on May 16, 2025.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on May 9, 2025 and the notice of the annual general meeting will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required under the Listing Rules.

Outlook

We are extremely proud of our financial performance in 2024, which would not have been possible without the efforts of our outstanding global team. Exceptional people and culture are the keys to our success, and we remain focused on developing this foundation through recruiting, retaining, and investing in the right people around the globe. Importantly, our team is trained, flexible, and experienced in adapting to change, which will serve us well as the macro-economic environment continues to evolve.

Looking forward to 2025, we are well positioned to deliver mid to high-single digit sales growth for the company overall, while continuing to focus on improvement plans in the lower performing areas of our business.

With gearing of 0.7% at year end 2024, our balance sheet is extremely healthy. We are actively deploying our Capital Allocation Strategy and are well positioned to make investments to continue growing the business and improving profitability.

In 2025, we will continue our mission of cordless domination, bringing disruptive technology and innovative design to the market, while delivering outstanding financial results.

By Order of the Board
Horst Julius Pudwill
Chairman

Hong Kong, March 4, 2025

As at the date of this announcement, the Board comprises six Group Executive Directors, namely Mr. Horst Julius Pudwill (Chairman), Mr. Stephan Horst Pudwill (Vice Chairman), Mr. Steven Philip Richman (Chief Executive Officer), Mr. Patrick Kin Wah Chan, Mr. Frank Chi Chung Chan and Mr. Camille Jojo, and eight Independent Non-executive Directors, namely, Mr. Peter David Sullivan, Mr. Johannes-Gerhard Hesse, Mr. Robert Hinman Getz, Ms. Virginia Davis Wilmerding, Ms. Caroline Christina Kracht, Mr. Andrew Philip Roberts, Ms Karen Ka Fai Ng and Mr Stephen Tsi Chuen Wong.

This results announcement is published on the website of the Company (www.ttigroup.com) and the HKExnews (www.hkexnews.hk).

RESULTS SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

	Notes	**2024** **US$'000**	2023 US$'000
Revenue	*2*	**14,621,616**	13,731,411
Cost of sales		**(8,726,060)**	(8,311,775)
Gross profit		**5,895,556**	5,419,636
Other income	*3*	**16,416**	16,820
Interest income		**72,295**	44,956
Selling, distribution and advertising expenses		**(2,503,697)**	(2,347,219)
Administrative expenses		**(1,489,877)**	(1,406,210)
Research and development costs		**(648,103)**	(548,338)
Finance costs	*4*	**(126,165)**	(124,056)
Profit before share of result of an associate and taxation		**1,216,425**	1,055,589
Share of result of an associate		**(31)**	27
Profit before taxation		**1,216,394**	1,055,616
Taxation charge	*5*	**(94,714)**	(79,276)
Profit for the year attributable to Owners of the Company	*6*	**1,121,680**	976,340
Other comprehensive (loss) income:			
Item that will not be reclassified subsequently to profit or loss, net of related income tax:			
Remeasurement of defined benefit obligations		**(861)**	(38)
Items that may be reclassified subsequently to profit or loss, net of related income tax:			
Fair value income (loss) on foreign currency forward contracts and cross-currency interest rate swaps in hedge accounting		**97,960**	(18,553)
Exchange differences on translation of foreign operations		**(101,896)**	(18,383)
Other comprehensive loss for the year		**(4,797)**	(36,974)
Total comprehensive income for the year attributable to Owners of the Company		**1,116,883**	939,366
Earnings per share (US cents)	*8*		
Basic		**61.43**	53.36
Diluted		**61.08**	53.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

	Notes	**2024**	2023
		US$'000	US$'000
Non-current assets			
Property, plant and equipment	*9 & 13*	**2,248,541**	2,310,537
Right of use assets		**797,097**	866,009
Goodwill		**602,899**	604,297
Intangible assets		**1,369,494**	1,298,419
Interest in an associate		**2,025**	2,056
Financial assets at fair value through profit or loss		**8,769**	8,732
Deposits		**90,500**	112,000
Finance lease receivables		**3,685**	5,781
Derivative financial instruments		**8,785**	8,084
Deferred tax assets		**59,330**	63,354
		5,191,125	5,279,269
Current assets			
Inventories		**4,076,210**	4,098,161
Right to returned goods asset		**14,208**	8,734
Trade and other receivables	*10*	**1,993,138**	1,811,592
Deposits and prepayments		**199,440**	187,349
Bills receivable		**11,770**	8,423
Finance lease receivables		**7,566**	2,706
Tax recoverable		**3,950**	5,013
Trade receivables from an associate		**6,031**	6,927
Derivative financial instruments		**132,133**	14,455
Financial assets at fair value through profit or loss		**22,571**	26,114
Bank balances, deposits and cash		**1,232,347**	953,240
		7,699,364	7,122,714
Current liabilities			
Trade and other payables	*11*	**3,849,627**	3,373,231
Bills payable		**21,420**	18,424
Warranty provision		**252,752**	235,597
Tax payable		**90,830**	47,558
Derivative financial instruments		**17,119**	16,062
Lease liabilities		**150,844**	153,523
Discounted bills with recourse		**3,238**	2,708
Unsecured borrowings - due within one year		**509,850**	920,151
Refund liabilities from right of return		**23,354**	16,215
		4,919,034	4,783,469
Net current assets		**2,780,330**	2,339,245
Total assets less current liabilities		**7,971,455**	7,618,514

