JOHNSON ELECTRIC

Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 179)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2025

HIGHLIGHTS

- Group sales US$3,648 million – down 4% compared to the prior year
- Gross profit US$843 million or 23.1% of sales (compared to US$851 million or 22.3% of sales in the prior year)
- Adjusted EBITA US$344 million or 9.4% of sales (compared to US$343 million or 9.0% of sales in the prior year)
- Net profit attributable to shareholders totalled US$263 million – an increase of 15% compared to the prior year
- Underlying net profit, adjusted to exclude non-cash foreign exchange rate movements and restructuring charges, totalled US$274 million – an increase of 9%
- Free cash flow from operations totalled US$286 million compared to US$422 million in the prior year
- A recommended final dividend of 44 HK cents per share (5.64 US cents)
- As of 31 March 2025, cash reserves amounted to US$791 million and the ratio of total debt to capital was 12%

Letter to shareholders

In the financial year 2024/25, Johnson Electric experienced increasing headwinds in its major end markets that reflected the impact of a reduction in automobile production volumes, intense price competition in several consumer and industrial product applications, and weakening consumer confidence in the face of rising uncertainty about the outlook for the global economy, and cross-border trade in particular. Despite these challenging market conditions, the Group's financial results demonstrated the resilience of our business model.

Divisional Sales Performance

The Automotive Products Group ("APG"), Johnson Electric's largest operating division, achieved sales of US$3,072 million. Excluding currency effects, APG's sales decreased by 3%. Automotive production volumes in several major markets were below prior year levels due to the combination of subdued economic conditions, elevated new vehicle prices, high financing costs, and uneven consumer confidence. Supply-demand dynamics were further impacted by a temporary slowdown in the transition to electrification in some markets as governments rethink policy support, OEMs adjust the propulsion mix of their model line-ups, and consumers react to the comparatively high price of battery-electric vehicles.

APG experienced lower sales in each of the three major geographic end markets, with differences in large part reflecting the variations in our share of content within particular OEM vehicle models and whether or not those models are proving popular with consumers. In Asia, for example, APG sales decreased by 1% on a constant currency basis compared to a 2% increase in the region's total light vehicle production volume. This was primarily due to the weaker sales performance of non-domestic car brands in China, among which APG has historically maintained an above average market share. In Europe, APG's sales declined by 4% on a constant currency basis compared to a 6% decline in regional vehicle production. And in the Americas, sales declined by 6% in comparison to a 2% decline in vehicle production volume. In both of these regions, a key factor driving APG's sales performance was end-market share changes between OEMs, which has become less predictable as the industry wrestles with several transformational forces including electric vehicle adoption rates, the growing success of Chinese OEMs as exporters, and moves by governments to impose protectionist tariffs on imports.

APG's strategy to address these shifting automotive industry dynamics is two-fold. Firstly, it is to continue to bring to market innovative technologies that help enable electrification, reduce emissions, and enhance passenger safety and comfort. Secondly, APG aims to offer its customers a compelling total cost and value proposition that combines speed, scale and reliability of production with a responsive global operating footprint. This strategy is gaining traction. One indication of the strength of this model is APG's increasing success in winning new business from the largest Chinese OEM vehicle manufacturers which are expected to contribute a significant and growing share of the division's sales within the next five years.

The Industry Products Group ("IPG") – contributing 16% of total Group sales – continued to experience challenging trading conditions. The division's sales were US$575 million which, excluding the effects of currency movements, represented a decline of 5% compared to the prior year. Global demand for many consumer and industrial products remains sluggish in the post-pandemic era and this has been compounded by an acceleration of the commoditization of numerous hardware goods. In response, management has taken decisive action to reduce overheads and refocus the division around a products group that emphasises standardization and cost leadership. In parallel, IPG is investing in designing differentiated and innovative motion system solutions in a select number of high growth application segments, including robotics, warehouse automation, medical devices, electric bikes, and high-precision manufacturing and measurement equipment. This dual-track approach is positioning IPG for improved competitiveness and long-term growth.

Gross Margins and Operating Profitability

The Group's gross profit amounted to US$843 million – a decrease of 1% compared to the prior year. As a percentage of sales, however, gross profit increased from 22.3% to 23.1%. The improvement of gross margin was primarily the result of lower raw material costs, direct labour, and production overhead charges that combined to more than offset the effects of reduced sales volumes.

Reported earnings before interest, tax and amortization ("EBITA") amounted to US$331 million (compared to US$315 million in the prior year). EBITA adjusted to exclude non-cash foreign exchange rate movements and restructuring charges, amounted to US$344 million or 9.4% of sales (compared to 9.0% in the prior year). The Group's adjusted EBITA result was boosted by US$15 million in net gains from Other Income & Expenses. This was primarily due to a mark-to-market gain on an investment in an autonomous driving technology company, government grants, as well as net changes in the valuation of other financial and monetary assets and liabilities, and other foreign currency hedging contracts.

Net Profit and Financial Condition

Net profit attributable to shareholders increased by 15% to US$263 million or 28.16 US cents per share on a fully diluted basis. Underlying net profit, adjusted to exclude non-cash foreign exchange rate movements and restructuring charges, amounted to US$274 million compared to US$252 million in the prior year.

The Group's overall financial condition remains robust with a total debt to capital ratio of 12%, an interest coverage ratio of 10 times, and year-end cash reserves of US$791 million.

Dividends

In view of the high level of uncertainty concerning the outlook for global trade at the present time, the Board considers it prudent to recommend maintaining the final dividend of 44 HK cents (5.64 US cents) per share, which together with the interim dividend of 17 HK cents per share, represents a total dividend of 61 HK cents (7.82 US cents) per share.

Looking Ahead

Within the past two decades, manufacturing enterprises across the world have needed to navigate two extreme and unanticipated events: the Global Financial Crisis and the COVID-19 Pandemic. Each necessitated the use of phrases such as "once in a generation" or "unprecedented" to describe extraordinarily disruptive operating conditions that followed. It is therefore remarkable that we once again find ourselves confronting a similarly high level of uncertainty, as businesses adapt to a rapidly evolving geopolitical environment and potentially dramatic shifts in global trade dynamics.

At the time of writing, there is no way of knowing whether the current geopolitical brinkmanship over trade tariffs will be short-lived and resolved pragmatically, or whether it triggers a longer lasting reshaping of global supply chains and international relations. Despite the recent temporary agreement to ease trade tensions – with the U.S. reducing its tariffs on Chinese imports from 145% to 30% and China rolling back its retaliatory tariffs to 10% – the move, while encouraging, leaves uncertainty about what will happen after the 90-day period ends.

With exports from China representing an important part of our business, Johnson Electric has been managing import tariffs with our US customers in various ways since 2018. And prior to then, we have been consciously developing a global footprint that allows for significant amounts of in-region production and assembly that places us closer to our diverse customer base spanning Europe, the Americas, and other parts of Asia.

While the scale and scope of the tariffs currently in effect pose significant challenges to the long-term economic viability of supplying many electromechanical components across borders, our decentralized and regionally integrated manufacturing model provides us with meaningful flexibility to adapt. However, such adaptability cannot fully offset the resulting cost pressures, which are likely to be felt throughout the supply chain and ultimately lead to higher costs for end consumers.

Although we do not expect a worst-case outcome involving the high and broad-based tariffs remaining in place for the longer-term, we have been building scenarios into our planning and operating model for many years – with the effect that being nimble and adaptable is central to Johnson Electric's way of doing business. Management is working proactively to mitigate the near-term impact of tariffs through pricing adjustments, as well as evaluating our longer-term options to relocate parts of production to different locations within, or beyond, our existing manufacturing footprint. The practical and economic attractiveness of those options will ultimately depend on what types of trade agreements may emerge from the ongoing trade dispute and negotiations.

Although the sudden imposition of import tariffs impacting multiple national borders is placing an additional burden on our people in terms of time and complexity, we are not allowing it to deflect our attention from executing the core elements of our strategy. Those elements include:

- Driving sales growth by offering customers compelling total cost solutions to their most pressing motion-related problems;
- Accelerating our speed to market through rapid sampling, increased standardization of products and production lines, and building and maintaining appropriate levels of stock to provide the assurance and flexibility of supply that our customers demand;
- Building and consolidating production around large scale, lower cost regional manufacturing hubs that feature high levels of vertical integration and automation; and
- Leveraging advanced digital technologies, including AI, to reduce cost and improve efficiency and responsiveness.

Concerning the near-term financial outlook, Group sales levels in the first weeks of the 25/26 financial year have been a mid-single digit percentage lower compared to a year ago. However, given the lack of clarity over exactly what tariffs may be in effect for the remainder of the year and how these may impact the varied and often complex profiles of our subsystem manufacturing and logistics supply chain, it is not meaningful to offer a full-year sales projection.

It is not simply a question of which of our products could be subject to elevated import tariffs (these presently amount to a mid-single digit percentage of total Group sales based on the US import tariffs in effect, or temporarily suspended). It is also the extent to which the confrontation over international trade undermines the prospects for global economic growth.

Nonetheless, I do feel that it is worthwhile observing that Johnson Electric has a sixty-six-year track record of navigating its way through periods of enormous macro-economic stress and volatility. While past performance is, of course, no guarantee of future success, I remain highly confident that this Company is as well positioned as any in our industry to find a profitable and sustainable path going forward.

On behalf of the Board, I would like to thank our customers, employees, suppliers, and shareholders for their continued support.

Patrick Wang *SBS, JP*
Chairman and Chief Executive

Hong Kong, 28 May 2025

Management's Discussion and Analysis

Financial Performance

US$ million	FY24/25	FY23/24
Sales	3,647.6	3,814.2
Gross profit	843.3	850.7
Gross margin	*23.1%*	*22.3%*
EBITA [1]	330.6	315.2
EBITA adjusted [2]	344.3	342.8
EBITA adjusted margin	*9.4%*	*9.0%*
Profit attributable to shareholders	262.8	229.2
Adjusted net profit [2]	274.0	252.0
Diluted earnings per share (US cents)	28.16	24.71
Free cash flow from operations	285.7	422.4

US$ million	31 Mar 2025	31 Mar 2024
Cash [3]	790.6	809.9
Total debt [4]	359.3	560.8
Net cash [5]	431.3	249.1
Total equity	2,707.9	2,596.7
Market capitalization [6]	1,881.2	1,294.6
Enterprise value [7]	1,491.8	1,090.2

Key Financial Ratios	31 Mar 2025	31 Mar 2024
Total debt to capital [8]	12%	18%
Gross debt [9] to EBITDA adjusted [10]	0.8	1.1
Enterprise value to EBITDA adjusted	2.6	1.9
Interest cover [11]	10.3	10.8

1 Earnings before interest, tax and amortization
2 Adjusted to exclude unrealized gains or losses relating to exchange rate movements as well as restructuring and other related costs (for further information see page 11)
3 Cash, cash equivalents and time deposits
4 Bank loans, bonds and other miscellaneous borrowings
5 Cash, cash equivalents and time deposits less total debt
6 Outstanding number of shares multiplied by the closing price (HK$15.66 per share as of 31 March 2025 and HK$10.84 per share as of 31 March 2024) converted to USD at the closing exchange rate
7 Market capitalization plus non-controlling interests plus total debt less cash, cash equivalents and time deposits
8 Capital equals to total equity plus total debt
9 Including pension liabilities and lease liabilities
10 Adjusted [2] earnings before interest, tax, depreciation and amortization, giving adjusted EBITDA of US$582.2 million (31 March 2024: US$587.8 million)
11 Adjusted EBITA divided by gross interest expense. Gross interest expense was adjusted to include capitalized interest

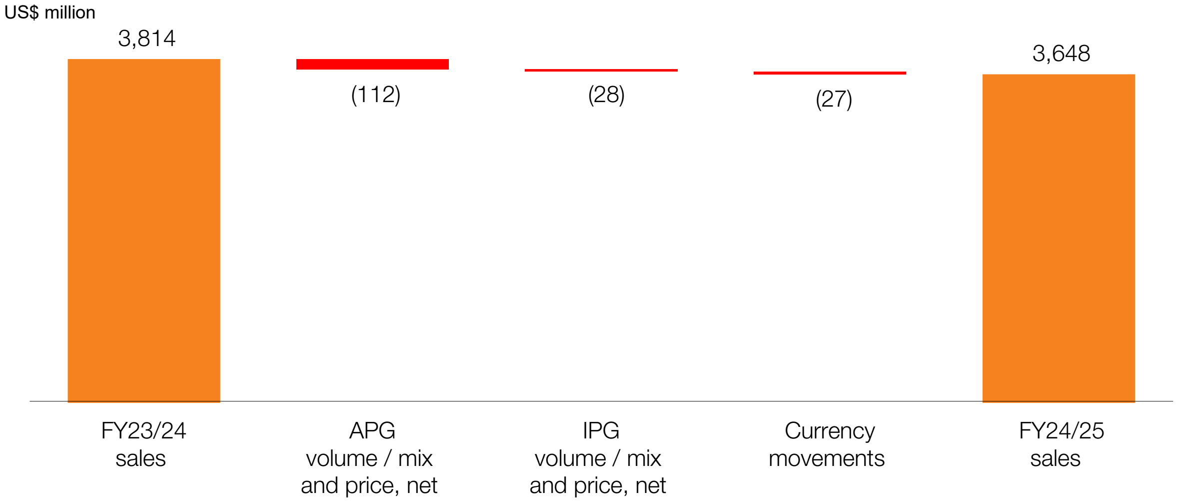
Business Review

Sales

Sales decreased by US$166.6 million or 4% to US$3,647.6 million in FY24/25 (FY23/24: US$ 3,814.2 million), as shown below:

US$ million	FY24/25		FY23/24		Change	
Automotive Products Group ("APG") sales						
Excluding currency movements	3,098.5		3,210.2		(111.7)	(3%)
Currency movements	(26.1)		-		(26.1)	
APG sales, as reported	3,072.4	84%	3,210.2	84%	(137.8)	(4%)
Industry Products Group ("IPG") sales						
Excluding currency movements	576.4		604.0		(27.6)	(5%)
Currency movements	(1.2)		-		(1.2)	
IPG sales, as reported	575.2	16%	604.0	16%	(28.8)	(5%)
Group sales						
Excluding currency movements	3,674.9		3,814.2		(139.3)	(4%)
Currency movements	(27.3)		-		(27.3)	
Group sales, as reported	**3,647.6**	100%	**3,814.2**	100%	**(166.6)**	**(4%)**

The drivers underlying these movements are shown in the following chart:



Note: Numbers do not add across due to rounding

Volume and price reductions, and mix changes, together, reduced sales by US$139.3 million in FY24/25, compared to FY23/24. APG and IPG decreased by US$111.7 million and US$27.6 million respectively.

The underlying changes in APG and IPG's sales are discussed on pages 8 to 9

Currency movements decreased sales by US$27.3 million. This was largely due to the impact of weaker average exchange rates for the Euro, the Canadian Dollar, the South Korean Won and the Renminbi, against the US Dollar, when compared to FY23/24.

The Group's sales are largely denominated in the US Dollar, the Euro, the Renminbi and the Canadian Dollar.

For further information on the Group's foreign exchange risk, see pages 19 to 21 in the Financial Management and Treasury Policy section. Also, see Note 1.3 to the consolidated financial statements ("the accounts") for the main foreign currency translation rates

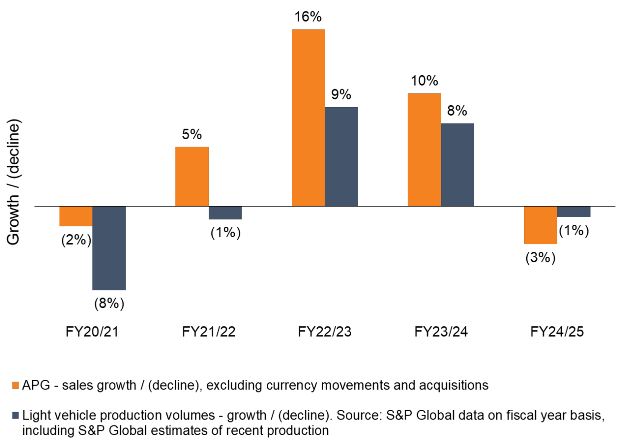
Automotive Products Group

APG's sales, excluding currency movements, decreased by 3%, compared to FY23/24. In the same period, global light vehicle production volumes declined by 1%. APG accounted for 84% of the Group's total sales in FY24/25 (FY23/24: 84%).

By region, excluding currency movements:

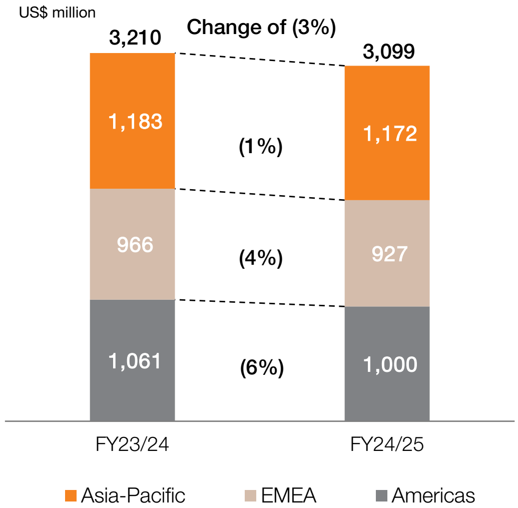
- In **Asia-Pacific**, sales decreased by 1% while light vehicle production increased by 2%. Sales of products for braking and closure, and powder metal components decreased due to unfavourable customer mix as well as keen competition, especially in China. However, this was partially offset by increased sales of oil pumps and products for thermal management and steering
- In **Europe, the Middle East and Africa ("EMEA")**, sales decreased by 4% compared to a 6% decline in light vehicle production in the region. Sales of oil pumps and products for vision, thermal management and engine and fuel management decreased reflecting the drop in light vehicle production. This was partially offset by increased sales of products for braking, seat and transmission applications
- In the **Americas**, sales decreased by 6% while light vehicle production in the region declined by 2%. Sales of products for thermal management, braking, engine and fuel management applications and powder metal components decreased due to weak demand from certain customers, and some programs reaching end of life. This was partially offset by increased sales of products for steering and transmission

Changes in APG sales vs. global light vehicle production



APG sales by region

(excluding currency movements)



Growth / (decline) in APG sales

(excluding currency movements and acquisitions)

Year ended	Asia-Pacific	EMEA	Americas	Total
31 March 2025	(1%)	(4%)	(6%)	(3%)
31 March 2024	10%	13%	9%	10%
31 March 2023	13%	17%	19%	16%
31 March 2022	4%	3%	10%	5%
31 March 2021	15%	(13%)	(8%)	(2%)

Industry Products Group

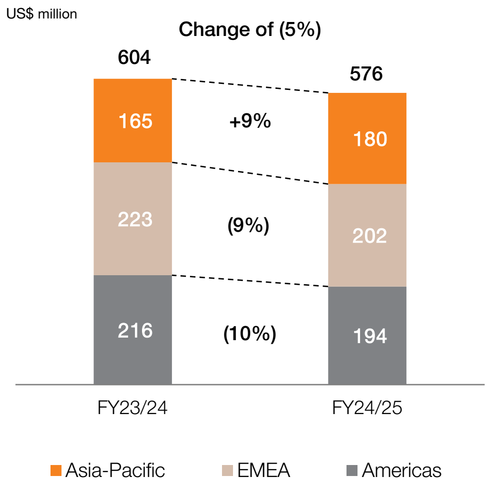
IPG's sales, excluding currency movements, decreased by 5% compared to FY23/24. IPG accounted for 16% of the Group's total sales in FY24/25 (FY23/24: 16%).

IPG has been navigating a challenging market environment, with consumers showing increased restraint in their discretionary spending and favouring value-oriented brands. Furthermore, IPG and some of its customers have experienced intensified price competition in certain product segments, where the focus has shifted towards cost over features and bespoke design.

In the Asia-Pacific region, sales increased primarily due to key customers restocking after consuming previous inventory surpluses, and due to some new business wins. However, this growth was more than offset by a decline in sales in the EMEA and Americas regions, which continued to experience weak demand.

IPG's leadership has initiated efforts to streamline operations by reducing overhead and restructuring the division to focus on a products group that emphasizes standardization and cost leadership. At the same time, the division is directing investment toward creating differentiated and innovative motion system solutions for high-growth markets such as robotics, warehouse automation, medical equipment, e-bikes, and precision manufacturing and measurement systems. These areas have shown encouraging signs, but it will take time before they fully develop.

IPG sales by region
(excluding currency movements)



Growth / (decline) in IPG sales
(excluding currency movements and acquisitions)

Year ended	Asia-Pacific	EMEA	Americas	Total
31 March 2025	9%	(9%)	(10%)	(5%)
31 March 2024	(13%)	(24%)	(17%)	(19%)
31 March 2023	(26%)	(2%)	9%	(7%)
31 March 2022	(5%)	27%	20%	12%
31 March 2021	29%	6%	(1%)	12%

Profitability

US$ million	FY24/25	FY23/24	Increase / (decrease) in profit
Sales	3,647.6	3,814.2	(166.6)
Gross profit	843.3	850.7	(7.4)
Gross margin %	*23.1%*	*22.3%*	
Other income / (expenses), net	14.7	(13.4)	28.1
Intangible assets amortization expense	(28.1)	(32.5)	4.4
Other selling and administrative expenses	(516.8)	(509.3)	(7.5)
As a % of sales	*14.2%*	*13.4%*	
Restructuring and other related costs	(7.2)	(10.2)	3.0
Operating profit	305.9	285.3	20.6
Operating profit margin %	*8.4%*	*7.5%*	
Share of losses of associate and joint venture	(3.4)	(2.6)	(0.8)
Net finance costs	(1.1)	(11.6)	10.5
Profit before income tax	301.4	271.1	30.3
Income tax expense	(36.3)	(38.8)	2.5
Effective tax rate	*12.0%*	*14.3%*	
Profit for the year	265.1	232.3	32.8
Non-controlling interests	(2.3)	(3.1)	0.8
Profit attributable to shareholders	262.8	229.2	33.6
Basic earnings per share (US cents)	28.51	24.83	3.68
Diluted earnings per share (US cents)	28.16	24.71	3.45

Profit attributable to shareholders was US$262.8 million in FY24/25, an increase of US$33.6 million or 15% from US$229.2 million in FY23/24.

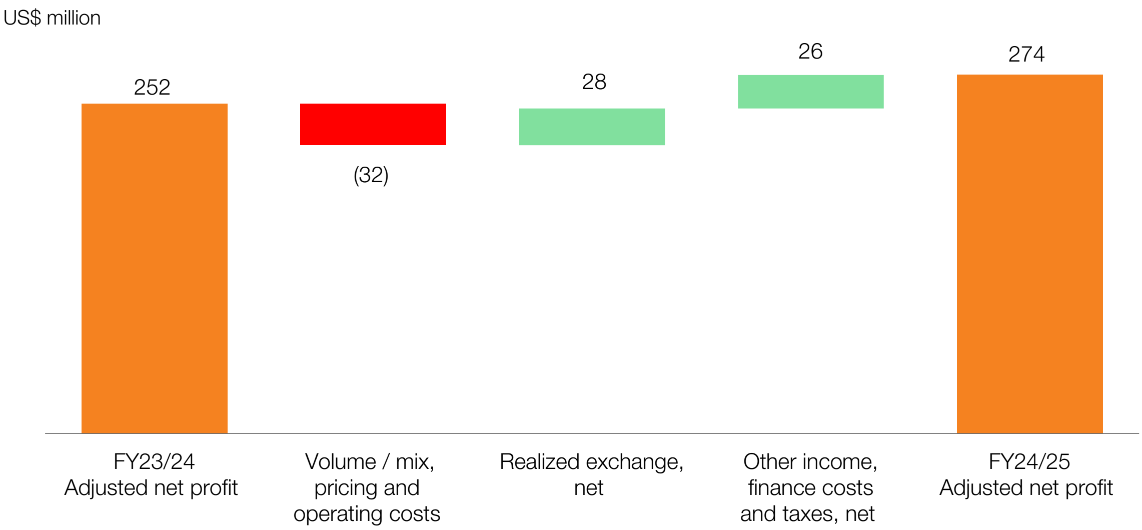
The net profit as reported includes:

- Unrealized gains or losses relating to exchange rate movements, which are significant non-cash items
- Restructuring and other related costs are not part of the routine operations of the Group

Adjusting the net profit to exclude the non-cash foreign exchange rate movements and the restructuring costs provides additional insight into the underlying performance of the business. The walk from net profit, as reported, to adjusted net profit is shown in the table below:

	FY23/24			FY24/25		
US$ million	Before tax	Tax effect	Net of tax effect	Before tax	Tax effect	Net of tax effect
Net profit, as reported			229.2			262.8
As a % of sales			*6.0%*			*7.2%*
Unrealized net losses on revaluation of monetary assets and liabilities, and foreign currency contracts	17.4	(2.6)	14.8	6.5	(1.3)	5.2
Restructuring and other related costs	10.2	(2.2)	8.0	7.2	(1.2)	6.0
Net losses of significant non-cash items, restructuring and other related costs	27.6	(4.8)	22.8	13.7	(2.5)	11.2
Adjusted net profit			252.0			274.0
As a % of sales			*6.6%*			*7.5%*

The drivers of the movements in adjusted net profit are shown below:



Volume / mix, pricing and operating costs were primarily affected by lower sales volumes, price reductions, wage inflation and increased logistics costs. Cost-saving initiatives in both materials and production, together with net material deflation partially offset this impact. The combined effect of these changes decreased adjusted net profit by US$31.7 million.

Gross margin: The gross margin increased to 23.1% in FY24/25 (22.3% in FY23/24) for the reasons explained above.

Realized exchange, net: The Group's global operations expose it to foreign exchange volatility, partially mitigated by hedging key currencies such as the Euro and the Renminbi. Excluding unrealized gains and losses, currency movements improved net profit by US$28.2 million compared to the prior year, largely due to the net effect of movements in the Euro and Renminbi during the year.

For further information on the Group's foreign exchange risk and forward foreign currency contracts, see pages 19 to 21 in the Financial Management and Treasury Policy section

Selling and administrative expenses (excluding amortization of intangible assets) increased to 14.2% as a percentage of sales (FY23/24: 13.4%).

Other income, finance costs and taxes, net, increased profit by US$25.5 million compared to the prior year.

Other income increased mainly due to net gains on financial assets at fair value through profit and loss during the year.

Finance costs, net, reduced primarily due to increased interest income earned on higher net cash balances which more than offset finance charges incurred.

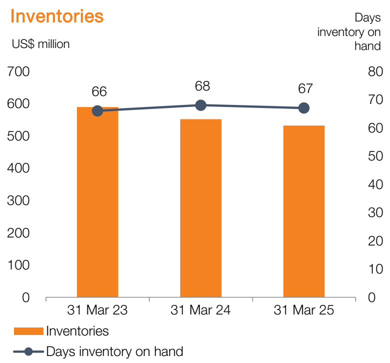
The income tax expenses, as reported, decreased by US$2.5 million. The effective tax rate ("ETR") for FY24/25 was 12.0% (FY23/24: 14.3%). The ETR reduced mainly due to an increase in non-taxable income.

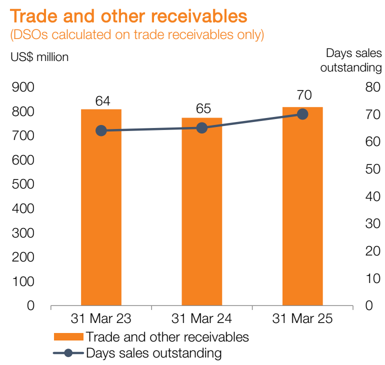
Taxes are further analyzed in Note 18 to the accounts

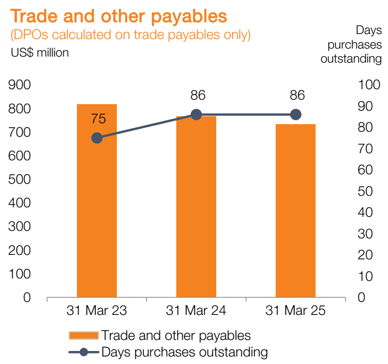
Working Capital

US$ million	Balance sheet as of 31 Mar 2024	Currency translation	Acquisition	Working captial changes per cash flow	Pension, hedging and non-working capital items	Balance sheet as of 31 Mar 2025
Inventories	551.5	(9.9)	0.1	(9.9)	-	531.8
Trade and other receivables	773.2	(15.6)	0.1	57.6	1.6	816.9
Other non-current assets	21.8	(0.5)	-	1.6	4.1	27.0
Trade and other payables [1]	(767.2)	8.0	(0.1)	27.4	-	(731.9)
Retirement benefit obligations [1,2]	(17.8)	1.7	-	(3.3)	7.2	(12.2)
Provisions and other liabilities [1]	(55.4)	0.3	-	0.7	-	(54.4)
Other financial assets / (liabilities), net [1,3]	163.2	-	-	(27.4)	(35.2)	100.6
Total working capital per balance sheet	669.3	(16.0)	0.1	46.7	(22.3)	677.8

1 Current and non-current
2 Net of defined benefit pension plan assets
3 Other financial assets / (liabilities), net represent the aggregate fair values of the Group's hedge contracts. Further details of the Group's hedging activities can be found on pages 19 to 21 in the Financial Management and Treasury Policy section and Note 7 to the accounts







Inventories decreased by US$19.7 million to US$531.8 million as of 31 March 2025. The decrease was primarily due to reduced customer demand as well as the effect of currency translation.

Days inventory on hand decreased to 67 days as of 31 March 2025 (68 days as of 31 March 2024).

The Group continuously evaluates demand trends and inventory data to avoid any inventory surpluses.

Trade and other receivables increased by US$43.7 million to US$816.9 million as of 31 March 2025. The increase resulted from higher trade receivables, driven by a less favourable customer mix and the extension of credit terms for certain customers, partially offset by currency translation.

Consequently, days sales outstanding ("DSOs") increased to 70 days as of 31 March 2025 (65 days as of 31 March 2024).

The Group's trade receivables are of high quality. Current and overdue balances of less than 30 days were 97% of gross trade receivables.

Trade and other payables decreased by US$35.3 million to US$731.9 million as of 31 March 2025, primarily due to reduced incentive compensation accruals and lower purchase volumes as well as the effect of currency translation.

Days purchases outstanding ("DPOs") were flat at 86 days as of 31 March 2025 (86 days as of 31 March 2024).

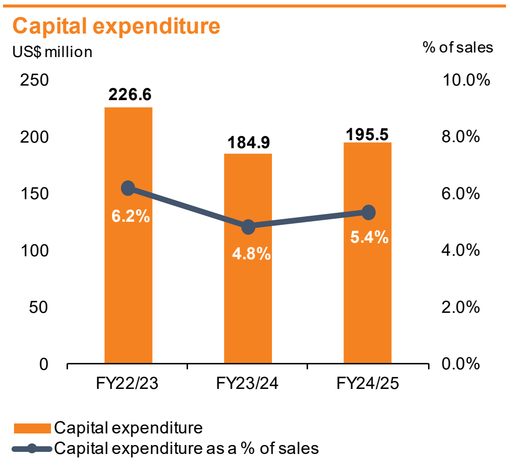
Cash Flow

US$ million	FY24/25	FY23/24	Change
Operating profit	305.9	285.3	20.6
Depreciation and amortization (including leases)	262.7	274.9	(12.2)
EBITDA	568.6	560.2	8.4
Other non-cash items	10.6	44.3	(33.7)
Working capital changes	(46.7)	70.3	(117.0)
Interest paid (including leases)	(33.7)	(30.4)	(3.3)
Interest received	32.5	19.9	12.6
Income taxes paid	(50.8)	(62.5)	11.7
Capital expenditure	(195.5)	(184.9)	(10.6)
Proceeds from disposal of fixed assets	2.4	6.7	(4.3)
Capitalization of engineering development costs	(1.7)	(1.2)	(0.5)
Free cash flow from operations	**285.7**	**422.4**	**(136.7)**
Acquisitions and joint venture, net of disposal of investment in associate	(1.4)	(3.0)	1.6
Dividends paid	(72.2)	(52.5)	(19.7)
Purchase of shares for share award scheme	(7.0)	(8.7)	1.7
Other investing activities	8.1	(2.9)	11.0
Dividends paid to non-controlling interests	(3.9)	(5.6)	1.7
Payment of lease – principal portion	(20.3)	(26.8)	6.5
(Repayment) / drawdown of borrowings, net	(200.2)	87.7	(287.9)
Time deposits with maturities over three months	60.0	(60.0)	120.0
Increase in cash and cash equivalents excluding currency movements	48.8	350.6	(301.8)
Currency translation losses on cash and cash equivalents	(8.1)	(9.4)	1.3
Net movement in cash and cash equivalents	40.7	341.2	(300.5)
Net movement in cash, cash equivalents and time deposits:			
Net movement in cash and cash equivalents	40.7	341.2	(300.5)
Time deposits with maturities over three months	(60.0)	60.0	(120.0)
	(19.3)	401.2	(420.5)

The Group generated free cash flow of US$285.7 million in FY24/25 (FY23/24: US$422.4 million). The movement in free cash flow for FY24/25 included the following:

- **EBITDA** of US$568.6 million, an increase of US$8.4 million
- **Working capital changes** of US$46.7 million, as explained in the previous section
- **Income taxes paid** of US$50.8 million, a decrease of US$11.7 million
- **Capital expenditure** of US$195.5 million, an increase of US$10.6 million.

  The Group continues to invest in enhanced automation, new product launches, long-term technology and testing development as well as the ongoing replacement of assets



The net movement in cash and cash equivalents of US$40.7 million (FY23/24: US$341.2 million) includes the following:

- **Acquisitions and joint venture, net of disposal of investment in associate:**

  In FY24/25, the Group:

  - Acquired the entire share capital of Industrial Tooling Solutions Inc. for US$2.4 million in December 2024. The Group settled US$1.9 million during the year
  - Acquired a further 6% interest in Pendix GmbH for US$1.4 million in April 2024 pursuant to the share purchase and transfer agreement
  - Disposed of its 49% interest in Shenzhen SMART Micromotor Co Ltd for US$2.8 million. The Group received US$1.9 million during the year

  In FY23/24, the Group further invested US$3.0 million in its QualiSense joint venture

- **Dividends and shares**: The Company utilized US$72.2 million cash for dividend payments in FY24/25 (FY23/24: US$52.5 million in cash and US$7.7 million in scrip).

  The Company purchased 4.7 million shares for US$7.0 million including brokerage fees for the share award scheme (FY23/24: 6.5 million shares purchased for US$8.7 million)

  For further details of dividends and shares, including the proposed final dividend for FY24/25, see next section

- **Other investing activities:**

  In FY24/25, the Group:

  - Partially disposed of its investment in an autonomous driving start-up company for US$4.0 million. As of 31 March 2025, the Group had received US$3.6 million, with US$0.4 million to be settled later in accordance with the contract
  - Redeemed its investment in Government Green Bonds for US$4.9 million

- **(Repayment) / drawdown of borrowings, net**: The Group repaid US$200.2 million, net (FY23/24: borrowed US$87.7 million, net)

  For further details of the Group's borrowings, see next section

- **Time deposits**: A US$60.0 million 6-month time deposit placed in FY23/24 matured in May 2024

Financial Management and Treasury Policy

Financial risk faced by the Group is managed by the Group's Treasury department based in the corporate headquarters in Hong Kong. Treasury policies for this are established by senior management and approved by the Board of Directors.

Credit Rating

Johnson Electric subscribes to both Moody's Investors Service and S&P Global Ratings to provide independent long-term credit ratings. As of 31 March 2025, the Group maintained investment grade ratings with a stable outlook from both agencies. These ratings reflect the Group's solid market position, resilience and prudent financial leverage.

	Rating	Outlook	Grade
Moody's Investors Service	Baa1	Stable	Investment
S&P Global Ratings	BBB	Stable	Investment

Liquidity

Management believes that the combination of cash, cash equivalents and time deposits, available unutilized credit lines, expected access to capital markets and future operating cash flows is sufficient to satisfy the Group's cash needs for the current and planned level of operations for the foreseeable future.

Cash, cash equivalents and time deposits decreased by US$19.3 million to US$790.6 million as of 31 March 2025 (31 March 2024: US$809.9 million).

Cash, cash equivalents, time deposits and credit lines

US$ million	31 Mar 2025	31 Mar 2024	Change
Cash and cash equivalents	790.6	749.9	40.7
Time deposits	-	60.0	(60.0)
Cash, cash equivalents and time deposits	790.6	809.9	(19.3)
Unutilized committed credit lines	409.7	485.0	(75.3)
Unutilized uncommitted credit lines	542.0	592.7	(50.7)
Available unutilized credit lines	951.7	1,077.7	(126.0)
Combined available funds	1,742.3	1,887.6	(145.3)

Available credit lines: The Group had US$951.7 million available unutilized credit lines as of 31 March 2025, comprised of:

- US$200.0 million syndicated revolving credit facility maturing in November 2028
- US$209.7 million remaining unutilized portion of committed revolving credit facilities provided by its principal bankers, on a bilateral basis. These facilities have staggered maturity dates ranging from September 2025 to March 2028
- US$542.0 million uncommitted credit facilities provided by its principal and other bankers

Net cash increased by US$182.2 million to US$431.3 million as of 31 March 2025 (31 March 2024: US$249.1 million).

Net cash

US$ million	31 Mar 2025	31 Mar 2024	Change
Cash, cash equivalents and time deposits	790.6	809.9	(19.3)
Borrowings	(359.3)	(560.8)	201.5
Net cash	431.3	249.1	182.2

Cash by currency

US$ million	31 Mar 2025	31 Mar 2024
USD	466.8	422.6
RMB	122.3	131.8
EUR	98.4	145.6
CAD	43.4	25.2
KRW	36.6	49.3
Others	23.1	35.4
Total	790.6	809.9

Borrowings decreased by US$201.5 million to US$359.3 million as of 31 March 2025. The changes in borrowings included:

- **Bonds** – The US$300 million principal was repaid on maturity of the bonds in July 2024
- **Export Development Canada** – The US$100 million loan facility was drawn down in May 2024. As of 31 March 2025, the carrying amount, net of amortized costs, was US$99.7 million
- **Loan from Bank of China** – The loan was used to finance the purchase of production line and supporting equipment in China

The maturity dates of significant borrowings are as follows:

- **Loan from HSBC**: Repayment will be made through semi-annual instalments until November 2025
- **Loan from Export Development Canada**: Repayment is due in January 2027
- **Syndicated term loan**: Repayment is due in November 2028

Changes in borrowings

US$ million	31 Mar 2025	31 Mar 2024	Change
Bonds	-	301.8	(301.8)
Syndicated Loan	195.9	194.8	1.1
Loan from Export Development Canada	99.7	-	99.7
Loan from HSBC	53.0	60.3	(7.3)
Loan from BOC	6.8	-	6.8
Other borrowings	3.9	3.9	-
Total borrowings	359.3	560.8	(201.5)

Borrowings by currency

US$ million	Total borrowings
USD	299.5
RMB	59.8
Total	359.3

Repayment schedule

US$ million	31 Mar 2025
Repayable within one year	57.5
Repayable after more than one year	301.8
Total borrowings	359.3

Lease liabilities decreased by US$9.7 million to US$64.2 million as of 31 March 2025, primarily due to lease repayments, partially offset by new leases and the renewal of existing leases.

The corresponding assets are shown as right-of-use assets under property, plant and equipment.

Changes in lease liabilities

US$ million	31 Mar 2025	31 Mar 2024	Change
Current	16.3	18.9	(2.6)
Non-current	47.9	55.0	(7.1)
Total lease liabilities	64.2	73.9	(9.7)

Financial covenants: The Group maintains a prudent level of debt and remains in full compliance with its financial covenants, including requirements for net worth and the ratios of total liabilities to net worth, net debt to EBITDA and EBITDA to interest expense.

Financial ratios: The Group's gearing ratios as of 31 March 2025 reflected the following changes:

- Total debt to capital decreased to 12% (18% as of 31 March 2024) due to the decrease in borrowings
- Gross debt to adjusted EBITDA decreased to 0.8 times (1.1 times as of 31 March 2024) due to the decrease in borrowings
- Enterprise value to adjusted EBITDA increased to 2.6 times (1.9 times as of 31 March 2024) due to the increase in market capitalization
- Interest cover decreased slightly to 10.3 times (10.8 times as of 31 March 2024)

Please refer to page 5 for definitions and bases of calculation (including adjustments) of financial ratios

Dividends

Final dividend: The Board has recommended a final dividend of 44 HK cents per share for FY24/25 equivalent to US$52.1 million (FY23/24: 44 HK cents per share), to be paid in cash with no scrip alternative in September 2025.

Interim dividend: The Company paid an interim dividend of 17 HK cents per share for the first half of FY24/25 (first half of FY23/24: 17 HK cents per share) equivalent to US$20.1 million.

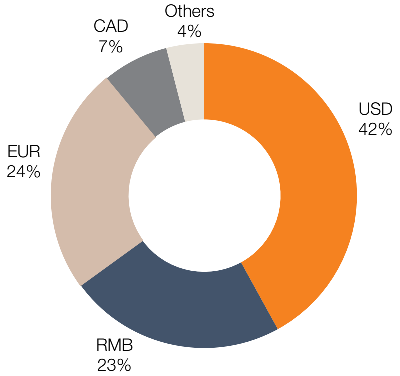
		FY24/25		FY23/24		FY22/23	
		Final	Interim	Final	Interim	Final	Interim
HK cents per share	Dividend	44 *	17	44	17	34	17
US$ million	Cash	52.1	20.1	52.1	15.0	37.4	5.2
	Scrip shares	-	-	-	5.1	2.6	14.6
	Total	52.1	20.1	52.1	20.1	40.0	19.8

* Proposed dividend

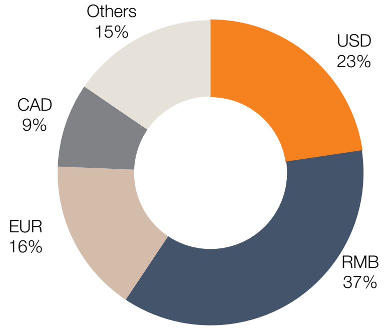
Foreign Exchange Risk

The Group is exposed to foreign exchange risk, largely from sales and costs denominated in a number of currencies. It mitigates the economic risk from this through forward currency contracts. These contracts have varying maturity dates, ranging from 1 to 42 months after 31 March 2025, to match the underlying cash flows of the business.

Sales by currency



Operating costs by currency



The net fair value gains of currency contracts decreased by US$70.8 million to US$100.6 million as of 31 March 2025. This was largely due to a reduction in the net fair value of plain vanilla Euro forward contracts and swaps, structured foreign currency contracts and plain vanilla Mexican Peso contracts.

The mark-to-market ("MTM") rate is the current fair value for the settlement of a forward contract, as provided by the counterparties (the Group's principal bankers). The mark-to-market rates are influenced by the changes in spot rates shown in the adjacent table.

Net fair value of currency contracts

US$ million		31 Mar 2025	31 Mar 2024	Change
Euro	Plain vanilla forward contracts and swaps	84.1	126.1	(42.0)
	Structured contracts	-	12.1	(12.1)
	Subtotal	84.1	138.2	(54.1)
Mexican Peso	Plain vanilla forward contracts	11.5	28.6	(17.1)
Renminbi	Plain vanilla forward contracts	2.5	4.8	(2.3)
Others	Plain vanilla forward contracts and swaps [1]	2.5	(0.2)	2.7
Total		100.6	171.4	(70.8)

1 Others comprised of Polish Zloty ("PLN"), Hungarian Forint ("HUF"), Israeli Shekel ("ILS") contracts and US Dollar ("USD") and Renminbi ("RMB") swaps

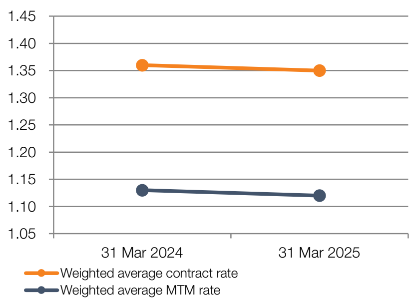
Spot rates of significant currencies

	Spot rates as of 31 Mar 2025	Spot rates as of 31 Mar 2024	
USD per EUR	1.08	1.08	Flat
HUF per EUR	402.60	395.18	EUR Strengthen 2%
PLN per EUR	4.18	4.32	EUR Weaken 3%
CAD per USD	1.43	1.36	USD Strengthen 6%
RMB per USD	7.18	7.09	USD Strengthen 1%
MXN per USD	20.40	16.53	USD Strengthen 23%

Euro contracts: The Group's plain vanilla contracts to sell the Euro ("EUR") and buy US Dollars ("USD") create an economic hedge for Euro-denominated sales. It also hedges its USD intragroup monetary balances in its European operation from changes in exchange rates. In addition, the Group hedges its net investment in its European operation against exposure from changes in the underlying value of investments due to future changes in exchange rates.

The financial assets representing the cumulative fair value gains of Euro contracts decreased by US$54.1 million to US$84.1 million as of 31 March 2025 (31 March 2024: US$138.2 million financial assets). This decrease was mainly due to the consumption of plain vanilla forward contracts. In addition, all of the structured forward contracts and cross-currency interest rate swaps matured during the year.