	Notes	**2024**	2023
		US$'000	US$'000
Capital and Reserves			
Share capital	*12*	**689,684**	685,392
Reserves		**5,673,913**	5,062,158
Equity attributable to Owners of the Company and total equity		**6,363,597**	5,747,550
Non-current Liabilities			
Lease liabilities		**682,603**	734,369
Unsecured borrowings - due after one year		**763,650**	1,030,971
Retirement benefit obligations		**43,570**	47,825
Other payables	*11*	**87,997**	31,530
Deferred tax liabilities		**30,038**	26,269
		1,607,858	1,870,964
Total equity and non-current liabilities		**7,971,455**	7,618,514

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	2024 US$'000	2023 US$'000
Operating Activities		
Profit before taxation	**1,216,394**	1,055,616
Adjustments for:		
Amortization/write-off of intangible assets	**323,801**	198,268
Depreciation of property, plant and equipment	**281,198**	269,041
Depreciation of right of use assets	**174,517**	166,178
Fair value (gain) loss on foreign currency forward contracts	**(10,217)**	8,968
Fair value gain on acquisition right of certain property, plant and equipment	**(701)**	(82)
Impairment loss of property, plant and equipment	**13,342**	-
Fair value loss (gain) on listed equity securities	**5,947**	(14,024)
Fair value loss on unlisted equity securities	**-**	1,000
Finance costs	**126,165**	124,056
Gain on early termination of leases	**(95)**	(65)
Loss on sub-lease modification	**1,331**	-
Impairment loss on trade receivables under expected credit loss model	**31,828**	9,738
Interest income	**(72,295)**	(44,956)
Loss on disposal of property, plant and equipment	**17,541**	18,079
Share-based payments expense	**58,811**	46,945
Share of result of an associate	**31**	(27)
Write down of inventories	**41,376**	24,247
Operating cash flows before movements in working capital	**2,208,974**	1,862,982
(Increase) decrease in inventories	**(68,437)**	946,369
Increase in trade and other receivables, deposits and prepayments	**(231,683)**	(126,471)
(Increase) decrease in right to returned goods asset	**(5,474)**	1,829
Increase in bills receivable	**(3,347)**	(1,536)
Decrease (increase) in trade receivables from an associate	**896**	(1,901)
Increase (decrease) in trade and other payables	**562,813**	(438,262)
Increase (decrease) in refund liabilities from right of return	**7,139**	(1,362)
Increase (decrease) in bills payable	**2,996**	(1,843)
Increase in warranty provision	**22,177**	29,034
(Decrease) increase in retirement benefit obligations	**(3,809)**	316
Net payment for purchase of shares for share award scheme	**(39,448)**	(3,525)
Cash generated from operations	**2,452,797**	2,265,630