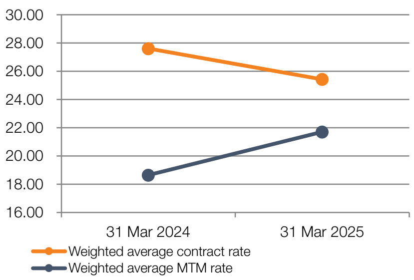
EUR – Plain vanilla forward



Mexican Peso contracts: The Group's plain vanilla contracts to buy the Mexican Peso ("MXN") to create an economic hedge for production costs and other operating costs denominated in MXN.

The financial asset representing cumulative fair value gains for plain vanilla contracts decreased by US$17.1 million to US$11.5 million as of 31 March 2025 (31 March 2024: US$28.6 million financial assets). This was mainly due to the weakening of the MXN against the USD as of 31 March 2025 as well as the consumption of contracts.

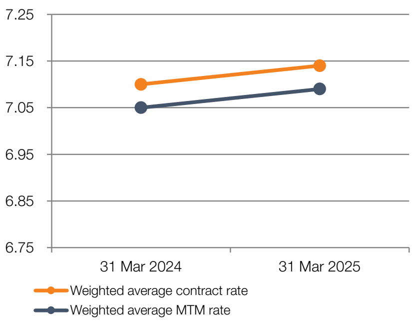
MXN – Plain vanilla forward



Renminbi contracts: The Group's plain vanilla contracts to buy the Renminbi ("RMB") to create an economic hedge for production costs and other operating costs denominated in RMB.

The financial asset representing cumulative fair value gains for plain vanilla contracts decreased by US$2.3 million to US$2.5 million as of 31 March 2025 (31 March 2024: US$4.8 million financial assets). This was mainly due to the weakening of the RMB against the USD as of 31 March 2025 offset by the consumption of contracts.

RMB – Plain vanilla forward



Other currency contracts and swaps: The Group's plain vanilla contracts to buy, the Polish Zloty ("PLN") and the Hungarian Forint ("HUF") and the Israeli Shekel ("ILS") create an economic hedge for production costs and other operating costs denominated in these currencies. During the year, the Group also entered currency swaps between the USD and RMB to hedge against relevant operating costs.

The financial asset representing cumulative fair value gains for plain vanilla contracts and swaps for other currencies increased by US$2.7 million (from US$0.2 million financial liabilities to US$2.5 million financial assets). The increase came largely from HUF contracts.

Estimated future cash flow: The gain or loss for each contract will realize based on the prevailing spot rate at the date of maturity versus the contract rate and will impact cash flow at that time. In terms of estimating future cash flow, the contracts' rates at maturity compared to the exchange rates as of 31 March 2025, it would result in approximately US$116 million aggregate cash flow benefit from plain vanilla forward foreign currency contracts and swaps (31 March 2024: US$193 million).

Further information about the Group's forward foreign currency exchange contracts and foreign exchange swaps can be found in Notes 7 to the accounts

Raw Material Commodity Price Risk

The Group is exposed to commodity price risk, mainly from fluctuations in copper, steel, silver and aluminium prices.

This commodity price risk is managed by way of incorporating appropriate clauses in certain customer contracts to pass on changes in raw material costs, where and when possible. For other customers, the Group negotiates price increases, but there can be some time lag between the increase in price of the raw materials and passing such cost increases onto customers.

The price risk from copper can also be reduced by hedging through cash flow hedge contracts whenever feasible and possible.

The residual price risk from steel is reduced through fixed price purchase contracts for steel from 1 to 6 months.

Further information about the Group's raw material commodity contracts can be found in Note 7 to the accounts

Spot prices of significant raw material commodities

US$ per metric ton	Spot prices as of 31 Mar 2025	Spot prices as of 31 Mar 2024	Increase
Copper	9,673	8,729	11%
Aluminium	2,519	2,270	11%
Iron ore	102.50	101.28	1%
Silver - US$ per ounce	34.12	24.54	39%

Counterparty Risk

To avoid the potential default of any of its counterparties on its forward contracts, the Group deals only with major financial institutions (i.e. the Group's principal bankers), with strong investment grade ratings, that the Group believes will satisfy their obligations under the contracts.

Risk Management

The Group identifies, mitigates and manages its exposure to risk and uncertainty through proactive oversight and robust business processes. Management and the Group's internal audit function monitor these business processes, testing them periodically to ensure their continued effectiveness.

Existing and emerging risks are analyzed and tracked on a quarterly basis by the Group's Enterprise Risk Management Steering Committee. This is chaired by the Group's Chief Executive and includes the Chief Financial Officer, the Chief Information Officer, the Chief Human Resources Officer, the Senior Vice Presidents of Supply Chain Services, Global Operations and Corporate Engineering, and the Group's leaders from the Environment, Health and Safety departments, Legal, Intellectual Property and Internal Audit. There are additional management committees that focus on specific risk areas to ensure that they are managed in a timely and sufficient manner.

The goals of this process are to:

- Identify emerging risks
- Assess and prioritize risks
- Ensure responsibility and ownership of risks
- Embed risk management into the Group's work processes and corporate culture
- Ensure the appropriate management of crises and incidents
- Strive for an optimal risk management approach that aligns with Johnson Electric's goals and resources

Key risks and uncertainties

Strategic risks
- Global economic and geopolitical environment, trade issues and industry dynamics
- Strategy and business plans
- Competitive environment
- Technology changes
- Exposure to developing countries

Commercial risks
- Major customers and products
- Intellectual property
- Contract performance

Operational risks
- Supply chain
- Freight and logistics
- Business interruption
- Human resources
- Cybersecurity
- Taxation
- Warranty and product liability
- Fraud

Sustainability risks
- Environment and climate change
- Product sustainability
- People
- Trust and transparency

Financial risks
- Liquidity
- Interest rates
- Foreign currency exposure
- Commodity prices
- Counterparty risk

This list is not exhaustive as the nature, severity and frequency of risk changes over time due to the complexity of the Group's business environment and global operations. The Group may be exposed to new emerging risks or to other existing risks that are not significant now but that may become significant in the future.

The nature of these risks and the Group's policies for managing its exposure to them is set out below:

Strategic risks	How we respond
Global economic and geopolitical environment, trade issues and industry dynamics Johnson Electric's business is sensitive to global economic and geopolitical factors, which can impact market demand as well as the Group's financial condition and operations. Key risks include: • **Trade disputes and protectionism**: Global trade issues could directly affect industries in countries where the Group manufactures, sources or exports goods. Actual and threatened trade protectionism due to trade disputes between nations could disrupt global trade and manufacturing supply chains • **Instability in global environment**: Severe or prolonged instability such as pandemics or conflicts could disrupt markets and affect consumer behaviour • **Cyclical nature of industries**: The sectors served by the Group's Automotive and Industry Products Groups are cyclical and sensitive to factors such as consumer preferences, general economic conditions and the broader impact of trade issues	Johnson Electric employs a multifaceted strategy to proactively manage risks arising from the global economic and geopolitical environment, consumer behaviour shifts, trade issues and industry dynamics. In particular, the Group continually seeks to: • **Global footprint**: Diversify and optimize its global manufacturing footprint to build resilience, flexibility and efficiency. This positions the Group to respond to changing customer demands, production and transportation costs, and regulatory factors such as indirect taxes, tariffs and import duties • **Diversification**: Diversify its customer and product portfolios through internal development, joint ventures and targeted acquisitions. This mitigates the risk from adverse market changes within any particular industry • **Customer contracts and pricing adjustments**: Share incremental cost with customers, where feasible and possible • **Customer insights**: Evaluate end-customer behaviour and practices to stay agile and responsive, anticipating shifts in demand patterns and adjusting strategies
Strategy and business plans The Group's future business plans depend on several critical factors, some beyond its control. In particular: • **Production capacity**: The Group's success requires optimizing its production capacity and establishing a global footprint • **Resource burden**: Growth places a significant burden on management, operational and financial resources • **Capital expenditure and investment**: Many of the Group's businesses require ongoing investment for establishing a regionally integrated manufacturing model and sustaining long-term growth	To mitigate risks to the successful implementation of the Group's strategy and business plans, Johnson Electric stipulates procedures and support for: • **Management oversight**: Involve senior leadership and cross functional teams in regular meetings to ensure alignment with strategic and operational objectives • **Site oversight**: Close oversight of new site construction and the expansion or closure of existing sites • **Capital expenditure review**: Rigorous review and approval of all capital expenditure. The Group has a process to ensure efficient capital expenditure deployment, equitable resource sharing and strategic prioritization • **Strategic evaluation**: Comprehensive appraisal before establishing joint ventures or making acquisitions, considering commercial potential, strategic alignment, and potential assets and liabilities • **Global talent:** Leverage on diverse talent pools across multiple regions to ensure access to skills and expertise to support the business

Strategic risks	How we respond
Competitive environment The Group faces competition in existing and new markets with intense price pressure from both large and niche competitors. Furthermore, volume fluctuations may occur due to competitive pressures faced by the Group's customers.	The Group seeks to maintain and enhance its competitiveness through the following strategies: • **Cost-effective solutions**: Offering compelling total cost solutions to customers with a refocus on product groups that emphasises standardization and cost leadership • **Materials optimization**: Efficiently managing material costs • **Productivity and efficiency**: Continuously seeking and investing in productivity and efficiency improvements • **Deep vertical integration**: Insourcing to ensure consistent quality, reduce cost and improve efficiency • **Operational agility**: Ensuring the operational footprint can respond quickly and cost-effectively • **Market insights**: Regularly reviewing markets to understand competition, market dynamics, trends, prospects, products and prices
Technology (and related regulatory) changes **Technological competitiveness**: Johnson Electric must continually innovate and be cost-effective in its product and manufacturing technologies to stay competitive. Failure to do so could lead to losing customers to competitors who adapt swiftly to technological changes or offer more technologically advanced products. Additionally, existing products and inventory may become obsolete. **Regulatory and standards changes**: Johnson Electric must stay agile to adapt to evolving regulations and industry standards by developing new or improved products and enhancing manufacturing processes. **Automotive market disruption:** The automotive market faces shifts due to increasing demand for new energy vehicles. **Digitalization challenges** • **Increased automation and artificial intelligence** are transforming manufacturing to create the smart factory • **Implementation challenges** include managing investments and ensuring reliability • **Workforce adaptation** as automation changes skill requirements and eliminates some positions, making it critical to manage workforce disruption and maintain production integrity	The Group mitigates risks and exploits opportunities from technology and related regulatory changes through: • **Innovation and intellectual property**: Johnson Electric develops motion solutions that improve product costs and production efficiency and fosters innovation to remain competitive • **Diversification**: By diversifying customer and product portfolios through development and acquisitions, Johnson Electric mitigates adverse effects and exploits favourable opportunities from technology and regulatory shifts • **Standardization**: Johnson Electric accelerates speed to market through rapid sampling and the increased standardization of products and production lines • **Strategic planning and risk assessment**: Johnson Electric aligns its strategies with a technology roadmap that considers includes automation, cyber-physical systems, advanced analytics, artificial intelligence and the internet of things • **Employee reskilling and awareness**: Johnson Electric is reskilling its workforce to maintain productivity and adaptability, building awareness of technology trends, regulatory changes, and their implications

Strategic risks	How we respond
Exposure to developing countries Expanding manufacturing and sales into emerging markets exposes the Group to vulnerabilities from political, regulatory, social and economic fluctuations in various developing countries. However, overcoming these challenges can lead to significant rewards and a stronger global presence.	Risks from the Group's exposure to developing countries are mitigated by: • **Global footprint development**: Strengthening and optimizing its global footprint to reduce reliance on any single nation, ensuring agility and adaptability. This is achieved through strong local leadership and close corporate management oversight • **Core values and ethical standards**: Commitment to integrity, openness and fairness. Comprehensive global policies and practices cover environmental stewardship, human rights, labour practices, and health and safety

Commercial risks	How we respond
Major customers and products Sales of certain major product lines and sales to certain major customers contribute significantly to the Group's total revenue. As a result, the Group could be adversely affected by declines in major customers and products and by fluctuations in the global automotive market.	The Group mitigates reliance on major customers and products by: • **Diversification of customer and product portfolios**: Actively diversifying its customer base and product portfolio through internal development and strategic acquisitions, ensuring no single customer contributes 10% or more to total sales • **Innovation**: Continuously introducing new products to the market to stay resilient against shifts in customer preferences and market dynamics
Intellectual property The Group's success depends on safeguarding and leveraging its intellectual property. This includes enforcing patents, protecting trade secrets, and preserving know-how. Risks include substantial costs for protection and legal defence against claims of infringement.	The Group mitigates these risks through: • **Preserving proprietary position**: Systematically collecting, formalizing, registering and safeguarding trade secrets and know-how • **Strategic patent filings**: Proactively filing patent applications for impactful technologies and process improvements • **Enforcement measures**: Taking swift action when faced with competitors' infringements • **Patent searches**: Conducting comprehensive patent searches before launching new products or processes to avoid unintentional infringements
Contract performance The Group may incur losses arising from failure in contract performance or onerous contract terms.	Contract risks are mitigated by proactively managing customer relationships, including contract terms and conditions, in accordance with industry standards.

Operational risks	How we respond
Supply chain A prolonged shortage of raw materials or critical components could compromise the Group's production schedules, leading to missed customer delivery deadlines and unmet expectations. Inflationary pressures, material scarcities and supply disruptions can also increase costs.	To mitigate supply chain risks, the Group: • **Supply chain resilience**: Maintains strong supplier relationships to ensure continuity, quality and reliability, and enhance its ability to navigate disruptions • **Strategic insourcing:** Proactively insources the supply chain and implements dual sourcing to ensure stability of supply and alleviate cost pressures
Freight and logistics The Group may need to ship products globally exposing it to freight and logistics risks including: • **Disruption to shipping schedules**: Unforeseen events or delays • **Volatility in freight costs**: Fluctuations in transportation expenses • **Cargo damage**: Loss or damage during transit • **Import / export customs compliance risks**: Challenges with customs regulations	To mitigate freight and logistics risks, the Group: • **Strengthens in-region manufacturing capabilities**: Develops regional capabilities to reduce lead-times, adapt to regulations and lessen global supply chain reliance • **Localizes supply chains**: Focuses on local suppliers to streamline logistics and reduce global dependencies • **Optimizes incoterms**: Streamlines contractual terms for efficient shipping • **Retains safety stock**: Maintains buffer inventory to offset disruptions • **Partners with strategic carriers:** Collaborates with reliable transportation providers
Business interruption Inherent risks and hazards, both within and beyond the Group's control, could disrupt operations. These include industrial accidents, equipment failures, fires, floods or other natural disasters, epidemics, strikes or other labour difficulties and disruption of transportation networks and markets. Such events could lead to compensation claims and lawsuits from affected customers.	The Group mitigates the risks of business interruption by: • **Regional footprint**: Strengthening regional facilities and diversifying the supply chain to enhance resilience and reduce reliance on any single site • **Labour relations**: Maintaining positive labour relationships to ensure smooth operations and minimize labour issues • **Effective communication**: Keeping an up-to-date communication tree for rapid, flexible incident response with regular senior management meetings to monitor the situation

Operational risks	How we respond
Human resources The Group's success depends on attracting and retaining qualified personnel and maintaining a stable workforce. It is also vulnerable to labour shortages from demographic shifts like declining birth rates and aging populations.	The Group mitigates human resources risks by: • **Talent attraction and retention**: Focusing on key personnel including management • **Building networks**: Creating effective employee networks and addressing employees' concerns from regular engagement surveys • **Succession planning**: Reducing the impact of staff turnover through succession planning and a positive work environment • **Operational streamlining**: Enhancing efficiency by automating processes and leveraging digital technology
Cybersecurity The Group faces vulnerabilities and risks across applications, data, networks, and devices. As the digital ecosystem evolves, new attack methods increase cyber risk exposure. Challenges include siloed monitoring tools, alert overload, and designing reactive response strategies.	The Group mitigates cyber risks by: • **Information security protocols**: Implementing measures for virus, malware and intrusion protection, as well as identity and access management • **Employee awareness**: Building employee awareness of cybersecurity best practices • **Threat monitoring**: Vigilantly monitoring and addressing emerging security issues
Taxation The Group may face direct and indirect tax audits in all jurisdictions where it conducts business. These inherently involve ongoing uncertainty as to outcome. Adverse results or changes in tax laws could potentially impact the Group's business, financial condition, results of operations and valuations of deferred tax assets.	The Group mitigates tax risks by: • **Tax compliance**: Adhering to applicable tax laws and regulations • **Professional guidance**: Tax matters are managed by the in-house tax team who seek expert advice on evolving and unclear tax laws and regulations
Warranty and product liability Manufacturing complex products exposes the Group to potential warranty and product liability from alleged or actual defects. Associated risks include customer dissatisfaction and potential liabilities related to the cost of replacing faulty products, recalls and legal proceedings.	Warranty and product liability risks are mitigated by: • **Continuous improvement**: Constantly refining engineering and manufacturing processes and upholding quality standards to minimize issues • **Product safety reviews**: Ensuring that products are fail-safe and adhere to the highest market standards • **Supply chain insourcing:** Insourcing component manufacture to align with quality requirements • **Insurance:** Product liability insurance that may partially cover potential financial liabilities caused from our products

Operational risks	How we respond
Fraud Cyber fraud is rising globally and becoming more sophisticated. Fraudsters may impersonate suppliers, employees or customers to deceive and obtain money. Like all businesses, the Group is also vulnerable to occupational fraud by its employees.	The Group mitigates its exposure to risks of fraud by: • **Ethics**: Implementing ethics training for employees with a clear tone set by the top and zero tolerance for fraud • **Identity authentication**: Authenticating the identity of customers, employees and suppliers • **Proactive oversight and robust business processes**: Implementing a clear delegation of authority for approvals, prohibiting single-signature approvals and maintaining a balanced mix of preventative and detective anti-fraud controls, subject to internal audit scrutiny

Sustainability risks	How we respond
Environment and climate change Johnson Electric must proactively address environmental and climate change challenges to create a resilient and sustainable business model. • **Energy and climate**: The Group must balance energy-intensive production with carbon footprint reduction. Failure to obtain sufficient renewable energy and curb emissions could contribute to climate change and business loss • **Waste, water and emissions**: Inadequate management of waste, water and pollutants could lead to significant environmental impacts • **Supply chain sustainability**: Environmental violations or non-compliance by suppliers could impact Johnson Electric's reputation and operations • **Climate resilience**: Extreme weather events such as floods, storms, or heatwaves could disrupt production and supply chains • **Regulatory compliance**: Potential breaches of environmental laws could lead to fines and operational disruptions	Johnson Electric promises to protect the environment for future generations by: • **Reducing CO_2 emissions**: Setting clear targets for reducing CO_2 emissions, increasing renewable energy use and improving energy efficiency. Assessing the carbon footprint of its value chain and setting reduction targets • **Ecological impact minimization**: Monitoring and reducing waste generation, water consumption, and emissions through site-specific programs to prevent landfill waste, reduce consumption, maximize recycling and enhance treatment facilities • **Supplier sustainability monitoring**: Evaluating the sustainability performance of key suppliers • **Climate adaptation**: Assessing vulnerabilities to climate change and extreme weather events and exploring adaptation measures to strengthen its climate resilience • **Environmental management system (EMS)**: Incorporates legal requirements into the EMS to handle compliance proactively and prevent violations. Ensuring all manufacturing sites hold ISO 14001 certification

Sustainability risks	How we respond
Product sustainability	
Electrification solutions for carbon emission reduction: Climate change mitigation is a key trend driving demand. APG's customers need products for vehicle electrification, removing carbon emissions from the tailpipe. IPG's customers require energy-efficient solutions for domestic and industry applications. **Challenges in sustainable production**: Some customers impose strict sustainability requirements, including reducing product carbon footprints, increasing recycled material use, and meeting quality and safety requirements. Failure to meet these requirements, customers may result in exclusion from future business.	The Group mitigates sustainability risks in its products by: • **Carbon emission reduction**: Offering products for zero- and low-carbon applications • **Sustainable by design**: Designing eco-friendly products and processes to minimize resource and energy use • **Sustainability assessments**: Conducting product carbon footprint and lifecycle assessments to reduce environmental impact • **Compliance with standards**: Ensuring products meet quality, health and safety standards
People	
Meaningful work and equal opportunities: An engaged workforce is essential for success. Employees seek meaningful, sustainable work with equal employment opportunities, respect, potential growth, and health and safety protection. **Digital transformation and skill acquisition**: Employees aim to acquire relevant skills to adapt to digital transformation and secure their livelihoods. **Consequences of breaches**: Breaches of human and labour rights can lead to reputational damage, loss of business, recruitment and retention challenges, legal and financial penalties and negative impacts on communities.	The Group fosters a conducive working environment by: • **Embedding human and labour rights**: Promoting diversity, equal opportunity and integrating human and labour rights into business practices • **Compliance with labour laws**: Adhering to labour laws and regulations to safeguard employee rights • **Enhanced health and safety measures**: Meeting or exceeding health and safety requirements and proactively protecting employee wellbeing • **Talent attraction and retention**: Supporting talent acquisition and retention through robust training and development programs • **Employee engagement assessment**: Conducting biennial employee engagement assessments and implementing targeted follow-up actions • **Synergy between social impact and employee motivation**: Fostering a culture of trust and respect to motivate employees and contribute to positive social impact

Sustainability risks	How we respond
Trust and transparency The Group risks reputational damage and business loss if its ethics or quality are questioned, or if it fails to consider the interests of its primary stakeholders. Non-compliance with relevant laws and regulations could lead to fines or non-monetary penalties, further harming its reputation. Additionally, exposure to environmental, social and ethical hazards within its supply chain could jeopardize the Group's reputation.	The Group mitigates these reputational risks by: • **Board and senior management composition**: Ensuring a balanced mix of skills, experience and diverse perspectives. Providing training to equip the board members with up-to-date knowledge on governance • **Alignment of values and strategy**: Harmonizing values, strategy and organizational culture • **Setting a strong tone at the top:** Establishing a clear ethical tone from leadership, with feedback channels for addressing ethical concerns • **Stakeholder engagement**: Communicating sustainability performance to stakeholders and involving them where applicable • **Legal and regulatory monitoring**: Responding promptly to changes in the legal and regulatory landscape • **Supplier qualification and monitoring**: Considering cost, quality, safety, environmental protection, social responsibility and ethical behaviour when selecting suppliers and monitoring key suppliers' performance

Financial risks	How we respond
Liquidity, interest rates, foreign currency exposure, commodity prices and counterparty risk	The Group mitigates its exposure to financial risks through a variety of measures including: • **Investment-grade credit ratings**: Maintaining creditworthiness with investment grade credit ratings and leverage from long-term debt • **Liquidity management**: Ensuring sufficient cash reserves, optimizing subsidiaries' dividend up, committed and uncommitted credit lines and future operating cash flows to meet current and planned cash needs • **Risk management strategies**: Managing interest rate fluctuations, foreign exchange rate movements, commodity price volatility, counterparty risks and customer credit and collection risks • **Core bankers and banking relationships**: Fostering the strong, trust-based banking relationships that are essential for financial stability and growth

Social Impact and Sustainability

Approach to sustainability

We strive to build a sustainability culture that empowers every employee to make a positive impact in their day-to-day role.

Sustainable products

We offer a growing portfolio of products that support the global drive towards sustainability, helping our customers to navigate the transition to a low-carbon, resilient and resource-efficient economy.

Based on Johnson Electric's keen understanding of complex needs, the Group develops attractively priced products that offer effective solutions to customers' problems, including improving their environmental and social impact.

Sustainability is also intrinsic to Johnson Electric's product development. The Group engineers for efficiency, striving to "make customers successful and end users delighted" with products that take fewer resources to manufacture, use less energy to deliver the required performance and functionality, and have a longer operating life.

Johnson Electric's "Eco Motion" symbol on product packaging denotes products that are sustainable and energy efficient

The Group's vertical integration also helps customers reduce their environmental footprint. Customers are increasingly asking for more complete motion subsystems, including motors, switches, gears and controlling electronics, rather than simply purchasing a motor. This reduces their costs, simplifies their logistics flow and reduces negative environmental impacts from transportation and packaging.

The automotive industry provides significant mobility, enhancing economic opportunities and living standards. However, it also brings environmental and social challenges like climate change, pollution, and congestion. Johnson Electric addresses these issues by using innovative technology to electrify critical functions in new energy vehicles (NEVs), improving performance and extending component lifespan. This shift from internal combustion engines (ICE) to hybrid and battery electric vehicles (BEVs) helps lower carbon emissions and mitigate climate change risks.

The Industry Products Group (IPG) serves various industrial, professional, and consumer segments, adapting to rapid social and technological changes. While electromechanical components have improved quality of life and accessibility, they also increase environmental stress due to higher energy demand and raw material use. IPG addresses this by offering affordable, environmentally friendly products. These include alternatives to ICE (especially in outdoor equipment), smart meters promoting energy awareness, lighter power tools for accessibility, and health-related devices. IPG's innovations help customers improve energy efficiency, reduce carbon emissions, and comply with energy regulations, creating a positive sustainability impact.

Product carbon footprint

Johnson Electric collaborates closely with customers to develop low-carbon, sustainable products. The Group uses product carbon footprint (PCF) and life cycle assessment (LCA) methodologies to measure and reduce environmental impacts throughout a product's life cycle. LCA evaluates the overall environmental impact, while PCF focuses specifically on carbon emissions. The Group's ambition is to develop all new products with optimized best-in-class LCA, PCF and environmental product declaration.

To date, the Group has quantified the carbon footprints of 70 products, implementing strategies to reduce carbon-intensive materials, use renewable energy, and incorporate sustainable materials. It also provides PCF calculations to meet customer requirements and to propose comprehensive decarbonization plans to customers.

Product quality and product safety

The Johnson Electric Product Development System combines engineering and manufacturing product quality planning methodologies to ensure the safe and flawless execution of new product launches.

From the initial concept through to product design verification and validation, these methodologies include advanced product quality planning, V-model product development, quality function deployment, simulation-led product design, anticipation of failure modes and failure mode analysis, reliability simulation and testing, product validation and safe product launch procedures.

The Group's manufacturing facilities and in-house testing laboratories are compliant with relevant international standards. The Group's products are also compliant with all mandatory health, safety and environmental protection requirements, as tested by recognized external testing laboratories and bodies.

Johnson Electric maintains a uniform supply chain and production quality system across its global manufacturing footprint, supported by a vertically integrated business model that offers flexibility and responsiveness to market changes. The Johnson Electric Production System (JEPS) aims to minimize process variation, waste, and costs while targeting a process capability performance (Cpk) of 2.0. The Group continuously invests in new process technologies, automation, and digitization to improve the sustainability and efficiency of its operations, ultimately enhancing customer service levels.

Over the past year, Johnson Electric has received many customer awards for consistent excellence in quality, delivery, robust operating systems, material management and environmental compliance. The Group's plants have received supplier quality excellence awards, highlighting its strong collaboration and quality performance.

Material management and use

Johnson Electric's manufacturing processes consume raw materials such as steel, copper, aluminium, and plastic resins. The Group mitigates the environmental impact related to this by:

- Using environmentally sustainable materials and renewable energy wherever possible
- Purchasing materials with recycled content wherever possible (without compromising product functionality)
- Reducing consumption of carbon-intensive materials
- Recovering scrap materials from production and reusing them where feasible, and otherwise selling them for offsite recycling

The Group aims to maximize materials efficiency and minimize waste by consuming less, reducing toxic chemicals and lowering environmental impact throughout the material's life cycle. For example, the Group reduced its consumption of packaging materials including plastic, cardboard and wooden pallets, using returnable packaging for in-region shipments to certain customers in Asia, Europe and the Americas.

Relationships with customers

Johnson Electric's world-class customer base includes household names across multiple end-markets. The Group has over 400 automotive customers and over 1,100 non-automotive customers. No single customer contributes 10% or more to its total sales.

Johnson Electric strengthens its relationships with customers through several key strategies, including:

- Customer-Centric Innovation: Johnson Electric prioritizes understanding and addressing customer needs, developing innovative motion solutions that enhance comfort, safety, and health. This is reflected in the Group's vision, purpose, and MARBLE values. Sales and engineering teams engage with customers to listen to their needs while sharing knowledge of Johnson Electric's products and capabilities
- Quality and Reliability: By maintaining high standards of quality and reliability, the Group has built trust and loyalty across its diverse customer base. Rigorous reviews and testing from concept to production ensure that Johnson Electric's products meet safety, quality, and performance requirements at competitive costs, positioning the Group as the "safe choice" solution

- **Global Presence**: Johnson Electric's manufacturing and assembly facilities in 17 countries across 4 continents, provide localized support and timely assistance for a positive customer experience. This vertically integrated, flexible manufacturing footprint allows the concentration of manufacturing for scale or production close to customers, offering a swift and agile response to changes in demand
- **Continuous Improvement**: The Group actively seeks customer feedback, to continuously improve its products and services
- **Fair Competition**: Johnson Electric is dedicated to fair competition, avoiding agreements that could harm customers and not misusing its market position to stifle competition

Common topics of interest to customers include product price, performance, quality, integrity and ethics, and business and sustainability strategy and performance. Johnson Electric's channels to communicate on these topics, include:

- Frequent customer meetings, phone calls, and emails
- Quarterly results announcements and the Interim, Annual, and Sustainability Reports
- Customers' on-site visits and audits of the Group's factories, sustainability targets, questionnaires, and assessments
- The Johnson Electric website and social media channels

These comprehensive efforts enable Johnson Electric to maintain strong, lasting relationships with its customers, contributing to the Group's sustained success.

Environmental responsibility

We promise to protect the environment for future generations.

The Group's key environmental priorities are reducing carbon emissions, increasing renewable energy use and energy efficiency, cutting waste and pollution, and using natural resources sustainably. Collaboration with suppliers and customers is also critical to creating long-lasting positive impact.

Environmental policy and governance

Johnson Electric's Environment, Health and Safety ("EH&S") policy emphasizes environmental protection in every decision and integrates it into the design of facilities, products, and processes, promoting continuous improvement.

The global EH&S management system, supported by leadership, resources and organization enables the monitoring, identification, and swift resolution of EH&S issues. Compliance is verified through performance monitoring, and internal and external audits. The senior leadership regularly reviews key performance indicators and environmental goals are set through a bottom-up approach, linked to performance incentives.

Johnson Electric holds ISO 14001 certification for all manufacturing sites and ISO 50001 certification for major sites, covering 53% of total energy consumption. A focus on energy management best practices aims to spread successful strategies across the organization.

The Group provided over 1,600 hours of EH&S training in FY24/25. Additionally, a Green Plant Checklist supports adopting clean technologies and improving environmental performance in renewable energy, water and material conservation, waste reduction, and pollution control.

Energy and climate

Johnson Electric is dedicated to facilitating a global low-carbon transition, aligning its strategies with global initiatives and customer goals.

The Group's energy and climate targets include:

- Absolute reductions in greenhouse gas emissions by FY34/35 from an FY22/23 baseline:
  - 59% reduction in Scope 1* emissions
  - 65% reduction in Scope 2* emissions
  - 35% reduction in Scope 3* emissions

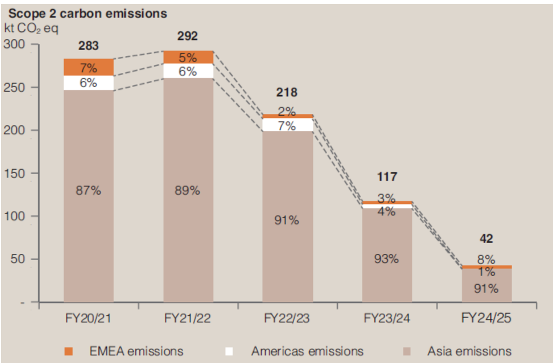
  * Scope 1 carbon emissions result from sources that Johnson Electric owns or controls directly. Scope 2 carbon emissions are indirect arise when the energy the Group purchases and uses is produced. Scope 3 carbon emissions are the emissions that the Group is indirectly responsible for, up and down its value chain
- Using 100% renewable energy across all operations by 2025, as available and feasible for each site
- Reducing the intensity per sales of purchased energy consumption in our operations by 15% by 2030 (compared to baseline year FY19/20)

Johnson Electric's carbon emission targets were officially approved by the SBTi in November 2024. Furthermore, the SBTi recognized the Group's Scope 1 and 2 targets as aligned with a 1.5°C trajectory.

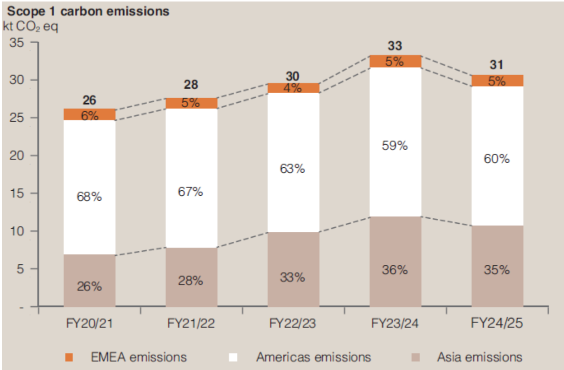
SCIENCE BASED TARGETS

BUSINESS AMBITION FOR 1.5°C

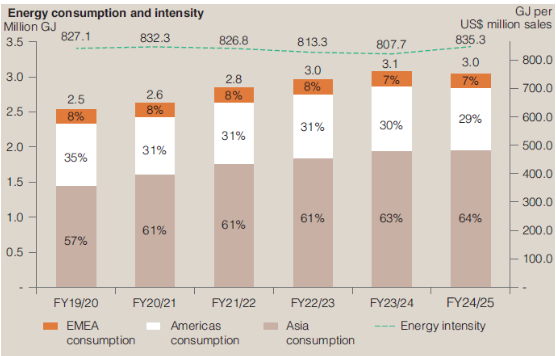
This year, the Group achieved an 81% reduction in Scope 2 carbon emissions compared to the FY22/23 baseline, surpassing the near-term science-based target. This was mainly due to increased renewable energy use, with 83% of electricity used from renewable sources. The Group is on track to achieve 100% renewable electricity use across all sites by the end of 2025, and a 99% reduction in Scope 2 emissions from baseline in the next fiscal year.



In FY24/25, Scope 1 carbon emissions were reduced by 7% compared to the previous year, mainly due to reduced natural gas consumption in the Americas and EMEA, and in refrigerant use. Reduction projects included energy-efficient HVAC systems, building automation, electric forklifts, reduced refrigerant gas usage, and improved natural gas efficiency. The Hirson site in France used biomethane to replace natural gas. Long-term plans involve replacing natural gas furnaces with electric ones. However, Scope 1 emissions were 4% above the FY22/23 baseline due to higher usage of natural gas, and refrigerants.



Despite the Group's efforts to implement energy-saving projects, resulting in a 1% reduction in absolute energy consumption compared with last fiscal year, in FY24/25, energy intensity per sales was 1% higher than the FY19/20 baseline. Vertical integration reduces product carbon footprints but increases in-house energy consumption and carbon emissions due to energy-intensive processes. Nevertheless, the Group remains committed to responsible production and combating climate change.



In FY24/25, the Group quantified its Scope 3 emissions for FY22/23 and FY23/24. The emissions for FY22/23 were used to set a baseline for our near-term science-based Scope 3 reduction target.

In the FY22/23 baseline inventory, Scope 3 represents 98% of total Scope 1, 2, and 3 emissions. Upstream emissions account for 13% of the Group's Scope 3 emissions while downstream emissions account for 87%. Two categories account for 95% of Scope 3 emissions – the use of sold products (85%), and purchased goods and services (10%) – and form the target boundary for disclosing the Group's progress towards the targets for Scope 3 carbon emissions.

In FY23/24, total Scope 3 emissions amounted to 10,686,188 tonnes, representing a 6% reduction compared to baseline. This reduction was attributed to the carbon reduction in both purchased goods and services and the use of sold products.

Waste

Reducing waste is an important element of Johnson Electric's efforts to improve its environmental impact. The Group seeks to limit its material consumption by:

- Designing compact, lightweight products that weigh less while delivering the same power output
- Minimizing waste from production processes
- Minimizing packaging and using returnable packaging where feasible
- Ensuring that our electromechanical components deliver long life and reliability
- Implementing waste reduction projects to reduce our general waste, especially cardboard and polystyrene packaging

Key initiatives at manufacturing facilities include:

- Conducting waste audits to identify improvement areas and prioritize waste reduction efforts
- Implementing pollution prevention measures and exploring alternative materials and technologies
- Training employees on the handling and disposal of hazardous materials as well as waste minimization
- Optimizing inventory management to prevent overstocking and waste
- Recycling and reuse programs, recovering materials like aluminium, coolant, epoxy powder, and plastics
- Safe storage and handling of hazardous waste
- Regularly maintaining and inspecting equipment to prevent contamination
- Collaborating with suppliers on waste reduction goals
- Monitoring and evaluating waste reduction programs

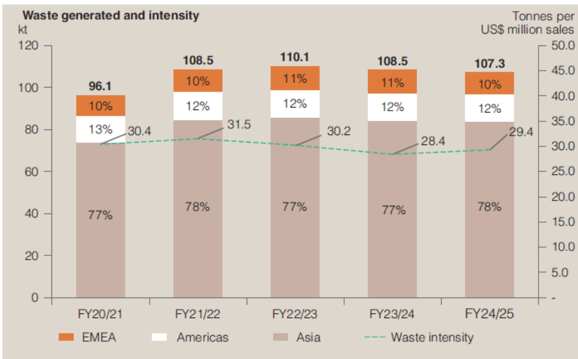
The Group's targets for waste reduction include:

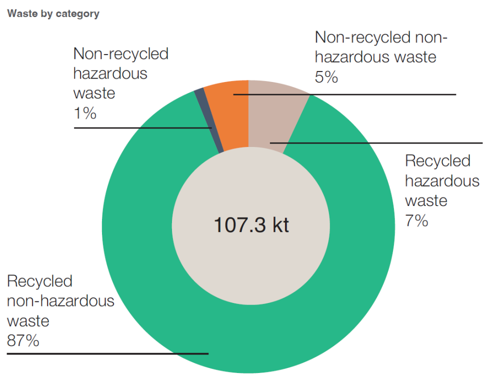
- Maintaining zero waste to landfill* across the Group
- Reducing waste intensity per sales by 10% by FY25/26 (from a FY20/21 baseline)
- Reducing hazardous waste intensity per sales by 20% by FY25/26 (from a FY20/21 baseline)
- Zero significant instances of waste-related non-compliance with laws and regulations

* "Zero waste to landfill" refers to 99% or more of generated waste being diverted away from landfill

In FY24/25:

- For the third successive year, the Group achieved its ambition to send zero waste to landfill
- Waste intensity per sales dropped 3% compared to the FY20/21 baseline
- Total waste dropped by 1% compared with last year, mostly driven by reductions in hazardous waste
- Hazardous waste accounted for only 8% of total waste generated and fell by 2% in absolute terms compared with the prior year
- Hazardous waste intensity per sales reduced by 18% compared with FY20/21 baseline
- 94% of the Group's waste was recycled. This was mostly material recovered from production, including steel, copper, process plastic and packaging plastic





Water

Johnson Electric's operations do not consume significant quantities of water. Moreover, none of its major operations are located in areas of medium or high water-stress. Nevertheless, the Group takes a responsible approach to water stewardship, seeking to maximize efficiency, minimize effluent and promote employee water conservation.

The Group's manufacturing sites reduce water withdrawal and ensure compliance through:

- Conducting water audits to identify high consumption areas
- Implementing water-efficient technologies
- Optimizing water management systems with smart technologies
- Promoting water conservation and educating and engaging employees
- Recycling and reusing water where feasible
- Ensuring compliance with local water regulations

The Group has set targets to:

- Reduce water withdrawal intensity per sales by 30% by FY25/26, from a FY20/21 baseline
- Reduce water consumption intensity per sales by 30% by FY25/26, from a FY20/21 baseline
- Zero significant instances of water related non-compliance with laws and regulations

In FY24/25:

- Absolute water withdrawal fell 11% compared with last fiscal year
- Water withdrawal and consumption intensity per sales dropped 26% compared with FY20/21 baseline
- 98% of water withdrawal was in countries with no or low water stress
- 12% of water withdrawal was for manufacturing processes; the rest was for domestic use
- Water consumption intensity reduced by 19% compared to the FY20/21 baseline
- There were no significant instances of water-related non-compliance

Emissions

The Group seeks to prevent pollution from its operations. Environmental risks are assessed before building new facilities, expanding sites or changing processes. Where emissions occur, appropriate treatment facilities are installed to mitigate pollution risks.

The Group's manufacturing sites reduce airborne emissions and ensure compliance, by:

- Implementing pollution control technologies such as installing and maintaining scrubbers, filters, and catalysts to capture and treat emissions
- Optimizing combustion processes, improving efficiency through upgrades, optimized fuel-air ratios, and proper maintenance
- Implementing emission monitoring and reporting, installing systems to track air pollutant levels, ensure compliance and identify improvement areas, including monthly reporting and third-party audits
- Regularly inspecting and maintaining equipment to prevent excessive emissions and ensure compliance
- Staying informed of and complying with regulations and standards related to air emissions

The Group's commitments and targets include:

- Classifying and monitoring emissions at all locations
- Zero significant instances of air emissions non-compliance

In FY24/25, the Group:

- Maintained air emissions levels below permitted limits at all sites
- Emitted 46 tonnes of volatile organic compounds ("VOC") emissions from glues and solvents. Despite VOC emissions being below permitted levels, the Group has taken steps to reduce VOCs by eliminating their use, using alternatives with lower VOC levels and emission control systems
- Generated 4 tonnes of nitrogen oxides from specific processes in our Jiangmen, China plant
- Generated 0.8 tonnes of particulate matter emissions. The Group has previously implemented process improvements to capture and reuse epoxy particulate matter and capture and reuse copper powder from copper bushing processes

Employees

We inspire our employees to grow and find fulfilment and meaning in the work they do.

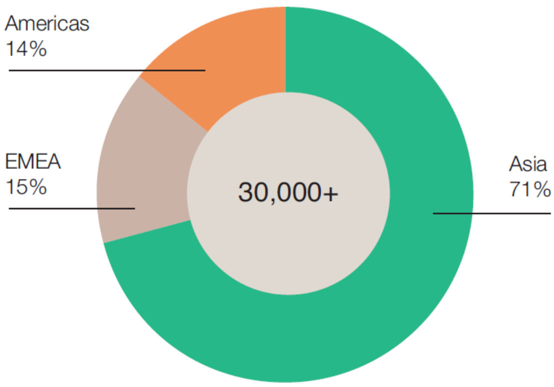
Johnson Electric's success is built on the talent, diversity, and hard work of its employees. The company's people strategy focuses on attracting and developing the right talent, placing them in suitable roles, and providing an environment where they can excel. This approach aligns with their vision of becoming "One Johnson" globally, creating a great company and workplace.

In a fast-changing industry landscape, Johnson Electric ensures employees have the latest tools and skills to perform excellently. Their talent management processes offer extensive training and career development opportunities, fostering employee growth and loyalty.

As a global firm, cross-border collaboration is essential, supported by shared "MARBLE" values that create a unified "One Johnson" culture. The company also emphasizes inclusivity, drawing on diverse backgrounds and experiences to enhance career success.

Above all, Johnson Electric prioritizes the health, safety, and wellbeing of its employees by maintaining strict health and safety standards across all locations.

Global workforce



As of 31 March 2025, the Group's total global headcount stood at over 30,000 across Asia, EMEA and the Americas.

We are a truly global team bound together by our shared values. We recognize that the talent and diversity of our people drive business results.

We thrive on innovation and excel in execution. We are committed to making our customers successful and our world a better place.

We believe that hiring the right people and putting them in the right jobs maximizes the success of our people and the business.

Johnson Electric's MARBLE Values

Make customers successful and end users delighted	Attract and empower great people	Reach higher	Be sustainable	Lead by example	Excel in execution with practical solutions
Delivering what our customers need to delight their end users is the primary goal of Johnson Electric. We are committed to making our customers successful in their business, as the basis for long-term success in our business.	Johnson Electric aims to offer its people career development that rewards results, enterprise, mentorship and teamwork. We achieve business results by empowering our people. We have employees all around the world and recognize that our business thrives on the diversity of our people and their ideas.	Johnson Electric people set stretch goals for themselves to drive business growth and personal career fulfilment. We know from experience that bold thinking and bold action will bring about extraordinary results.	Our business model must take into account long term social and environmental impacts of our own operations as well as the operations of our partners and suppliers. Our products should also contribute to the sustainability of the planet. We will reduce greenhouse gas emissions and energy consumption in our own business operations.	Johnson Electric believes that good corporate citizenship requires uncompromising standards of integrity, openness, and fairness. We are committed to demonstrating leadership wherever we do business through the promotion of a safe, healthy and fair environment for our people.	Johnson Electric's customers expect the highest standards of quality and performance. We work not only to meet those expectations but also to exceed them through continuous cycles of learning, shop-floor practicality and a "can do" mindset. We aim to put innovative ideas into practice quickly as a team and refuse to be stalled by complexity.

Health and safety

Johnson Electric's strong safety culture draws on its values of caring, ownership, collaboration and accountability. Safety starts with a personal decision and everyone is responsible and accountable for the health, safety and wellbeing of their team, and for considering safety in all aspects of their work. There is, and there will be, no compromise of safety in anything Johnson Electric does.

Johnson Electric's EH&S policy, available in multiple languages, underlines safety as non-negotiable, focusing on accident prevention and risk identification. It requires all levels of employees to follow safety procedures and actively identify hazards. Key initiatives include compliance with health and safety laws, designing safe products and processes, continuously improving the EH&S management system, and promoting a positive safety culture through communication and safety committees.