	Note	2024 US$'000	2023 US$'000
Interest paid		**(126,165)**	(124,056)
Hong Kong Profits Tax paid		**(1,992)**	(3,188)
Overseas tax paid		**(58,902)**	(55,569)
Hong Kong Profits Tax refunded		**11**	14,573
Overseas tax refunded		**1,897**	6,485
Net Cash from Operating Activities		**2,267,646**	2,103,875
Investing Activities			
Acquisition of a subsidiary		**-**	(4,524)
Additions to intangible assets		**(394,905)**	(372,588)
Interest received		**72,295**	44,956
Payment for early termination of leases		**(592)**	(435)
Proceeds from disposal of listed equity securities		**-**	1,376
Proceeds from disposal of property, plant and equipment		**9,493**	51,417
Purchase of club membership debentures		**(53)**	-
Purchase of listed equity securities		**(2,404)**	-
Purchase of property, plant and equipment		**(291,503)**	(501,573)
Repayment in finance lease receivables		**1,432**	2,589
Net Cash used in Investing Activities		**(606,237)**	(778,782)
Financing Activities			
Increase in discounted bills with recourse		**530**	705
Dividends paid	7	**(486,103)**	(436,859)
New unsecured borrowings obtained		**4,451,895**	5,597,039
Proceeds from issue of shares		**3,425**	550
Repayment of lease liabilities		**(164,020)**	(159,919)
Repayment of unsecured borrowings		**(5,100,986)**	(6,798,749)
Payment for buy-back of shares		**(37,521)**	(4,408)
Net Cash used in Financing Activities		**(1,332,780)**	(1,801,641)
Net Increase (Decrease) in Cash and Cash Equivalents		**328,629**	(476,548)
Cash and Cash Equivalents at Beginning of the Year		**953,240**	1,428,930
Effect of Foreign Exchange Rate Changes		**(49,522)**	858
Cash and Cash Equivalents at End of the Year		**1,232,347**	953,240
Analysis of the Balances of Cash and Cash Equivalents			
Represented by:			
Bank balances, deposits and cash		**1,232,347**	953,240
		1,232,347	953,240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation and Material Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as appropriate.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the years ended December 31, 2024 and 2023 included in this preliminary announcement of annual results 2024 do not constitute the Company's statutory annual consolidated financial statements for those years but are derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the financial statements for the year ended December 31, 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended December 31, 2024 in due course.

- The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

Application of New and Amendments to HKFRSs and Changes in Other Accounting Policies

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

1. **Basis of Preparation and Material Accounting Policies** (continued)

1.1 Impacts on application of Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback

1.1.1 Accounting policies

Sale and leaseback transactions

The Group as a seller-lessee

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the right of use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognizes any gain or loss that relates to the rights transferred to the buyer-lessor only. Right of use asset and lease liability are subsequently measured in accordance with the general requirements under HKFRS 16 *Leases*. In measuring the lease liability, the Group determines "lease payments" or "revised lease payments" (including both lease payments that are fixed or variable) in a way that the Group would not recognize any amount of the gain or loss that relates to the right of use assets retained by the Group.

If the fair value of the consideration for the sale does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group makes the following adjustments to measure the sale proceeds at fair value:

(a) any below-market terms is accounted for as a prepayment of lease payments; and

(b) any above-market terms is accounted for as additional financing provided by the buyer-lessor to the seller-lessee.

1.1.2 Transition and summary of impact

The application of the amendments has no material impact on the Group's financial position and performance.

1. Basis of Preparation and Material Accounting Policies (continued)

1.2 Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the new accounting policy and the amendments retrospectively. The application of the amendments in the current period has the following impacts on unsecured borrowings which are subject to meeting certain conditions/covenants within 12 months from reporting date.

The Group's right to defer settlement for borrowings of US$1,030,971,000 and US$763,650,000 as at January 1 and December 31, 2024 (2023: US$1,198,002,000 and US$1,030,971,000 as at January 1 and December 31, 2023), respectively are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

Except as described above, the application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group's other liabilities.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after January 1, 2025.
3 Effective for annual periods beginning on or after January 1, 2026.
4 Effective for annual periods beginning on or after January 1, 2027.

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

1. **Basis of Preparation and Material Accounting Policies** (continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements* ("HKFRS 18"), which set out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements* ("HKAS 1"). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduce new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual period beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

2. Segment Information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on the types of goods sold.

The principal categories of goods supplied are "Power Equipment" and "Floorcare & Cleaning". The Group's operating segments under HKFRS 8 are as follows:

1. Power Equipment - sales of power tools, power tool accessories, outdoor products, and outdoor product accessories for consumer, trade, professional and industrial users. The products are available under the MILWAUKEE, AEG, RYOBI, HOMELITE and HART brands plus original equipment manufacturer ("OEM") customers.

2. Floorcare & Cleaning - sales of floorcare products and floorcare accessories under the HOOVER, DIRT DEVIL, VAX and ORECK brands plus OEM customers.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the year ended December 31, 2024

	Power Equipment US$'000	Floorcare & Cleaning US$'000	Eliminations US$'000	Consolidated US$'000
Segment revenue				
External sales	**13,722,888**	**898,728**	**-**	**14,621,616**
Inter-segment sales	**-**	**13,300**	**(13,300)**	**-**
Total segment revenue	**13,722,888**	**912,028**	**(13,300)**	**14,621,616**

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results	**1,241,881**	**28,383**	**-**	**1,270,264**
Interest income				**72,295**
Finance costs				**(126,165)**
Profit before taxation				**1,216,394**

2. **Segment Information** (continued)

For the year ended December 31, 2023

	Power Equipment US$'000	Floorcare & Cleaning US$'000	Eliminations US$'000	Consolidated US$'000
Segment revenue				
External sales	12,794,548	936,863	-	13,731,411
Inter-segment sales	-	37,885	(37,885)	-
Total segment revenue	12,794,548	974,748	(37,885)	13,731,411

Inter-segment sales are charged at prevailing market rates.

Result				
Segment results	1,107,509	27,207	-	1,134,716
Interest income				44,956
Finance costs				(124,056)
Profit before taxation				1,055,616

Segment results represent the profit earned or loss incurred by each segment without the allocation of interest income and finance costs. This is the measure reported to the executive directors of the Company for the purpose of resources allocation and performance assessment.

No analysis of the Group's assets and liabilities by operating segment is disclosed as they are not regularly provided to the chief operating decision makers for review.

Revenue from major products

The following is an analysis of the Group's disaggregated revenue from its major products:

	2024 US$'000	2023 US$'000
Power Equipment	**13,722,888**	12,794,548
Floorcare & Cleaning	**898,728**	936,863
Total	**14,621,616**	13,731,411

Revenue from sales of goods is recognized at a point in time. Commission and royalty income is recognized over time.

2. Segment Information (continued)

Geographical information

The Group's revenue from external customers by geographical location, determined based on the location of the customer by geographical location are detailed below:

	2024	2023
	US$'000	US$'000
North America	**11,078,856**	10,513,310
Europe	**2,323,133**	2,093,341
Other countries	**1,219,627**	1,124,760
Total	**14,621,616**	13,731,411

Information about major customer

During the years ended December 31, 2024 and 2023, the Group's largest customer contributed total revenue of US$6,523,531,000 (2023: US$6,046,986,000), of which US$6,486,054,000 (2023: US$6,016,567,000) was under the Power Equipment segment and US$37,477,000 (2023: US$30,419,000) was under the Floorcare & Cleaning segment. There is no other customer contributing more than 10% of total revenue.

3. Other Income

Other income in both 2024 and 2023 mainly comprises of the sale of scrap materials and claims and reimbursements from customers and vendors.

4. Finance Costs

	2024	2023
	US$'000	US$'000
Interest on:		
Unsecured borrowings	**94,079**	104,625
Lease liabilities	**32,086**	19,431
	126,165	124,056

5. Taxation Charge

	2024	2023
	US$'000	US$'000
The total tax charge comprises:		
Hong Kong Profits Tax	**(1,654)**	(14,117)
Overseas taxation	**(100,603)**	(36,582)
Deferred tax	**7,543**	(28,577)
	(94,714)	(79,276)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group is subject to the global minimum top-up tax under the Pillar Two model rules published by the Organization for Economic Co-operation and Development (the "Pillar Two Rules"). For the year ended December 31, 2024, the Pillar Two Rules have been enacted in Australia, Austria, Belgium, Canada, Czechia, Denmark, Finland, France, Germany, Hungary, Italy, Japan, Korea, Luxembourg, Netherlands, Norway, Portugal, Romania, Slovakia, Spain, Sweden, Switzerland, United Kingdom and Vietnam in which the Group has operative subsidiaries. As at December 31, 2024, no Pillar Two Rules related taxing rights have been enacted over any of the Group's subsidiaries other than in the countries mentioned above.

As of December 31, 2024, the Group subsidiaries which are subject to enacted or substantially enacted Pillar Two Rules are limited to entities held by a subsidiary in the United Kingdom or which are located in countries which have enacted or substantially enacted Pillar Two qualified domestic minimum taxes. All such subsidiaries within the Group have a jurisdictional effective tax rate in excess of 15% for 2024 and/or qualify for either 1) the Qualified Country-by-Country reporting based simplified effective tax rate safe harbour, 2) De Minimis-based Pillar Two safe harbour or 3) the Substance Based Income Exclusion/Routine Profits Test safe harbour. All the safe harbours apply on a jurisdictional basis.

Based on the above, there is no Pillar Two income tax expense arising for the year ended December 31, 2024 in any jurisdiction where the Group operates. Accordingly, the Group has not recognized any Pillar Two related income tax expense in the current period.