Health and Safety governance is led by top executives, with regular monitoring by operations leaders and the EH&S team. The EH&S management system, certified to ISO standards, contains 22 core elements including incident reporting, personal protective equipment, machine safety, and training, aiming for zero accidents. This system is implemented globally and locally, covering employees and contractors, and adhering to both global standards and local regulations.

It identifies and evaluates hazards and risks in product development and manufacturing processes, setting goals to address any significant hazards and risks. It takes into account feedback from employees, contractors, communities, customers, suppliers and other stakeholders, ensuring that Johnson Electric prioritizes employee health and safety above all.

37 of the Group's entities are certified with ISO 45001, representing 79% of its manufacturing sites and covering 92% of employees' hours worked.

Johnson Electric's three-step health and safety culture program enhances employee understanding and implementation of safety policies. The first step explains the EH&S policy and its connection to the Group's Business Framework. The second step promotes a positive safety culture, encouraging employees to report safety concerns and hazards. The third step focuses on problem-solving through strengthening skills in incident investigations, root cause analysis, and corrective actions. Training is provided online and in-person and is included in the orientation for new hires.

The safety prevention culture program uses the "safety pyramid" concept to monitor safety performance. By identifying and communicating more hazards and near-miss alerts at the bottom of the pyramid, serious incidents at the top can be prevented.

This emphasizes the critical role every employee plays in identifying, investigating, and mitigating health and safety issues. Greater employee engagement improves hazard detection and facilitates ongoing safety improvements.

The Group's health and safety targets include:

- Zero fatalities
- Zero lost-time accidents (Continuously improve and reduce year-on-year in pursuit of our ultimate target of zero)
- Recordable injuries: Continuously improve and reduce year-on-year
- First aid injuries: Continuously improve and reduce year-on-year
- Near-miss and hazard safety alerts: Increase the number of near-misses and hazards communicated
- Safety pyramid: Monitoring year-on-year improvements at each level and overall, to indicate the health and safety culture at each site, aiming to maintain the pyramid shape
- Incident investigation: Strong and effective incident problem-solving and "look-across" learning between all sites, to identify root causes and prevent recurrences

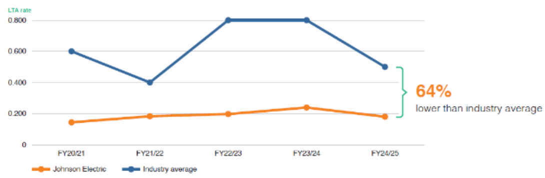
In FY24/25, there were:

- Zero fatalities
- 76 lost-time accidents (recordable injuries with lost time of more than one working day), a reduction of 28% compared with the prior year
- 155 recordable injuries, a reduction of 18% compared with the prior year
- 1,348 near-misses communicated, a 23% increase compared with the prior year and a 248% increase compared to the FY21/22 baseline, reflecting a remarkable improvement in the safety culture
- 15,945 hazards communicated, a 55% increase compared with the prior year and a 286% increase compared to the FY21/22 baseline, also reflecting a remarkable improvement in the safety culture

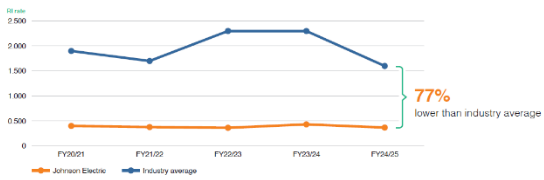
	FY21/22	FY22/23	FY23/24	FY24/25	FY24/25 vs FY23/24	FY24/25 vs FY21/22
Fatalities	0	0	0	0	–	–
Lost-time accidents	89	93	105	76	-28%	-15%
Recordable injuries	184	171	190	155	-18%	-16%
First aids	356	419	383	495	+29%	+39%
Near-misses	387	782	1,096	1,348	+23%	+248%
Hazards	4,131	7,227	10,295	15,945	+55%	+286%

Although one accident is always too many, the Group's lost-time accident rate and recordable injury frequency remain very low compared to the industry average *.

Lost-time accident rate



Recordable injury rate



* Source: U.S. Bureau of Labor Statistics, incidence rates of nonfatal occupational injuries and illnesses by industry and case types for motor and generator manufacturing (NAICS code 335312)

Talent attraction and retention

Johnson Electric aims to attract and develop the right people, put them in the right jobs and provide them with the right environment to excel at what they do best. The Group invests in the future of its people through a committed focus on learning and development.

The Group's Human Capital Committee has a mission to cultivate the talent pipeline and continuously improve organizational effectiveness. It meets monthly with Johnson Electric's most senior executives to discuss talent reviews, senior role appointments, succession planning, development of high-potential individuals, major training initiatives, and other key people initiatives.

Managers drive talent development, creating individual development plans for their team members, supported with psychometric assessments, 360° feedback, executive coaching, and formal education programs. The performance management process aligns with business goals, emphasizing regular performance discussions for recognition and constructive feedback.

The "JE Career Paths" initiative aids employees in business units and engineering to understand career paths and identify development areas. The "My Career in Motion" program empowers employees to take responsibility for their career growth and includes a self-nomination process for open positions.

Annual succession planning workshops for senior roles are reviewed by the board-level Remuneration Committee. In FY24/25, there was a 40% increase in key roles covered by succession reviews, with 93% of these roles having a succession plan. 76% of senior executive positions and 80% of general manager and vice president positions filled internally.

The Group invests in the future of its people through a focus on learning and development. Leadership development programs support employees as they transition to the next level of leadership responsibility, preparing them to take on roles of increasing complexity. Collectively, the different programs help develop the knowledge, skills, behaviours, relationships and experience required by leaders at different levels of our organization. These include:

- **Supervisors**: The "Leader for Operations Supervisors" is an 8-month program for emerging operational leaders. The program is led by local leaders to build leadership capabilities and consistent operation standards for all Johnson Electric locations. To date, a total of 149 participants have completed the program
- **Frontline managers**: The "Leadership Essentials" program helps to develop current and future leaders through a multi-format training curriculum. To date, 790 managers have taken part in the program. Leadership training has also been provided to operational supervisors
- **Senior leaders**: The "L.E.A.D." (Lead, Engage, Accelerate Development) program was launched in 2024 to support the development of the Group's future senior leaders. Members of Johnson Electric's senior leadership team personally led different workshop elements, sharing their direction, insight and best practices. The 2024 "L.E.A.D." cohort included 20 participants drawn from various business units and functions across the Group
- **Engineers:** The "Engineering International Assignment" initiative promotes engineering cross-regional collaboration and knowledge sharing through special projects. To date, 15 engineers from across the organization have been placed on international assignments and programs lasting between 12 to 24 months.

  The "JE International Engineering Trainee Program" offers recent engineering graduates an opportunity to work at different Johnson Electric plants around the world. This two-year program includes on-the job training in their home country followed by a second year in China to gain international career experience.

  "JE Tech Days" have been held in Asia, Europe and the Americas since 2023 to embrace and encourage innovation. Over 300 engineers from across the organization have gathered together in person to identify solutions and develop opportunities for future business growth in JE Tech Day 2024

Johnson Electric was recognized as one of the "HR Asia Best Companies to Work for in Asia 2024" by *HR Asia*. This prestigious award highlights the Group's commitment to creating a great workplace for its employees.

Training and development

Learning and professional development at Johnson Electric is a collaborative effort, enhancing adaptability and competitiveness. Employees close skill gaps through experience and training, with on-the-job learning being critical for growth. Coaching and formal training develops functional and leadership talent.

The Johnson Electric Learning Institute guides global learning, development, and reskilling, shaped by a global steering committee. Local teams implement tailored programs based on business priorities.

The Group offers various training formats, including just-in-time classroom, webinar and e-learning programs for technical and soft skills. The Johnson Electric Baccalaureate program which provides structured internal training to upskill technical workers to support the Group's digital transformation had 569 participants in FY24/25. The Group also offers apprenticeship programs for young people. The "Learning in Motion" platform has over 360 courses accessible anytime, including LinkedIn Learning. The "Leadership Essentials" curriculum includes stretch assignments and international secondments. The "JE's Digital Transformation Champions" (JEDi) program enhances digital and AI skills.

In the 2024 Learning Month, Johnson Electric focused on innovation, providing employees with tools for an innovation mindset and launching a new innovation curriculum for advanced learning.

Diversity, equity and inclusion

Diversity is a core strength of Johnson Electric. The Group:

- Strives to create a workplace that includes talented individuals from various backgrounds, celebrates differences, and promotes open dialogue
- Actively seeks diverse perspectives to enhance decision-making, innovation and adaptability
- Guarantees respectful and equal treatment, regardless of personal characteristics
- Hires competitively and fairly based on role and experience, without gender bias

The Group is committed to providing a harassment-free working environment. The Group investigates all complaints of harassment or discrimination raised through its whistle-blower hotline. During onboarding, all employees complete training on the Code of Ethics and Business Conduct, harassment-free workplaces, and unconscious bias. Diversity, Equity and Inclusion ("DE&I") policies define expected conduct and reporting channels.

Johnson Electric promotes family-friendly leave policies and flexible working arrangements, including a global work-from-home policy, parental leave, care leave, childcare services, and allowances. Employee housing projects in Zacatecas, Mexico, and Jiangmen, China, are well-received by employees and the community.

With over 35 nationalities represented in Johnson Electric's workforce, October is the Group's Global DE&I Awareness Month, bringing people together and driving awareness of diversity, equity, and inclusion.

Johnson Electric aims to be an employer of choice for women. In FY24/25, women made up 38% of the workforce, 20% of managerial positions and 13% of senior leadership. The Group aims to increase women in senior leadership roles to 15% by the end of FY25/26.

The "Female Engineers Employee Resource Group" and other resource groups support female employees. Unconscious bias training and a Female Development Program provide targeted support and mentoring. Biannual "Female Talent Reviews" identify high-potential female employees, increasing promotion rates.

The higher proportion of women in lower-wage categories at Johnson Electric's manufacturing sites compared to management roles contributes to a gender pay gap, comparing average pay by gender. The Group is addressing this by improving the skills and capabilities of manufacturing employees as well as through operational enhancements and automation.

The Group also strives to align its HR processes with its DE&I strategy, ensuring fair recruitment, promotions and development opportunities. Training for hiring managers and talent acquisition team members ensures diverse candidate pool and unbiased hiring decisions.

Communication

Johnson Electric aims to maintain reputation as a trusted employer. Mutual trust is essential for inspiring employees to grow, act with ownership and find fulfilment in their work. The Group keeps all employees well informed through open, transparent and two-way communication.

Employee communication channels include:

- **One Johnson Global Celebration:** An annual event celebrating teamwork and success. This year celebrated the 65th anniversary of the Group, and promoted local community empowerment by spreading the seeds of technology and STEM knowledge globally
- **JE in Motion:** An internal platform for leadership messages, knowledge sharing and team collaboration. Other means used to promote employee alignment with Johnson Electric's strategy and direction include emails and multimedia content shared with all employees, executives' messages, e-newsletters and global and local employee contests
- **Regular all-staff meetings:** Updates on business performance and key projects. In addition, online staff forums encourage active engagement
- **MARBLE Snapshot:** A biennial survey measuring employee engagement levels against external benchmarks. This confidential feedback mechanism ensures employees' voices are responded to at both corporate and team levels. The 2023 survey led to more than 600 improvement actions
- **Employee recognition programs:** The monthly JEwel awards encourage the sharing of best practices. The Annual Chairman's Awards, celebrate outstanding performance and leadership
- **Local team building initiatives:** Activities to boost engagement, build social skills and promote recognition. Local teams have organized festive celebrations, cultural excursions, appreciation days, parent-child activities and other events
- **Corporate website and social media channels:** Touchpoints for building connections and rapport with employees and external stakeholders through news updates and engagement activities

Labour rights

Johnson Electric is committed to respecting the labour and human rights of all employees and providing a safe workplace where every individual's dignity is respected. All subsidiaries set labour standards in line with the Group's policy and local laws and regulations, ensuring compliance.

Johnson Electric adheres to International Labour Organization directives. Additionally, to ensure employees' human and labour rights are protected, the Group:

- Has assessed its child and forced labour risks and issued a global policy with a mix of auditable preventative and detective controls. Johnson Electric's goal is zero child and forced labour in its value chain and within its own operations. In FY24/25 no cases were identified during internal audit or reported through the whistle-blower hotline
- Provides all employees with a written offer letter or contract of employment that includes (at a minimum) working hours, reasonable notice period and termination provisions, methods and timing of salary or wage payments and overtime eligibility and terms. All overtime is voluntary
- Maintains a global compensation structure to ensure competitive pay and benefits in every market in which it operates.

  Entry-level remuneration and benefits comply with and typically exceed legal minimums for the country of employment. Annual incentive pay, tied to the achievement of revenue, profitability, liquidity and sustainability goals, is an important component of compensation for more than 80% of staff-level employees, including management and executives.

  In addition, the Group's long-term share award scheme forms a critical part of the compensation package for senior executives, encouraging retention while aligning rewards to shareholder value. It includes time-vested restricted stock units and performance stock units which vest only if stringent financial conditions are achieved
- Does not make deductions from wages as a disciplinary measure

- Ensures that employees in company housing are free to come and go from their housing units, subject to reasonable security considerations
- Established a freedom of association and collective bargaining policy, covering all employees. The Group recognizes employees right to join unions and engage in collective bargaining without discrimination. Most employees are represented by unions or employee representatives. Additionally, employees can freely voice their concerns and requests to their direct supervisor or their local human resources department in a culture of mutual respect

To ensure compliance with legislative requirements and international standards, the Group conducted a social compliance and human rights audit with an external auditor in Hong Kong, the Group's global headquarters, in FY23/24. This audit confirmed all policies and procedures related to human rights and employee health and safety comply with requirements, with no significant incidents of non-compliance identified. The Group aims to conduct further audits across its major sites (i.e. Jiangmen, China; Niš, Serbia; and Zacatecas, Mexico) by FY25/26, and expects no significant incidents of non-compliance to be identified.

Johnson Electric monitors compliance with these employment standards and relevant labour laws and regulations. As part of this:

- At any time, employees may report breaches of labour standards anonymously via a global whistle-blower hotline. All reports are investigated promptly and confidentially with necessary action to prevent reoccurrence. Retaliation is not allowed
- Annually, regional and country human resources teams must acknowledge and certify their full compliance with the Group's human resources policies and relevant labour laws and regulations. Managers and employees in sensitive positions certify compliance with the Code of Ethics and Business Conduct ("the Code"), which includes preventing child labour and forced labour, ensuring equal employment opportunity, keeping open communication, and preventing workplace harassment and violence
- Every two years, all employees with a Johnson Electric email address complete an eLearning course on the Code, including the protection of labour and human rights, and must pass a test before signing their annual compliance declaration.

  All other employees participate in a session led by their team manager where they review the key components of the Code

Communities

Johnson Electric has always been committed to delivering social impact and serving the communities in which we operate. Our social impact and community engagement activities are based on both our passion for science, technology and engineering, as well as our heartfelt desire to respond to humanitarian needs.

All employees are encouraged to participate in volunteering programs to benefit their communities. This includes contributing to technical education programs like the Johnson Electric Technical College and Junior Engineer, as well as environmental and social activities, such as nature preservation and clean-up efforts, blood donation drives and fundraising for meaningful causes.

The Social Impact and Sustainability Committee oversees these activities, providing focus and support to ensure a structured approach worldwide.

Technical education

Johnson Electric promotes technical education through flagship programs in several countries like the Johnson Electric Technical College ("JETC") and the Junior Engineer program.

The first JETC was established in 2004 in Shajing, China, offering a three-year, fully funded education and technical training. It moved to Jiangmen in 2020, with modernized facilities. It has also welcomed 50 female students since 2023, advancing opportunities for women in engineering.

In 2016, a second JETC campus opened in Zacatecas, Mexico, so far, training more than 100 students. In the coming year, 30 more young people will be invited to join the program, fostering community empowerment and learning.

The latest campus launched in January 2024 in Chennai, India, inviting young people to embrace career opportunities in engineering.

Since inception, over 1,700 students have graduated from JETC in China and Mexico, providing a stream of well-educated employees and giving back to society by providing a high-quality general and technical education to underprivileged youth.

In Serbia, using similar concepts to JETC, the Group partners with a local technical high school, providing access to Johnson Electric's facilities and staff for quality technical education.

Junior Engineer, a simple but effective outreach program encourages children aged 6 to 12 to develop an interest in STEM subjects by building a DIY toy kit powered by a Johnson Electric motor. Activities are arranged internally for employees' children or externally with local educational institutions.

This year, Johnson Electric's new "J-Bot" toy car was assembled by over 400 children in workshops held across the Group's global sites.

Junior Engineer activity in the USA

JENERATIONS

Launched in 2021, the JEnerations program encourages Johnson Electric employees worldwide to volunteer for community outreach activities. Employees identify beneficiaries and partners and arrange activities based on local needs. Areas of focus include children, the elderly and the underprivileged, diversity and inclusion, and environment protection and restoration. Employees receive paid time for activities outside work hours.

This year, Johnson Electric hosted more than 200 JEnerations events. Activities included free English practice sessions for children in China, providing careers advice at a United Kingdom college, donating a blood bank refrigerator to an Italian hospital, fundraising events for children's education, and environmental campaigns involving employees' children.

Social impact awards

In Hong Kong, Johnson Electric received the 5 Years+ Caring Company Award from the Hong Kong Council of Social Service, recognizing its longstanding commitment to corporate social responsibility and community care.

5 years+ 商界展關懷 caringcompany®
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

Trust and Transparency

Ethics and culture are crucial to everything we do at Johnson Electric. Our strong ethical foundation fosters trust, collaboration and innovation, creating a solid reputation that attracts both customers and top talent alike and drives long-term success for our business.

Strong ethical conduct is a core expectation at Johnson Electric, guided by the MARBLE values. These values align employees with the Group's culture of integrity, openness and fairness.

Johnson Electric is committed to the highest ethical standards and promotes ethics and transparency across its supply chain. The Group continually strengthens its corporate governance to ensure accountability and enhance its culture of integrity.

Sustainability Governance

Good governance is crucial to Johnson Electric's business success. The Board of Directors ("the Board") is focused on building a culture of integrity, transparency and accountability across the Group's worldwide operations to ensure long-term sustainability.

The Board is responsible for integrating sustainability into Johnson Electric's strategic aims, overseeing impacts, risks and opportunities, strategies, targets, and performance. The Board has extended the authority of the **Audit Committee** to include the oversight of corporate social responsibility issues.

Sustainability Execution

The **Social Impact and Sustainability Committee**, chaired by an Executive Director and including Senior Vice Presidents and other management members with sustainability responsibilities develops Johnson Electric's sustainability culture, strategy, targets, and actions, aligning with stakeholders. It oversees the allocation of funds to sustainability initiatives and directs sustainability-related communication and reporting. The Sustainability Department assists the committee.

Sustainability is integrated into global operations, with all **business units and functions** incorporating strategies, key performance indicators and goals into their plans. Performance targets based on sustainability goals influence incentive pay for many employees, including management and executives.

Stakeholder Engagement

Johnson Electric's stakeholder engagement builds mutual understanding and trust, enabling integrity and transparency. The Group connects with customers, employees, suppliers, shareholders, and communities through a variety of channels. The Group also partners with sustainability experts and actively communicates with stakeholders about sustainability activities, including shareholders, financial institutions, sustainability experts, and authorities.

Materiality Assessment

In FY24/25, Johnson Electric conducted a double materiality assessment across its primary product divisions, including automotive and industrial products, and all 22 geographies in which it operates. This involved four stages:

- **Understanding Context**: Mapping key sustainability topics, identifying sector impacts, and prioritizing stakeholders through workshops
- **Identifying Impacts, Risks, and Opportunities**: Surveying stakeholders (560 responses, 48% participation) to classify environmental and societal impacts and financial risks
- **Assessing Impacts, Risks, and Opportunities**: Evaluating impact severity based on scale, scope, and irremediable nature and analyzing financial performance effects
- **Prioritizing Material Topics**: Scoring impacts and financial risks and opportunities to identify material topics

The material topics identified through the materiality assessment were as follows:

Environment	Social	Governance
Climate change • Climate change mitigation • Climate change adaptation • Energy **Resource use and circular economy** • Circular economy • Materials efficiency **Company / sector specific** • Innovation in sustainable products	**Own workforce** • Health and safety • Employee wellbeing • Training and skills development • Gender equality and diversity • Labour rights **Workers in the value chain** • Child labour and forced labour **Consumers and end-users** • Product safety	**Business conduct** • Corruption and bribery • Management of relationships with suppliers **Company / sector specific** • Materials sourcing

Ethics

Johnson Electric strives to conduct its business with honesty and integrity. The Board and management lead by example to uphold ethical standards. This is underpinned by a comprehensive ethics framework, which includes:

- **Code of Ethics and Business Conduct**: Endorsed by Chairman and Chief Executive, Dr. Patrick Wang, the Code outlines ethical principles for all employees, emphasizing fairness and anti-corruption. Violations lead to disciplinary actions. The Code is accessible in local languages, reviewed biennially and available at www.johnsonelectric.com
- **Ethics training and declarations:** This program engages all Johnson Electric employees. At-risk employees and managers must complete ethics training upon induction, make an annual compliance declaration, and take part in biennial training delivered online, with the choice of English or local languages. These requirements extend to all other staff with a Johnson Electric email account. All other employees receive biennial ethics training from their team leaders, in their local language
- **Internal control and risk management system:** Johnson Electric assesses Group-wide risk exposure, including corruption, considering the frequency and magnitude of incidents. This assessment is reviewed annually and updated based on emerging issues and internal audits.

  Risk exposure is mitigated through proactive oversight and robust processes. The internal control framework includes auditable preventative and detective controls, business conduct and anti-fraud measures, specified limits of authority, clear control responsibilities, and prohibits single-signature approval of contracts, customers, revenues, suppliers or expenditures (with strict monetary limits for gifts and entertainment)
- **Internal Audit Department:** Using a risk-based approach, internal audits review and test controls. This includes risk assessment, prioritization, developing an annual audit plan, ensuring independence and objectivity, reporting findings and follow-up to ensure corrective action
- **Whistle-blower hotline:** Employees and other stakeholders can make confidential reports of ethical concerns. Reports are investigated promptly, with protection against retaliation. The Group has zero tolerance for fraud and corruption, referring cases for prosecution when feasible
- **Institute of Business Ethics:** Johnson Electric is a member of the Institute of Business Ethics, and makes use of the Institute's tools, guidance and insights to enhance and reinforce its ethics culture

The Group's ethics-related targets include:

- Zero legal cases brought against Johnson Electric or its employees for corruption, anti-competitive behaviour, anti-trust, and monopoly practices
- Biennial ethics training for 100% of the workforce
- Obtaining annual Code of Ethics declarations from 100% of at-risk employees, managers and other staff with a Johnson Electric email account
- Zero incidents of fraud, money laundering or conflicts of interest
- Systematic internal audit coverage through a dynamic five-year strategy for effective auditing and risk management
- Investigation of 100% of whistle-blower reports received through the Group's hotline

In FY24/25:

- 90% of the workforce participated in ethics training
- 100% of at-risk employees and 98% of managers completed ethics training and signed an annual ethics compliance declaration
- Internal Audit conducted visits at 18 entities, during which it tested the appropriateness and effectiveness of, and compliance with various anti-corruption controls
- The reporting rate for the whistle-blower hotline was 1.2 reports per 1,000 employees. 100% of whistle-blower reports were subject to investigation. Of the investigations concluded in FY24/25, 24% were found to be substantiated, including some prior cases. These were subject to relevant corrective actions, including disciplinary measures. Some investigations were still ongoing as of 31 March 2025

- There were three confirmed incidents of fraud and corruption. All employees involved in these incidents resigned, were dismissed or disciplined
- There were no confirmed incidents that led to the termination of relationships with suppliers due to violations related to corruption
- One case was brought against employees for corrupt practices

Fair competition

Johnson Electric does not take part in agreements that harm customers such as price-fixing, bid-rigging or other anti-competitive practices. Annual reviews of each market segment allow management to understand the basis of competition including how Johnson Electric engages in the market, the Group's competitors and their behaviours, market trends and development prospects, and potential problems and difficulties.

In FY24/25, no regulatory action was brought against the Group regarding fair trade or competitive practices.

Data protection

Johnson Electric follows the principle of "privacy and security by design and by default" to protect the confidentiality, integrity and availability of data. Information security management systems safeguard its own data as well as customer, employee and partner data, with preventative control measures tested by third-party security experts. The incident response plan ensures quick detection, containment, eradication and recovery from information security incidents.

Several locations, including the Group's Hong Kong headquarters, have gained TISAX accreditation for information security, with more sites also working towards it. Best practices learned by implementing TISAX are being shared across the wider Group.

The Group performs due diligence reviews of vendors that handle sensitive data through a supply chain information security assessment process.

Employees can report potential phishing emails, suspicious activity or other information security concerns via an internal hotline or by email to infosec@johnsonelectric.com.

Relationships with suppliers

Johnson Electric is a global manufacturer with a complex supply chain of over 2,000 active suppliers.

The Group's engagement with suppliers is driven by its focus on "Innovation" and "Safe Choice". Robust supplier qualification procedures ensure that the Group has the right supplier to source the right item, giving due consideration to cost, quality, safety, environmental protection, ethical behaviour and social responsibility. Suppliers are contractually required to be certified under relevant international quality and environmental management standards such as ISO 9001, ISO 14001, ISO / TS 16949 and ISO 13485.

The Group collaborates with suppliers to integrate sustainability standards and support their sustainability efforts. The sustainable procurement policy guides sourcing decisions, defining ESG requirements and ESG-related key performance indicators. In FY24/25, the policy was updated to include rewards for top-performing suppliers.

The Group's Purchase Terms and Conditions comply with legislation such as the US Foreign Corrupt Practices Act and the UK Bribery Act 2010 and adhere to the International Labour Organization's and the United Nations' principles on business and human rights. The Supplier Code of Conduct (available for download from www.johnsonelectric.com) includes requirements for human and labour rights, responsible sourcing, environmental stewardship, emergency response, and business integrity. A whistle-blower hotline enables anonymous reporting of breaches, with 84% of suppliers committed to the Code.

The Group partners with third-party specialists to assess the ESG performance of key suppliers, via survey. Participants are selected based on commodity sustainability priority, spending level, country sustainability priority, and criticalness of the material supplied. New suppliers undergo assessment if they supply crucial commodities, if requested by customers, or if other business considerations apply.

In FY24/25, 80% of direct material suppliers (by direct material expenditure) were assessed on ESG performance. Each assessed supplier received a sustainability performance report, recognizing their ESG contributions and outlining next steps. The top 10% received certificates.

The Group has established a standard operating procedure for on-site audits of suppliers' ESG performance. In FY24/25, 12 suppliers were audited, for ESG performance.

The Group uses CMRT (Conflict Minerals Reporting Template) and EMRT (Extended Minerals Reporting Template) to comply with regulations and ensure responsible sourcing. CMRT discloses the origin of conflict minerals like tin, tungsten, tantalum, and gold (3TG). EMRT includes cobalt and mica. In FY24/25, a Reasonable Country of Origin Inquiry (RCOI) was conducted for 434 suppliers of 3TG and 222 suppliers of mica and cobalt. The CMRT completion rate was 95% while that of EMRT was 91%.

Direct 3TG purchases are sourced from certified conflict-free suppliers. An AI-driven solution automates the review of CMRT and EMRT submissions and facilitates requests for corrective actions where necessary. The purchasing team follows up with suppliers reporting sanctioned smelters until resolved. Requirements regarding sanctioned smelters are clearly outlined in the suppliers' Supplier Sustainability Performance reports to underscore their significance.

Sustainability ratings

The Company is a constituent of the Hang Seng Corporate Sustainability Benchmark Index. Its ESG ratings include:

	31 March 2025	31 March 2024
MSCI	AA	A
EcoVadis	Silver	Silver
Sustainalytics	Low risk	Low risk
CDP– Climate change	B	B
CDP– Water security	B	C
Hong Kong Quality Assurance Agency	A+	A+

Corporate Governance Report

Johnson Electric Holdings Limited ("Company", together with its subsidiaries, the "Group") is committed to achieving high standards of corporate governance that properly protect and promote the interests of its shareholders and devotes considerable effort to identifying and formalizing best practices of corporate governance.

Johnson Electric's Culture and Stakeholder Focus

Our Purpose

To improve the quality of life of everyone we touch through our innovative motion systems

Our Vision

To be the world's definitive provider of innovative and reliable motion systems

Our "MARBLE" Values

- **M**ake customers successful and end users delighted
- **A**ttract and empower great people
- **R**each higher
- **B**e sustainable
- **L**ead by example
- **E**xcel in execution with practical solutions

Our Promises

Customers
Make our customers successful with motion solutions that deliver more comfortable, safer and healthier products for end users

Employees
Inspire our employees to grow, act with ownership and find fulfillment and meaning in the work they do

Shareholders
Maintain financial strength and deliver sustainable growth in profits and cash generation

Local Communities
Enrich our local communities

Environment
Protect our environment for future generations

The Company is committed to building a positive and strong corporate culture by promoting the values and aspirations contained in Johnson Electric's "MARBLE" statement of core values. The corporate values of "MARBLE" guide our employees to become the company we aspire to be and to fulfil our purpose and vision. There are six major strategic actions areas directed towards achieving our vision and purpose: 1) focus on serving customers whose products are aligned to key underlying trends, 2) invest in technology innovation, 3) build a resilient global manufacturing footprint, 4) align design and production processes with the industrial logic of advanced automation, 5) acquire selective businesses, and 6) develop and retain a diverse, talented and inclusive team of people. Various initiatives, measures and programs strengthening the Group's culture and improving employees' engagement, and achievements are also discussed in the Management's Discussion and Analysis of this announcement.

The Group conducts a global "MARBLE Snapshot" survey of its employees every two years. Employee engagement and alignment with the "MARBLE" core values are measured through the survey. Survey results are also compared to global manufacturing company benchmarks and country benchmarks where applicable. Appropriate follow-up actions are implemented in a timely manner to respond to the feedback from our employees.

Board of Directors

The board of directors of the Company ("Board") currently consists of two executive directors and nine non-executive directors (of whom six are independent) ("Directors") following the retirement of Mr. Joseph Yam as an independent non-executive director on 12 July 2024.

The independent non-executive directors are all experienced individuals from a range of industries and geographies. Their mix of professional skills and experience is an important element in the proper functioning of the Board and in ensuring a high standard of objective debate and overall input to the decision-making process. The Board has received from each independent non-executive director a written confirmation of their independence and has satisfied itself of such independence up to the date of this announcement in accordance with the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

In accordance with Rule 13.51B(1) of the Listing Rules, the Company is required to disclose changes in information of Directors subsequent to the date of the Interim Report 24/25. Save as otherwise set out in this announcement, there are no substantial changes to the information of Directors during FY24/25.

The Board at Work

The Board is accountable to shareholders for the activities and performance of the Group. Directors meet in person on a quarterly basis and on other occasions when a board-level decision on a particular matter is required. The Board has reserved for its decision or consideration matters covering corporate strategy, annual and interim results, directors' appointment, succession planning, risk management, environmental, social and governance reporting, major acquisitions, disposals and capital transactions and other significant operational and financial matters.

The Company seeks to provide its independent non-executive directors with extensive exposure and access to its operations and management. The board meeting agendas are structured to address the broad spectrum of key governance issues on a regular and systematic basis. One of the scheduled Board meetings focuses specifically on the annual corporate strategic plan and planning process which is intended to identify and assess the opportunities, challenges and key risks that are expected to have the greatest potential impact on the Group's future business performance. Forming part of the continuous professional development program for Directors, visits to the Group's principal operating facilities are arranged and relevant subject area experts are also invited to address the Board from time to time.

The Board recognizes the importance and benefits of conducting regular evaluations of its performance to ensure the effectiveness of its functioning. On an annual basis, a Board Effectiveness Survey is sent to each Director in order to enable the performance of the Board to be evaluated in a structured and candid manner. Responses to the survey are analyzed and discussed at the Board meeting. Suggestions made by the Directors have been implemented to further improve the performance of the Board.

Major corporate matters that are specifically delegated by the Board to management include the preparation of annual and interim accounts for board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, environment, social and governance assessments and compliance with relevant statutory requirements and rules and regulations.

Subject to retirement by rotation and re-election at an annual general meeting, non-executive directors are appointed for a term of three years with automatic renewal for further terms of three years per term. Under the Company's Bye-law 109(A), one-third of the directors except the director holding office as executive chairman, who have served longest on the Board since their last election, shall retire from office and be eligible for re-election at each annual general meeting. As such, except for the executive chairman, no director has a term of appointment longer than three years.

Committees

The monitoring and assessment of certain governance matters are delegated to four committees which operate under defined terms of reference and are required to report to the Board on a regular basis.

The composition of the committees during FY24/25 and up to the date of this announcement is set out in the table below.

Directors	Audit Committee	Remuneration Committee	Nomination and Corporate Governance Committee	Board Committee
Executive Directors				
Patrick Wang			M	M
Austin Wang				M
Non-Executive Directors				
Winnie Wang Mak		M		
Peter Wang *	M			
Independent Non-Executive Directors				
Catherine Bradley		M	C	
Michael Enright	M	M		
Michelle Low	M			
Patrick Paul	C		M	
Christopher Pratt	M	C		
David Rosenthal		M		
Joseph Yam **		M		

C – Chairman
M – Member

* Mr. Peter Wang ceased as a member of the Audit Committee with effect from 12 July 2024.

** Mr. Joseph Yam retired as an independent non-executive director and ceased as a member of the Remuneration Committee with effect from 12 July 2024.

Audit Committee

The Audit Committee comprises four independent non-executive directors who together have substantial experience in the fields of accounting, taxation, business, corporate governance and regulatory affairs. The current members are Mr. Patrick Paul (Committee Chairman), Prof. Michael Enright, Mr. Christopher Pratt and Ms. Michelle Low.

The Committee is responsible for monitoring the financial reporting, accounting, risk management and internal control aspects of the Group's activities. It has full access to the Group's Global Head of Internal Audit to hear directly any concerns of the internal audit function that may have arisen during the course of the department's work. The Committee also monitors the appointment, performance and remuneration of the Group's external auditor. The Committee's authority and duties are set out in the terms of reference which are available on the websites of the Group and HKEXnews.

Five committee meetings were held in FY24/25 to discuss and review relevant matters together with senior management and the independent auditor, including the following:

1. The FY23/24 annual results and interim results for FY24/25, to ensure that the related disclosures in the financial statements were complete, accurate and fair and complied with accounting standards, the Listing Rules and legal requirements, and to submit the same to the Board for approval;
2. The work done by the external auditor, the relevant fees and terms of engagement and appropriate actions required on any significant control weaknesses;
3. The external auditor's independence, including consideration of their provision of non-audit services;
4. The Internal Audit Department's staffing and team competencies, its internal audit plan and budget for approval, its report on work performed and the status of open issues for remedial action;
5. The overall adequacy and effectiveness of internal controls;
6. The Group's risk management activity, namely the processes by which risks are assessed and registered and by which such risks are addressed for mitigation and management;
7. The status and adequacy of the Group's insurance coverage;
8. The status of the Group's global tax position and any fiscal audits by the various jurisdictions;
9. Update on international tax developments as they affect the Group;
10. The status of litigation;
11. Update on implementation of IT modernization and cybersecurity controls;
12. Update on internal controls of the supply chain function; and
13. Review of environment, social and governance (ESG) regulations, and of the Group's performance against ESG targets and its ESG reporting.

Remuneration Committee

The Remuneration Committee consists of four independent non-executive directors and one non-executive director after Mr. Joseph Yam's retirement on 12 July 2024. The current members are Mr. Christopher Pratt (Committee Chairman), Prof. Michael Enright, Mrs. Catherine Bradley, Mr. David Rosenthal and Mrs. Winnie Wang Mak.

The Committee determines the compensation structure and rewards for the Chief Executive and other executive directors and monitors the policies being applied in remunerating the senior management on behalf of the Board.

In addition, it has responsibility for reviewing and making appropriate recommendations to the Board on retirement plans and on management development and succession plans for executive directors and senior management. The Committee's authority and duties are set out in the terms of reference which are available on the websites of the Group and HKEXnews.

At Johnson Electric, remuneration and incentive schemes are linked to the achievement of annual and long term performance goals. By providing total compensation at competitive industry levels the Group seeks to attract, motivate and retain the key executives essential to its long term success. At times the Committee engages external remuneration experts to stay abreast of best remuneration practices among comparable companies around the world. Senior management incentive schemes include an equity component that is designed to align the long term interest of management with those of shareholders.

All global staff positions, including senior management, are governed by an evaluation methodology which takes into account management / technical know-how, problem solving and accountability. Individual senior management remuneration acknowledges scope of responsibilities, contribution and performance. The base salary takes into account factors such as contribution to the business, employee retention and market remuneration. Annual incentives, when payable, are performance-based and include Company and Group financial objectives as well as individual objectives which may be non-financial. The Johnson Electric Restricted and Performance Stock Unit Plan for senior management provides for the grant of Johnson Electric Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs"). Vesting of these is subject to attainment of service milestones in the case of RSUs and, in the case of PSUs, the attainment over time of identified group wide financial goals. RSUs and PSUs are used to retain and motivate senior staff and are designed to maximize long term shareholder value.

In determining the level of remuneration and fees paid to non-executive directors for the Board approval, a review of current practices in comparable companies is regularly conducted with the aid of an independent consultant. Board remuneration consists of an annual retainer with additional fees payable for committee memberships. Executive directors are not eligible for any remuneration or fees for board activities.

The Remuneration Committee reviewed the respective remuneration policy for senior executives and non-executive directors over the short and long term while addressing the goals of management development and retention and the enhancement of shareholder value.

No individual director or member of senior management team approves his or her own remuneration.

Three committee meetings were held in FY24/25. During the year, the Committee addressed the following:

1. Reviewed the status of the annual incentive plan.

2. Reviewed the status of the share award scheme including the company performance relative to the targets.

3. Reviewed long term incentive plans design and options for change.

4. Reviewed succession planning of senior management.

5. Reviewed gender balance and diversity of the Group.

6. Reviewed senior executive peer group best practices.

7. Reviewed the key retirement plans.

8. Reviewed results of the employment engagement survey.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee comprises two independent non-executive directors and one executive director. The current members are Mrs. Catherine Bradley (Committee Chairman), Mr. Patrick Paul and Dr. Patrick Wang.

The Committee is responsible for the identification and evaluation of candidates for appointment or re-appointment as a director, as well as the development and maintenance of the Group's overall corporate governance policies and practices. The Committee's authority and duties are set out in the terms of reference which are available on the websites of the Group and HKEXnews.

Two committee meetings were held in FY24/25. The following is a summary of work performed by the Committee during the year:

1. Consideration and recommendation of the retiring directors and those who offered for re-election at the Annual General Meeting;
2. Consideration of the independence of all independent non-executive directors;
3. Review and approval of the corporate governance report and information for the Annual Report and the Interim Report;
4. Review of the Group's report on compliance with laws and regulations in the countries in which it operates;
5. Review of the continuous professional development of Directors and senior management;
6. Review of the structure, size and composition of the Board;
7. Review of the implementation and effectiveness of Board Diversity Policy;
8. Review of the implementation and effectiveness of Board independence mechanism;
9. Review the implementation and effectiveness of the shareholders' communication policy;
10. Consideration of suitable independent non-executive director candidates for joining the Company; and
11. Update on enhancement in Corporate Governance Code of the Listing Rules commencing on 1 July 2025.

The business and operations of the Group are, in general, subject to regulations on trade sanctions and export controls, anti-corruption statutes and regulations, employment regulations and personal data and privacy regulations. In addition, the Listing Rules apply to the Company. The Group has established measures on risk management and corporate governance to ensure compliance with the applicable laws, regulations and rules which have significant impact on the Group.

Nomination of Candidates

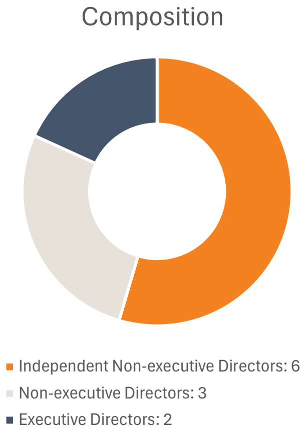
The Board has adopted its Nomination Policy. The Nomination Policy (which is available on the website of the Group), as administered by the Nomination and Corporate Governance Committee, sets out the criteria and procedures for identifying and nominating suitably qualified candidates for appointment to the Board. The selection criteria specified in the Policy include:

- The highest personal and professional ethics and integrity;
- Contribution to the Board in terms of qualifications, skills, business experience, independence and such other factors as the Committee may consider relevant;
- Commitment in respect of available time and relevant interests;
- Board succession planning considerations;
- Consideration of the requirement of the minimum number of independent non-executive directors; and
- Diversity in all its aspects as set out in the Board Diversity Policy (incorporating relevant provisions of the Listing Rules) adopted by the Board.

Board Diversity

In respect of the Board Diversity Policy, the Board is cognizant of the benefits of diversity and the Committee monitors implementation of this policy as part of the process of selecting and nominating candidates for appointment to the Board. Candidates are considered against the broad and diverse range of aspects specified in the Nomination Policy, which among other aspects also include gender, ethnicity and cultural background.

The diagrams below outline the composition, gender, age and tenure diversity of the Board.



As of 31 March 2025, female representation on the Board is 36%. The Board targets to maintain at least the current level of female representation and this target, along with other matters related to diversity, will be reviewed annually by the Committee.

Details of the Group's gender ratio and objectives for achieving gender diversity are set out in the Sustainability Report 2024/25 *.

The Board will continue to identify suitably qualified candidates to join the Board to promote and encourage diversity.

* The Sustainability Report 2024/25 will be available on the websites of the Group and HKEXnews together with the Annual Report 2024/25.

Board Independence

To ensure independent views and input are available to the Board, the following mechanisms were implemented. The Committee has reviewed the implementation and effectiveness of the mechanisms:

Board and Committee Composition	• 6 out of 11 of the Board members are independent non-executive directors which exceeds the Listing Rules requirement that at least one-third of the Board are independent non-executive directors. • The three committees, namely Audit Committee, Remuneration Committee and Nomination and Corporate Governance Committee under the Board have an independent non-executive director as the respective chairs.
Review Independence	• The Committee assesses the independence of all independent non-executive directors annually according to the criteria specified under the Listing Rules. • Members of the Committee will abstain from assessing his / her own independence. • Each of the independent non-executive directors has submitted a written annual confirmation of independence to the Board.
Appointment of Independent Non-executive Directors	• In identifying, nominating and appointing independent non-executive directors, the Committee will observe the selection criteria set out in the Nomination Policy and independence assessment criteria set out in the Listing Rules.
Non-executive Directors' Remuneration	• Fee(s) payable to independent non-executive directors are in form of cash for their role as Board member and committee(s) chairman / member as appropriate. • Independent non-executive directors are not entitled to equity-based and Group performance-related remuneration.
Independent Professional Advice	• Independent non-executive directors are entitled to seek independent professional advice from external advisers at the Company's expense to perform their responsibilities.

Board Committee

The Board Committee comprises two executive directors, Dr. Patrick Wang and Mr. Austin Wang. Its primary function is to undertake and supervise the day to day management and operating affairs of the Group. It exercises leadership and develops and keeps under review strategy and business development initiatives of the Group and supervises their implementation. The Committee's authority and duties are set out in the terms of reference and a summary of which are available on the Group's website.

Attendance of Directors at Various Meetings

The Board held four board meetings in FY24/25 and the average attendance rate was 91%. Details of the attendance of individual directors at board meetings, committee meetings and the annual general meeting during FY24/25 are set out in the table below:

	Number of meetings attended / held					
Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination and Corporate Governance Committee Meeting	Annual General Meeting	Continuous Professional Development [1]
Executive Directors						
Patrick Wang *(Chairman and Chief Executive)*	4/4	–	–	2/2	1/1	√
Austin Wang	4/4	–	–	–	1/1	√
Non-Executive Directors						
Yik-Chun Wang Koo *(Honorary Chairman)*	0/4	–	–	–	0/1	√
Winnie Wang Mak *(Vice-Chairman)*	4/4	–	3/3	–	1/1	√
Peter Wang [2]	4/4	1/1	–	–	0/1	√
Independent Non-Executive Directors						
Catherine Bradley	4/4	–	3/3	2/2	1/1	√
Michael Enright	4/4	5/5	3/3	–	0/1	√
Michelle Low	4/4	5/5	–	–	1/1	√
Patrick Paul	4/4	5/5	–	2/2	1/1	√
Christopher Pratt	4/4	5/5	3/3	–	1/1	√
David Rosenthal	4/4	–	3/3	–	1/1	√
Joseph Yam [3]	1/1	–	0/1	–	0/1	√
Average attendance rate	91%	100%	94%	100%	67%	
Date of meetings	16/05/2024 13/09/2024 20/11/2024 05-06/03/2025	13/05/2024 22/07/2024 18/11/2024 20/01/2025 03/03/2025	14/05/2024 19/11/2024 04/03/2025	16/05/2024 05/03/2025	12/07/2024	

Notes:

1. This includes (i) briefings on Company's businesses, (ii) visiting the Group's facilities, (iii) seminars / conferences on economy / management / technology and (iv) reading regulatory / corporate governance or industry related updates.
2. Mr. Peter Wang ceased as a member of the Audit Committee with effect from 12 July 2024.
3. Mr. Joseph Yam retired as an independent non-executive director with effect from 12 July 2024.