6. Profit for the Year

	2024	2023
	US$'000	US$'000
Profit for the year has been arrived at after charging:		
Amortization of intangible assets	**207,583**	163,213
Depreciation on property, plant and equipment	**281,198**	269,041
Staff costs	**2,725,853**	2,453,876

7. Dividends

	2024	2023
	US$'000	US$'000
Dividends recognized as distributions during the year:		
Final dividend paid:		
2023: HK98.00 cents (approximately US12.61 cents) (2022: HK90.00 cents (approximately US11.58 cents)) per share	**231,392**	212,525
Interim dividend paid:		
2024: HK108.00 cents (approximately US13.90 cents) (2023: HK95.00 cents (approximately US12.23 cents)) per share	**254,711**	224,334
	486,103	436,859

The final dividend of HK118.00 cents (approximately US15.19 cents) per share with a total of approximately US$278,265,000 in respect of the year ended December 31, 2024 (2023: final dividend of HK98.00 cents (approximately US12.61 cents) per share in respect of the year ended December 31, 2023) has been proposed by the directors of the Company and is subject to approval by the shareholders in the Annual General Meeting.

8. Earnings per Share

The calculation of the basic and diluted earnings per share attributable to Owners of the Company is based on the following data:

	2024	2023
	US$'000	US$'000
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the year attributable to Owners of the Company	**1,121,680**	976,340
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,826,072,714**	1,829,863,359
Effect of dilutive potential ordinary shares:		
Share options	**4,480,538**	3,258,878
Share awards	**5,935,742**	3,060,683
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,836,488,994**	1,836,182,920

The computation of diluted earnings per share does not assume the exercise of the Company's share options and vesting of Company's share awards where the exercise price of those share options and adjusted exercise price of those share awards were higher than the average market price for shares for both years.

9. Additions of Property, Plant and Equipment

During the year, the Group spent approximately US$292 million (2023: US$502 million) on the acquisition of property, plant and equipment.

10. Trade and Other Receivables

The Group has a policy of allowing credit periods ranging mainly from 30 days to 120 days. The ageing analysis of trade receivables, net of allowances for credit losses, presented on the basis of the revenue recognition date, which is usually the invoice date, at the end of the reporting period is as follows:

	2024	2023
	US$'000	US$'000
0 to 60 days	**1,514,752**	1,291,677
61 to 120 days	**314,890**	335,205
121 days or above	**54,489**	72,597
Total trade receivables	**1,884,131**	1,699,479
Other receivables	**109,007**	112,113
	1,993,138	1,811,592

11. Trade and Other Payables

The ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2024	2023
	US$'000	US$'000
0 to 60 days	**1,202,460**	1,017,375
61 to 120 days	**585,127**	495,930
121 days or above	**63,270**	142,062
Total trade payables	**1,850,857**	1,655,367
Other payables	**2,086,767**	1,749,394
Total trade and other payables	**3,937,624**	3,404,761
Non-current portion of other payables	**(87,997)**	(31,530)
	3,849,627	3,373,231

The credit period on the purchase of goods ranges from 30 days to 120 days (2023: 30 days to 120 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

12. Share Capital

	2024 Number of shares	2023 Number of shares	**2024 US$'000**	2023 US$'000
Ordinary shares				
Issued and fully paid:				
At the beginning of the year	**1,834,317,941**	1,834,697,941	**685,392**	684,710
Issue of shares upon exercise of share options	**987,000**	120,000	**4,292**	682
Buy-back of shares	**(3,000,000)**	(500,000)	**-**	-
At the end of the year	**1,832,304,941**	1,834,317,941	**689,684**	685,392

During 2024, the Company bought back and cancelled its own shares through the Stock Exchange as follows:

Month of buy-back	**No. of ordinary shares**	**Price per share Highest HK$**	**Price per share Lowest HK$**	**Aggregate consideration paid US$'000**
January 2024	**500,000**	**88.00**	**86.00**	**5,629**
May 2024	**1,000,000**	**105.00**	**99.20**	**13,147**
June 2024	**1,000,000**	**97.70**	**91.55**	**12,184**
July 2024	**250,000**	**89.35**	**88.55**	**2,870**
October 2024	**250,000**	**116.20**	**113.40**	**3,691**
	3,000,000			**37,521**

The shares bought back were settled and cancelled during the year. The consideration paid on the buy-back of the shares of approximately US$37,521,000 was charged to retained profits.

During 2023, the Company bought back and cancelled its own shares through the Stock Exchange as follows:

Month of buy-back	No. of ordinary shares	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid US$'000
October 2023	500,000	68.70	67.90	4,408

The shares bought back were settled and cancelled during 2023. The consideration paid on the buy-back of the shares of approximately US$4,408,000 was charged to retained profits.

13. Capital Commitments

	2024 **US$'000**	2023 US$'000
Capital expenditure in respect of the acquisition of property, plant and equipment and equity interest in a subsidiary contracted for but not provided in the consolidated financial statements	**166,875**	177,975