Continuous Professional Development

On appointment to the Board, each Director receives an induction package covering the Group's businesses and operations, and the statutory and regulatory obligations of being a director to ensure sufficient awareness of responsibilities under the Listing Rules and other relevant regulatory requirements. Thereafter, the Company provides the Directors with regular updates relating to the Group's business and the business environment in which the Group operates.

All Directors have complied with the code provision in relation to continuous professional development. The Company continuously updates the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

Internal Control and Risk Management

The Board is responsible for ensuring that a sound and effective system of internal control and risk management is maintained within the Group and for reviewing its design and operational adequacy and effectiveness through the Audit Committee.

The internal control and risk management system, which includes a defined management structure with specified limits of authority and control responsibilities, is designed to (a) help the achievement of business objectives and safeguard the Group's assets; (b) ensure proper maintenance of accounting records and reliability of financial reporting; (c) ensure compliance with relevant legislation and regulations; and (d) identify, manage and mitigate key risks to the Group, including environmental, social and governance risks.

The internal control and risk management system is established to ensure reasonable, but not absolute, assurance against material misstatement or loss and to manage, but not to eliminate, risks of failure in achieving the Group's objectives.

Following a risk-based approach, the Group's Internal Audit Department independently reviews and tests the controls over various operations and activities and evaluates their adequacy, effectiveness and compliance. Audit findings and recommendations are reported to the Audit Committee, senior management and the external auditor. In addition, progress on audit recommendations implementation is followed up on a regular basis and discussed with the Audit Committee.

During its annual review, the Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's Internal Audit Department, accounting and financial reporting function and their training programs and budgets.

To supplement the above, under the Code of Ethics and Business Conduct, employees can report any ethical misconduct, impropriety or fraud cases within the Group to the Johnson Electric Whistle Blower Hotline anonymously, or in writing in confidence without the fear of recrimination. The Company also has an Anti-Bribery Policy in place for the Board and all employees setting out the standards of conduct and practices for certain kinds of payment, gifts, entertainment and political contributions.

Details of the Group's risk management are set out on pages 22 to 30 of this announcement.

Based on the results of evaluations and representations made by the management, the Group's Internal Audit Department and the external auditor in FY24/25, the Audit Committee is satisfied that:

- There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that threaten the achievement of its business objectives; and
- An appropriate, effective and adequate system of internal control and risk management has been in place in FY24/25 and up to the date of approval of the Annual Report.

Auditor

The Company's independent external auditor is PricewaterhouseCoopers. The Audit Committee is responsible for considering the appointment of the external auditor and also reviews any non-audit services performed by the external auditor for the Group. In particular, the Committee will consider whether such non-audit services could lead to any potential material conflict of interest.

During FY24/25 and FY23/24, the services and associated remuneration provided to the Group by PricewaterhouseCoopers were as follows:

US$ million	FY24/25	FY23/24
Audit	3.21	3.00
Tax services	0.69	0.86
Other advisory services	0.51	0.08

Corporate Governance Code

During the year ended 31 March 2025, the Company complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules, except for the following:

Code Provision B.2.2

Code B.2.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Under the Company's Bye-law 109(A), the director holding office as the executive chairman is not subject to retirement by rotation and shall not be counted in determining the number of directors to retire.

In the opinion of the Board, it is important for the stability and beneficial to the growth of the Company that there is, and is seen to be, continuity of leadership in the role of the Chairman of the Company and, in consequence, the Board is of the view that the Chairman should not be subject to retirement by rotation or hold office for a limited term at the present time.

Code Provision C.2.1

Code C.2.1 provides, inter alia, that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Neither the Company's Bye-laws nor The Johnson Electric Holdings Limited Company Act, 1988 (a private act of Bermuda) contains any requirement as to the separation of these roles.

Dr. Patrick Wang is the Chairman and Chief Executive of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company that Dr. Wang should hold both offices. The Board believes that it is able to effectively monitor and assess management in a manner that properly protects and promotes the interests of shareholders.

Shareholders' Rights

Convening a Special General Meeting

Pursuant to Section 74 of the Bermuda Companies Act 1981, shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring a special general meeting ("SGM") to be called by the Board. The written requisition (i) must state the purposes of the SGM, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice to all shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene a SGM, but any SGM so convened shall not be held after expiration of three months from the said date of deposit of the requisition. A SGM convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in any SGM to be convened by the Board.

Putting Forward Proposals at General Meetings

Pursuant to Sections 79 and 80 of the Bermuda Companies Act 1981, either any number of shareholders representing not less than one-twentieth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in case of any other requisition.

Proposing a Person for Election as a Director

The procedures for proposing candidate(s) for election as director(s) at a general meeting are set out in the Shareholder and Bondholder Information under the Investors section of the website of the Group.

Enquiries to the Board

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at 12 Science Park East Avenue, 6/F., Hong Kong Science Park, Shatin, New Territories, Hong Kong. Shareholders may also make enquiries to the Board at the general meetings of the Company. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

Constitutional Documents

There was no significant change to the Company's constitutional documents during FY24/25.

Model Code for Securities Transactions

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix C3 of the Listing Rules. Specific confirmation has been obtained from all Directors to confirm compliance with the Model Code throughout the year ended 31 March 2025.

Communications with Shareholders

A Shareholders Communication Policy is in place to promote the on-going dialogue with the shareholders of the Company through various communication channels set out in the policy and to facilitate investor engagement with the Company.

The Company uses a number of formal communication channels to account to shareholders for the performance of the Group. These include the annual report and accounts, the interim report, periodic announcements made through the Stock Exchange, as well as through the annual general meeting. Copies of relevant corporate and financial information are also made available through the Group's website: *www.johnsonelectric.com*. The Group's website is one of the principal channels of communication with shareholders and potential investors.

During the year, the Company aims to provide its shareholders and potential investors with high standards of disclosure and financial transparency. In order to provide effective disclosure to investors and potential investors and to ensure they all receive equal access to the same information at the same time, inside information is released by way of formal public announcements as required by the Listing Rules. The Company supplements and follows up such announcements through periodic presentations, investor road shows and conference calls to facilitate the communication between the Company, shareholders and international investment community.

The Company encourages shareholders to attend and express their views and comments at its annual general meeting. The Chairman of the Board will invite the chairmen and / or members of the committees of the Board as well as external auditor to attend the Company's annual general meeting in person or by electronic means to answer shareholders' questions.

The Board has adopted a set of Internal Control and Reporting Measures in respect of Inside Information which provides guidance to Directors and management in handling and disseminating inside information. The Media and Investor Communication Policy adopted by the Group sets out guidelines to all staff to ensure inside information of the Group is to be handled in compliance with the legal requirement.

The Nomination and Corporate Governance Committee is responsible for reviewing the implementation and effectiveness of the Shareholders Communication Policy. The Committee has reviewed and based on the above mentioned including the timely publication and update of the communication on the Group's website, the provision of opportunities to shareholders to communicate with the Directors and chairmen of committees, and the periodic presentations and calls with the investment community, the Committee is of the view that the Policy is appropriate and the implementation of the Policy is effective.

Report of the Directors

The Directors have pleasure in submitting their report together with the audited consolidated financial statements for the year ended 31 March 2025.

Principal Activities

The principal activity of the Company is investment holding.

Business Review

The business review of the Group for the year ended 31 March 2025 are provided in the Letter to Shareholders and Management's Discussion and Analysis sections respectively from pages 2 to 4 and pages 5 to 21 of this announcement.

Results and Dividends

The results of the Group for the year ended 31 March 2025 are set out in the consolidated income statement on page 77 of this announcement.

The Directors declared an interim dividend of 17 HK cents (2.18 US cents) per share, totaling US$20.1 million which was paid on 8 January 2025.

In line with the Company's dividend policy, the Board recommends a final dividend payment of 44 HK cents (5.64 US cents) per share. The final dividend will be payable on 4 September 2025 in cash with no scrip alternative.

Distributable Reserves

As of 31 March 2025, the distributable reserves of the Company available for distribution as dividends were US$1,903.3 million, comprising retained earnings of US$1,845.1 million and contributed surplus of US$58.2 million.

Under the Bermuda Companies Act 1981 (as amended), the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) The Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) The realizable value of the Company's assets would thereby be less than its liabilities.

Directors

The Directors during the year and up to the date of this announcement were:

Executive Directors
Patrick Wang *SBS, JP*
Austin Wang

Non-Executive Directors
Yik-Chun Wang Koo
Winnie Wang Mak
Peter Wang
Catherine Bradley *CBE* *
Michael Enright *
Michelle Low *
Patrick Paul *CBE, FCA* *
Christopher Pratt *CBE* *
David Rosenthal *
Joseph Yam *GBM, GBS, JP* * (ceased directorship on 12 July 2024)

* *Independent Non-Executive Director*

In accordance with Bye-law 109(A) of the Company's Bye-laws, Prof. Enright and Mrs. Bradley shall retire from office by rotation and being eligible, offer themselves for re-election. Madam Koo shall retire but will not stand for re-election.

None of the directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements and Contracts

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or an entity connected with the Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Donations

During the year, the Group made donations of US$0.5 million (FY23/24: US$0.4 million).

Bonds

Details of the Company's US$300 million 4.125% p.a. Bonds due 2024 are set out in Note 14 to the accounts.

Disclosure of Interests

Directors

As of 31 March 2025, the interests of each Director and Chief Executive of the Company in the shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

	Shares of HK$0.05 each of the Company			
Name	Personal Interests	Other Interests		Approximate % of shareholding
Yik-Chun Wang Koo	–	532,889,010	(Notes 1 & 2)	57.029
Peter Wang	–	28,780,782	(Note 3)	3.080
Patrick Wang	5,292,630	–	(Note 4)	0.566
Austin Wang	1,473,069	–	(Note 5)	0.157
Winnie Wang Mak	865,586	–		0.092
Christopher Pratt	56,000	–		0.005
Patrick Paul	32,750	–		0.003
Michael Enright	15,250	–		0.001
Catherine Bradley	6,500	–		0.000

Notes:
1. These shares were held, directly or indirectly, by the trustees of various trusts associated with the Wang family.
2. Duplications of shareholdings occurred among and between the parties shown below under Substantial Shareholders.
3. These shares were held under a trust of which Peter Wang was a beneficiary.
4. The interest comprises 2,707,864 underlying shares in respect of the awarded shares granted, which remained unvested, under the Johnson Electric Restricted and Performance Stock Unit Plan.
5. The interest comprises 902,621 underlying shares in respect of the awarded shares granted, which remained unvested, under the Johnson Electric Restricted and Performance Stock Unit Plan.

Save as disclosed above, the register maintained by the Company pursuant to Section 352 of the SFO recorded no other interests or short positions of the Directors and Chief Executive in the shares, underlying shares in, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Apart from the shares awarded pursuant to the Stock Unit Plan as described in this announcement, none of the Directors and Chief Executive (including their spouses and children under 18 years of age) had any interests in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations required to be disclosed pursuant to the SFO.

Substantial Shareholders

As of 31 March 2025, the shareholders' interests being 5% or more of the Company's issued share capital as shown in the register of substantial shareholders maintained under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange are set out below:

Name	Capacity	Numbers of shares held	Approximate % of shareholding
Yik-Chun Wang Koo	Beneficiary of family trusts	532,889,010 (Notes 1 & 2)	57.02
Deltec Bank & Trust Limited	Trustee	221,760,000 (Note 1)	23.73
HSBC International Trustee Limited	Trustee	217,070,710 (Notes 1 & 3)	23.23
Winibest Company Limited	Beneficial owner	217,743,364 (Note 4)	23.30
Federal Trust Company Limited	Trustee	93,385,646 (Note 1)	9.99
Merriland Overseas Limited	Interest of controlled Corporation	61,896,046 (Note 5)	6.62

Notes:

1. The shares in which Deltec Bank & Trust Limited was interested, 217,743,364 of the shares in which HSBC International Trustee Limited was interested and 93,385,646 of the shares in which Federal Trust Company Limited was interested were held, directly or indirectly, by them as trustees of various trusts associated with the Wang family and were included in the shares in which Yik-Chun Wang Koo was interested as referred to above under Directors' Disclosure of Interests.
2. The shares in which Yik-Chun Wang Koo was interested as referred to above formed part of the shares referred to in Note 1.
3. The number of shares held is based on the Corporate Substantial Shareholder Notice filed with the Stock Exchange on 11 September 2023.
4. The interests of Winibest Company Limited in the Company formed part of the interests in the Company held by HSBC International Trustee Limited.
5. The interests of Merriland Overseas Limited in the Company formed part of the interests in the Company held by Federal Trust Company Limited.

Save as disclosed herein, as of 31 March 2025, the register maintained by the Company pursuant to Section 336 of the SFO recorded no other persons had any interests or short positions in the shares and underlying shares of the Company.

Share Award Scheme

A new Restricted and Performance Stock Unit Plan ("2023 Stock Unit Plan") was approved by the shareholders on 13 July 2023. The Restricted and Performance Stock Unit Plan which was adopted on 9 July 2015 ("2015 Stock Unit Plan") was terminated by the shareholders on 13 July 2023 and no further grants of share awards under the 2015 Stock Unit Plan could be made afterwards. Unvested share awards granted under the 2015 Stock Unit Plan continue to be valid subject to the provisions of the 2015 Stock Unit Plan which together with 2023 Stock Unit Plan are collectively as "Stock Unit Plan". The Board may grant time-vested units (Restricted Stock Units ("RSU")) and performance-vested units (Performance Stock Units ("PSU")) or cash payment in lieu of shares to such eligible employees and directors as the Board may select at its absolute discretion under the 2023 Stock Unit Plan.

The purpose of the Stock Unit Plan is to align management with ownership. The Stock Unit Plan helps to attract skilled and experienced personnel, incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group.

The following is a summary of the 2023 Stock Unit Plan:

1. Participants

The participants of the 2023 Stock Unit Plan are the Directors, the directors of the Company's subsidiaries and the employees of the Group who the Board considers, in its sole and absolute discretion, have contributed or will contribute to the Group ("Participants").

2. Awards

A contingent right to receive either fully paid ordinary shares of the Company or a cash payment, in either case is awarded pursuant to the 2023 Stock Unit Plan ("Awards").

3. Term

Subject to any early termination of the 2023 Stock Unit Plan in accordance with the 2023 Stock Unit Plan, the 2023 Stock Unit Plan shall be valid and effective for a term of 10 years commencing from the date of adoption of the 2023 Stock Unit Plan ("Term").

4. Eligibility

The Board may, at its discretion, invite directors and employees of the Group, who the Board considers, in its sole and absolute discretion, have contributed or will contribute to the Group, to participate in the 2023 Stock Unit Plan.

5. Administration

The 2023 Stock Unit Plan shall be subject to the administration of the remuneration committee and the Board. The Company may appoint a professional trustee to assist with the administration and vesting of Awards granted.

6. Grant of Awards

The Board may, at any time during the Term, at its sole and absolute discretion, make an offer of the grant of an Award ("Grant") to any Participant as the Board may in its sole and absolute discretion select, subject to the terms of the 2023 Stock Unit Plan.

Any offer of the Grant to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the grant in question) of the Company and all grants to connected persons shall be subject to compliance with the requirements of the Listing Rules.

7. Vesting of Awards

Subject to the terms of the 2023 Stock Unit Plan, the Board may determine from time to time such vesting conditions or vesting periods for an Award to be vested. For the purpose of satisfying the grant of Awards, the Board shall determine whether the Company shall, at its sole and absolute discretion, (a) allot and issue new shares (by using the general mandate to issue and allot shares for grantees who are not connected persons); and / or (b) direct and procure the trustee of the 2023 Stock Unit Plan appointed by the Company to acquire through on-market purchases of shares; and / or (c) pay or procure the payment of a cash payment.

8. Maximum Number of Shares to be Granted

The total number of shares that may underlie the Awards granted pursuant to the 2023 Stock Unit Plan and any other equity-based incentive awards granted under any other equity-based incentive schemes of the Company shall not exceed 10% of the aggregate number of shares of the Company in issue as of the date of adoption of the 2023 Stock Unit Plan ("Scheme Mandate Limit").

The Scheme Mandate Limit may be renewed subject to prior approval of the shareholders of the Company but, in any event, the total number of shares that may underlie the Awards granted following the new approval date under the limit as renewed must not exceed 10% of the aggregate number of shares of the Company in issue as of the new approval date. Shares underlying the Awards granted pursuant to the 2023 Stock Unit Plan (including those outstanding, cancelled or vested Awards) prior to the new approval date will not be counted for the purpose of determining the maximum aggregate number of shares that may underlie the Awards granted following the new approval date under the limit as renewed. For the avoidance of doubt, shares issued prior to the new approval date pursuant to the vesting of Awards granted pursuant to the 2023 Stock Unit Plan will be counted for the purpose of determining the aggregate number of shares in issue as of the new approval date.

9. Maximum Entitlement of Each Participant

Where any grant of Awards to a grantee would result in the shares issued and to be issued in respect of all options, awards and Awards granted to such grantee (excluding any options, awards and Awards lapsed in accordance with the terms of the 2023 Stock Unit Plan or the other share schemes of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the shares in issue, such grant must be separately approved by shareholders in general meeting with such grantee and his close associates (or associates if the grantee is a connected person) abstaining from voting.

Where any grant of Awards to an independent non-executive Director or a substantial shareholder of the Company or any of his associates would result in the shares issued and to be issued in respect of all options, awards and Awards granted (excluding any options, awards and Awards lapsed in accordance with the terms of the 2023 Stock Unit Plan or the other share schemes of the Company) to such grantee in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the shares in issue, such further grant of Awards must be approved by the shareholders in the Company's general meeting with such grantee, his associates, and all core connected persons of the Company abstaining from voting in favour at such general meeting.

10. Dividends and Voting Rights

The Awards do not carry any right to vote at general meetings. A grantee shall not be entitled to any dividends or distributions in respect of any shares underlying the Awards granted until such shares have been allotted and issued or transferred (as the case may be) to the grantee.

11. Transferability

Subject to the terms of the 2023 Stock Unit Plan, an Award shall be personal to the grantee and shall not be assignable or transferable. A grantee shall not in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Award.

12. Alteration

The Board may alter any of the terms of the 2023 Stock Unit Plan at any time provided that any changes to the authority of the Board in relation to any alteration of the terms of the 2023 Stock Unit Plan shall not be made without the prior approval of shareholders of the Company in general meeting or any alterations to the terms and conditions of the 2023 Stock Unit Plan which are of a material nature or are related to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Participants must be approved by the shareholders of the Company in general meeting, except where the alterations or changes take effect automatically under the existing terms of the 2023 Stock Unit Plan.

13. Termination

The Company by ordinary resolution in general meeting or the Board may at any time terminate the 2023 Stock Unit Plan and, in such event, no further Awards may be granted but in all other respects the terms of the 2023 Stock Unit Plan shall remain in full force and effect in respect of Awards which are granted during the Term and which remain unvested immediately prior to the termination.

During the year ended 31 March 2025, the Company purchased 4,725,500 shares of the Company at a cost of HK$54.66 million in connection with the Stock Unit Plan. The highest and the lowest purchase price paid per share were HK$12.60 and HK$10.48, respectively.

Details of the interests of the Directors, three top paid senior management (excluding two Executive Directors) and other selected employees in the Stock Unit Plan are set out below.

Name	Award Date (dd/mm/yyyy)	Award Type	Number of unvested units held as of 1 April 2024	Granted during the year	Vested in shares during the year	Vested in cash during the year	Lapsed during the year	Number of unvested units held as of 31 March 2025	Vesting Date (dd/mm/yyyy)
Directors									
Patrick Wang	01/06/2021	RSU	184,403	-	156,743	27,660	-	-	01/06/2024
	01/06/2022	RSU	388,036	-	-	-	-	388,036	01/06/2025
	01/06/2023	RSU	385,233	-	-	-	-	385,233	01/06/2026
	01/06/2024	RSU	-	309,877	-	-	-	309,877	01/06/2027
	01/06/2021	PSU	276,604	-	58,778	10,373	207,453	-	01/06/2024
	01/06/2022	PSU	582,053	-	-	-	-	582,053	01/06/2025
	01/06/2023	PSU	577,849	-	-	-	-	577,849	01/06/2026
	01/06/2024	PSU	-	464,816	-	-	-	464,816	01/06/2027
Winnie Wang Mak	01/06/2021	RSU	61,468	-	52,248	9,220	-	-	01/06/2024
	01/06/2021	PSU	92,201	-	19,592	3,458	69,151	-	01/06/2024
Austin Wang	01/06/2021	RSU	61,468	-	52,248	9,220	-	-	01/06/2024
	01/06/2022	RSU	129,345	-	-	-	-	129,345	01/06/2025
	01/06/2023	RSU	128,411	-	-	-	-	128,411	01/06/2026
	01/06/2024	RSU	-	103,292	-	-	-	103,292	01/06/2027
	01/06/2021	PSU	92,201	-	19,592	3,458	69,151	-	01/06/2024
	01/06/2022	PSU	194,018	-	-	-	-	194,018	01/06/2025
	01/06/2023	PSU	192,616	-	-	-	-	192,616	01/06/2026
	01/06/2024	PSU	-	154,939	-	-	-	154,939	01/06/2027

Name	Award Date (dd/mm/yyyy)	Award Type	Number of unvested units held as of 1 April 2024	Granted during the year	Vested in shares during the year	Vested in cash during the year	Lapsed during the year	Number of unvested units held as of 31 March 2025	Vesting Date (dd/mm/yyyy)
Three Top Paid Senior Management (excluding two Executive Directors)									
	01/06/2021	RSU	203,612	-	173,070	30,542	-	-	01/06/2024
	15/06/2021	RSU	71,403	-	60,693	10,710	-	-	01/06/2024
	01/06/2022	RSU	509,297	-	-	-	-	509,297	01/06/2025
	01/06/2023	RSU	585,876	-	-	-	-	585,876	01/06/2026
	01/06/2024	RSU	-	471,272	-	-	-	471,272	01/06/2027
	01/06/2021	PSU	305,416	-	64,901	11,453	229,062	-	01/06/2024
	01/06/2022	PSU	642,684	-	-	-	-	642,684	01/06/2025
	01/06/2023	PSU	638,041	-	-	-	-	638,041	01/06/2026
	01/06/2024	PSU	-	513,234	-	-	-	513,234	01/06/2027
Other Selected Employees									
	25/01/2021	RSU	121,544	-	-	-	-	121,544	01/12/2025
	01/06/2021	RSU	1,196,815	-	1,004,050	192,765	-	-	01/06/2024
	01/06/2021	RSU	1,153	-	1,153	-	-	-	04/05/2024
	01/06/2022	RSU	3,043,246	-	-	-	160,875	2,882,371	01/06/2025
	30/09/2022	RSU	66,794	-	-	-	-	66,794	30/09/2025
	01/06/2023	RSU	2,768,543	-	-	-	72,874	2,695,669	01/06/2026
	13/07/2023	RSU	36,311	-	-	-	-	36,311	01/06/2026
	09/11/2023	RSU	60,837	-	-	-	-	60,837	01/06/2026
	01/06/2024	RSU	-	2,416,187	-	-	58,101	2,358,086	01/06/2027
	17/06/2024	RSU	-	16,139	-	-	-	16,139	01/06/2027
	01/06/2021	PSU	920,856	-	181,093	49,121	690,642	-	01/06/2024
	01/06/2022	PSU	2,073,565	-	-	-	189,167	1,884,398	01/06/2025
	01/06/2023	PSU	2,162,121	-	-	-	67,416	2,094,705	01/06/2026
	01/06/2024	PSU	-	1,783,721	-	-	54,228	1,729,493	01/06/2027

Notes:

(1) The closing price of the shares, immediately before the date on which the awards were granted are shown as below:

Date of grant (dd/mm/yyyy)	Closing price of shares before the date of grant HK$
01/06/2024	11.92
17/06/2024	11.76

(2) The PSU is subject to a performance target so as to achieve the purpose of the Stock Unit Plan. The performance target shall be based on the performance of the grantee and / or group profitability, cumulative or annual earnings per share, revenue or revenue growth, total shareholder returns or such other measures, and / or such other performance target to be determined by the Board to align with the strategic direction of the Company, in its absolute discretion, which shall be set out in the relevant notice of grant in relation to the grant of Awards issued to each grantee.

Movements in the number of unvested units granted as of the date of this announcement under the Stock Unit Plan on a combined basis are as follows:

	Number of unvested units granted (thousands)			% of total number of issued shares
	RSU	PSU	Total	
Unvested units granted, as of 31 March 2024	10,004	8,750	18,754	2.01%
Units granted to Directors and employees during the year	3,317	2,917	6,234	0.67%
Shares vested to Directors and employees during the year	(1,780)	(422)	(2,202)	0.24%
Forfeited during the year	(289)	(1,577)	(1,866)	0.20%
Unvested units granted, as of 31 March 2025 and the date of this announcement	11,252	9,668	20,920	2.24%

As of the date of this announcement, the number of unvested units granted under the Stock Unit Plan are as follows:

	Number of unvested units granted (thousands)			% of total number of issued shares
Vesting period	RSU	PSU	Total	
FY25/26	4,101	3,303	7,404	0.79%
FY26/27	3,892	3,503	7,395	0.79%
FY27/28	3,259	2,862	6,121	0.66%
Unvested units granted, as of the date of this announcement	11,252	9,668	20,920	2.24%

As of 1 April 2024, the total number of shares available for grant under the 2023 Stock Unit Plan was 92,771,561 shares.

Total 6,233,477 share awards were granted under the 2023 Stock Unit Plan during the year ended 31 March 2025, hence, the total number of shares available for grant was 86,538,084 shares as of the date of this announcement.

Apart from the Stock Unit Plan mentioned above, there were no other arrangements to which the Company or its subsidiaries was a party to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Purchase, Sale or Redemption of Listed Securities

Save as disclosed in Note 19 to the accounts and other than for satisfying the shares granted under the Company's Share Award Scheme, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2025.

Johnson Electric Group Ten-Year Summary

A summary of the results and of the assets and liabilities of the Group for the previous ten financial years are set out on pages 148 to 149.

Pre-emptive Rights

No pre-emptive rights exist under the laws of Bermuda in relation to issues of new shares by the Company.

Major Suppliers and Customers

During the year, the Group purchased less than 30% of its goods and services from its five largest suppliers and sold less than 30% of its goods and services to its five largest customers.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Related Party Transactions

No material related party transactions constitute a discloseable connected transaction as defined under the Listing Rules.

Equity-Linked Agreements

Other than the Share Award Scheme of the Company as disclosed, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year. Particulars of the Share Award Scheme are set out in Note 19 to the accounts.

Permitted Indemnity Provision

During the financial year and up to the date of this announcement, subject to the applicable laws, the directors of the Company and its subsidiaries are entitled to be indemnified pursuant to the provisions in force for the benefit of directors against liabilities incurred in the execution and discharge of their duties in accordance with the respective articles of associations or constitutional documents of the Company and its subsidiaries.

Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors of the Company, as of the date of this announcement, there is sufficient public float as required under the Listing Rules.

Corporate Governance

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report on pages 49 to 62.

Disclosure under Rule 13.21 of the Listing Rules

On 15 August 2023, the Company (as guarantor) entered into a facilities agreement ("Facilities Agreement") with, among others, certain financial institutions (as original lenders) in relation to the facilities up to a maximum amount of US$400 million comprising of a US$200 million term loan facility and a US$200 million revolving credit facility to be made available to Johnson Electric Industrial Manufactory, Limited, a wholly-owned subsidiary of the Company, for financing the general working capital of the Group and refinancing the existing indebtedness of the Group. The final repayment date is 60 months from the first utilization date.

Announcement regarding the entering into the Facilities Agreement was made on 15 August 2023, disclosing that if the Wang Family (as defined therein) ceases to be the single largest shareholder of the Company, the loans under the Facilities Agreement may become immediately due.

Auditor

The financial statements have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

Dividend

Dividend Policy

Johnson Electric seeks to provide shareholders with stable and sustainable dividends that form a meaningful contribution to long-term "total shareholder return". Among the factors that the Board considers in determining the amount of dividends paid in any financial year are current and projected net profits, current and projected free cash flow (net of capital expenditure), and the maintenance of a prudent capital structure to fund organic growth.

Final Dividend

The Board will recommend at the Annual General Meeting to be held on 17 July 2025 (Thursday) a final dividend of 44 HK cents equivalent to 5.64 US cents per share (2024: 44 HK cents or 5.64 US cents) payable on 4 September 2025 (Thursday) in cash with no scrip alternative to persons who are registered shareholders of the Company on 25 July 2025 (Friday).

Closing Register of Shareholders

Attending Annual General Meeting

The Register of Shareholders of the Company will be closed from 14 July 2025 (Monday) to 17 July 2025 (Thursday) inclusive, during which no transfer of shares will be registered.

In order to qualify for attending and voting at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (not the share registrar in Bermuda) for registration, not later than 4:30 p.m. on 11 July 2025 (Friday).

Final Dividend

The Register of Shareholders of the Company will be closed from 23 July 2025 (Wednesday) to 25 July 2025 (Friday) inclusive, during which no transfer of shares will be registered.

In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (not the share registrar in Bermuda) for registration, not later than 4:30 p.m. on 22 July 2025 (Tuesday). Shares of the Company will be traded ex-dividend as from 21 July 2025 (Monday).

Consolidated Balance Sheet

As of 31 March 2025

	Note	2025 US$'000	2024 US$'000
Non-current assets			
Property, plant and equipment	3	**1,452,790**	1,513,402
Investment property	4	**17,039**	17,221
Intangible assets	5	**153,634**	183,611
Investments in associate and joint venture	6	**-**	6,335
Other financial assets	7	**54,105**	106,348
Financial assets at fair value through profit and loss	8	**8,375**	32,155
Defined benefit pension plan assets	16	**19,092**	18,758
Deferred income tax assets	18	**100,083**	89,049
Other non-current assets	3	**26,961**	21,818
		1,832,079	1,988,697
Current assets			
Inventories	9	**531,816**	551,480
Trade and other receivables	10	**816,895**	773,199
Other financial assets	7	**55,070**	68,994
Financial assets at fair value through profit and loss	8	**27,349**	13,076
Income tax recoverable		**10,441**	11,230
Government Green Bonds at amortized cost		**-**	4,933
Time deposits with maturities over three months	11	**-**	60,000
Cash and cash equivalents	11	**790,633**	749,859
		2,232,204	2,232,771
Current liabilities			
Trade and other payables	12	**693,997**	724,133
Current income tax liabilities		**33,833**	40,026
Other financial liabilities	7	**7,888**	8,147
Borrowings	14	**57,563**	308,529
Lease liabilities	15	**16,351**	18,852
Retirement benefit obligations	16	**796**	1,014
Provisions and other liabilities	17	**44,582**	45,870
		855,010	1,146,571
Net current assets		**1,377,194**	1,086,200
Total assets less current liabilities		**3,209,273**	3,074,897

	Note	2025 US$'000	2024 US$'000
Non-current liabilities			
Trade and other payables	12	**37,938**	43,048
Other financial liabilities	7	**727**	4,003
Borrowings	14	**301,772**	252,275
Lease liabilities	15	**47,855**	54,989
Deferred income tax liabilities	18	**72,699**	78,809
Retirement benefit obligations	16	**30,524**	35,535
Provisions and other liabilities	17	**9,861**	9,571
		501,376	478,230
NET ASSETS		**2,707,897**	2,596,667
Equity			
Share capital - ordinary shares (at par value)	19	**6,026**	6,026
Shares held for share award scheme (at purchase cost)	19	**(19,501)**	(17,413)
Share premium	19	**88,963**	88,963
Reserves	20	**2,590,552**	2,474,433
		2,666,040	2,552,009
Non-controlling interests		**41,857**	44,658
TOTAL EQUITY		**2,707,897**	2,596,667

Consolidated Income Statement

For the year ended 31 March 2025

	Note	2025 US$'000	2024 US$'000
Sales	2	**3,647,606**	3,814,213
Cost of goods sold		**(2,804,271)**	(2,963,493)
Gross profit		**843,335**	850,720
Other income / (expenses), net	21	**14,733**	(13,397)
Selling and administrative expenses	22	**(545,037)**	(541,794)
Restructuring and other related costs	23	**(7,159)**	(10,207)
Operating profit		**305,872**	285,322
Share of losses of associate and joint venture	6	**(3,383)**	(2,609)
Finance income	24	**32,451**	19,992
Finance costs	24	**(33,493)**	(31,560)
Profit before income tax		**301,447**	271,145
Income tax expense	18	**(36,299)**	(38,806)
Profit for the year		**265,148**	232,339
Profit attributable to non-controlling interests		**(2,345)**	(3,110)
Profit attributable to shareholders		**262,803**	229,229
Basic earnings per share for profit attributable to the shareholders for the year (expressed in US cents per share)	26	**28.51**	24.83
Diluted earnings per share for profit attributable to the shareholders for the year (expressed in US cents per share)	26	**28.16**	24.71

Please see Note 27 for details of dividend.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2025

	Note	2025 US$'000	2024 US$'000
Profit for the year		**265,148**	232,339
Other comprehensive income / (expenses)			
Items that will not be recycled to profit and loss:			
Defined benefit plans			
– remeasurements	16 & 20	**6,291**	(8,825)
– deferred income tax effect	18 & 20	**(389)**	1,509
Long service payment			
– remeasurements	16 & 20	**861**	(1,000)
– deferred income tax effect	18 & 20	**(14)**	(16)
Hedging instruments for transactions resulting in the recognition in inventories and subsequently recognized in the income statement upon consumption			
– raw material commodity contracts			
– fair value gains / (losses), net	20	**2,444**	(3,061)
– transferred to inventory and subsequently recognized in the income statement	7(e) & 20	**(7,955)**	(16,176)
– deferred income tax effect	20	**909**	3,174
Hyperinflation adjustments		**(532)**	(2,746)
Currency translations of subsidiaries		**(280)**	(1,267)
Total items that will not be recycled to profit and loss directly		**1,335**	(28,408)
Items that will be recycled to profit and loss:			
Hedging instruments			
– forward foreign currency exchange contracts and foreign exchange swaps			
– fair value losses, net	20	**(5,179)**	(21,531)
– transferred to the income statement	20	**(35,870)**	(6,606)
– deferred income tax effect	20	**7,731**	5,855
– net investment hedge			
– fair value gains, net	20	**3,190**	9,299
Hyperinflation adjustments		**1,569**	4,990
Currency translations of subsidiaries		**(49,036)**	(33,429)
Currency translations of associate and joint venture	20	**213**	(79)
Total items that will be recycled to profit and loss directly		**(77,382)**	(41,501)
Other comprehensive expenses for the year, net of tax		**(76,047)**	(69,909)
Total comprehensive income for the year, net of tax		**189,101**	162,430
Total comprehensive income attributable to:			
Shareholders		**187,036**	160,587
Non-controlling interests			
Share of profits for the year		**2,345**	3,110
Currency translations		**(280)**	(1,267)
		189,101	162,430

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Note	Attributable to shareholders of the Company					
		Share capital and share premium US$'000	Other reserves * US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31 March 2024		77,576	4,672	2,469,761	2,552,009	44,658	2,596,667
Profit for the year		-	-	262,803	262,803	2,345	265,148
Other comprehensive income / (expenses):							
Hedging instruments							
– raw material commodity contracts							
– fair value gains, net	20	-	2,444	-	2,444	-	2,444
– transferred to inventory and subsequently recognized in the income statement	7(e) & 20	-	(7,955)	-	(7,955)	-	(7,955)
– deferred income tax effect	20	-	909	-	909	-	909
– forward foreign currency exchange contracts and foreign exchange swaps							
– fair value losses, net	20	-	(5,179)	-	(5,179)	-	(5,179)
– transferred to the income statement	20	-	(35,870)	-	(35,870)	-	(35,870)
– deferred income tax effect	20	-	7,731	-	7,731	-	7,731
– net investment hedge							
– fair value gains, net	20	-	3,190	-	3,190	-	3,190
Defined benefit plans							
– remeasurements	16 & 20	-	-	6,291	6,291	-	6,291
– deferred income tax effect	18 & 20	-	-	(389)	(389)	-	(389)
Long service payment							
– remeasurements	16 & 20	-	-	861	861	-	861
– deferred income tax effect	18 & 20	-	-	(14)	(14)	-	(14)
Hyperinflation adjustments		-	1,569	(532)	1,037	-	1,037
Currency translations of subsidiaries	20	-	(49,036)	-	(49,036)	(280)	(49,316)
Currency translations of associate and joint venture	20	-	213	-	213	-	213
Total comprehensive income / (expenses) for FY24/25		-	(81,984)	269,020	187,036	2,065	189,101
Transactions with shareholders:							
Appropriation of retained earnings to statutory reserve	20	-	8,573	(8,573)	-	-	-
Share award scheme							
– shares vested	20	4,927	(4,927)	-	-	-	-
– value of employee services	20	-	6,640	-	6,640	-	6,640
– purchase of shares	19	(7,015)	-	-	(7,015)	-	(7,015)
Acquisition of non-controlling interests		-	-	(409)	(409)	(951)	(1,360)
Dividends paid to non-controlling interests		-	-	-	-	(3,915)	(3,915)
FY23/24 final dividend – cash paid	20	-	-	(52,086)	(52,086)	-	(52,086)
FY24/25 interim dividend – cash paid	20	-	-	(20,135)	(20,135)	-	(20,135)
Total transactions with shareholders		(2,088)	10,286	(81,203)	(73,005)	(4,866)	(77,871)
As of 31 March 2025		**75,488 ****	**(67,026)**	**2,657,578**	**2,666,040**	**41,857**	**2,707,897**

* Other reserves mainly represent capital reserve, exchange reserve, share-based employee compensation reserve, hedging reserve, property revaluation reserve, statutory reserve, reserve arising from shares vested for share award scheme and goodwill on consolidation

** The total of US$75.5 million comprised share capital of US$6.0 million, share premium of US$89.0 million and shares held for share award scheme of US$(19.5) million

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Note	Attributable to shareholders of the Company					
		Share capital and share premium US$'000	Other reserves * US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
As of 31 March 2023		57,714	72,490	2,316,734	2,446,938	48,453	2,495,391
Profit for the year		-	-	229,229	229,229	3,110	232,339
Other comprehensive income / (expenses):							
Hedging instruments							
– raw material commodity contracts							
– fair value losses, net	20	-	(3,061)	-	(3,061)	-	(3,061)
– transferred to inventory and subsequently recognized in the income statement	7(e) & 20	-	(16,176)	-	(16,176)	-	(16,176)
– deferred income tax effect	20	-	3,174	-	3,174	-	3,174
– forward foreign currency exchange contracts							
– fair value losses, net	20	-	(21,531)	-	(21,531)	-	(21,531)
– transferred to the income statement	20	-	(6,606)	-	(6,606)	-	(6,606)
– deferred income tax effect	20	-	5,855	-	5,855	-	5,855
– net investment hedge							
– fair value gains, net	20	-	9,299	-	9,299	-	9,299
Defined benefit plans							
– remeasurements	16 & 20	-	-	(8,825)	(8,825)	-	(8,825)
– deferred income tax effect	18 & 20	-	-	1,509	1,509	-	1,509
Long service payment							
– remeasurements	16 & 20	-	-	(1,000)	(1,000)	-	(1,000)
– deferred income tax effect	18 & 20	-	-	(16)	(16)	-	(16)
Hyperinflation adjustments		-	4,990	(2,746)	2,244	-	2,244
Currency translations of subsidiaries	20	-	(33,429)	-	(33,429)	(1,267)	(34,696)
Currency translations of associate and joint venture	20	-	(79)	-	(79)	-	(79)
Total comprehensive income / (expenses) for FY23/24		-	(57,564)	218,151	160,587	1,843	162,430
Transactions with shareholders:							
Appropriation of retained earnings to statutory reserve	20	-	4,938	(4,938)	-	-	-
Share award scheme							
– shares vested	20	20,854	(20,854)	-	-	-	-
– value of employee services	20	-	5,662	-	5,662	-	5,662
– purchase of shares	19	(8,705)	-	-	(8,705)	-	(8,705)
Dividends paid to non-controlling interests		-	-	-	-	(5,638)	(5,638)
FY22/23 final dividend paid							
– cash paid	20	-	-	(37,431)	(37,431)	-	(37,431)
– shares issued in respect of scrip dividend	20	2,891	-	(2,891)	-	-	-
– scrip dividend for shares held for share award scheme	20	(245)	-	245	-	-	-
FY23/24 interim dividend paid							
– cash paid	20	-	-	(15,042)	(15,042)	-	(15,042)
– shares issued in respect of scrip dividend	20	5,222	-	(5,222)	-	-	-
– scrip dividend for shares held for share award scheme	20	(155)	-	155	-	-	-
Total transactions with shareholders		19,862	(10,254)	(65,124)	(55,516)	(5,638)	(61,154)
As of 31 March 2024		77,576	4,672	2,469,761	2,552,009	44,658	2,596,667

* Other reserves mainly represent capital reserve, exchange reserve, share-based employee compensation reserve, hedging reserve, property revaluation reserve, statutory reserve, reserve arising from share vested for share award scheme and goodwill on consolidation

Consolidated Cash Flow Statement

For the year ended 31 March 2025

	Note	2025 US$'000	2024 US$'000
Cash flows from operating activities			
Earnings before interest, tax, depreciation and amortization	29	**568,605**	560,202
Other non-cash items	29	**10,662**	44,318
Changes in working capital	29	**(46,738)**	70,259
Cash generated from operations	29	**532,529**	674,779
Interest paid		**(33,653)**	(30,440)
Income taxes paid		**(50,789)**	(62,456)
Net cash generated from operating activities		**448,087**	581,883
Investing activities			
Purchase of property, plant and equipment		**(195,504)**	(184,917)
Proceeds from disposal of property, plant and equipment	29	**2,444**	6,660
Capitalized expenditure of engineering development	5 & 25	**(1,749)**	(1,237)
Finance income received		**32,451**	19,992
		(162,358)	(159,502)
Business combination *		**(1,934)**	-
Investment in joint venture		**-**	(3,000)
Proceeds from disposal of an associate		**1,943**	-
Redemption of Government Green Bonds at amortized cost		**4,933**	-
Purchase of financial assets at fair value through profit and loss		**(550)**	(3,000)
Proceeds from sale of financial assets at fair value through profit and loss		**3,709**	97
Decrease / (increase) in time deposits with maturities over three months		**60,000**	(60,000)
Net cash used in investing activities		**(94,257)**	(225,405)

* In December 2024, the Group acquired Industrial Tooling Solutions Inc. for US$2.4 million. As of 31 March 2025, the Group had settled US$1.9 million

	Note	2025 US$'000	2024 US$'000
Financing activities			
Acquisition of non-controlling interests #		**(1,360)**	-
Principal element of lease payments	15	**(20,289)**	(26,750)
Proceeds from borrowings		**106,434**	194,377
Repayments of borrowings		**(306,654)**	(106,681)
Dividends paid to shareholders		**(72,221)**	(52,473)
Purchase of shares for share award scheme		**(7,015)**	(8,705)
Dividends paid to non-controlling interests		**(3,915)**	(5,638)
Net cash used in financing activities		**(305,020)**	(5,870)
Net increase in cash and cash equivalents		**48,810**	350,608
Cash and cash equivalents at beginning of the year		**749,859**	408,664
Currency translations on cash and cash equivalents		**(8,036)**	(9,413)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**790,633**	749,859

In April 2024, the Group acquired a further 6% interest in Pendix GmbH for US$1.4 million, resulting in an increase in the Group's ownership interest in Pendix from 80% to 86%

Notes to the Consolidated Financial Statements

1. General Information and Basis of Preparation

1.1 General information

The principal operations of Johnson Electric Holdings Limited (the "Company") and its subsidiaries (together, "the Group") are the manufacture and sale of motion systems. The Group has manufacturing plants and sales operations throughout the world.

Johnson Electric Holdings Limited, the parent holding company, is a limited liability company incorporated in Bermuda. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The shares of the Company are listed on the Stock Exchange of Hong Kong.

These consolidated financial statements are presented in US Dollars, unless otherwise stated and have been approved for issue by the Board of Directors on 28 May 2025. They have been prepared in accordance with all applicable HKFRS Accounting Standards. The consolidated financial statements have been prepared on a historical cost basis, except for investment property that has been measured at fair value, financial assets and financial liabilities at fair value through profit and loss (including derivative instruments), and the application of hyperinflationary accounting at the Group's subsidiary in Argentina.

1.2 Basis of preparation

The material accounting policies applied in the preparation of these consolidated financial statements are set out in corresponding notes. In FY24/25, the Group adopted new, revised standards and interpretations of HKFRS Accounting Standards effective for the first time in FY24/25.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

1. General Information and Basis of Preparation *(Cont'd)*

1.3 Exchange rates

The following table presents the exchange rates for those currencies that are frequently used in preparing the consolidated financial statements.

		Closing rate		Average rate for the year	
		2025	2024	**2025**	2024
1 foreign currency unit to USD:					
Swiss Franc	CHF	**1.135**	1.107	**1.129**	1.129
Euro	EUR	**1.083**	1.083	**1.074**	1.085
British Pound	GBP	**1.294**	1.264	**1.276**	1.257
1 USD to foreign currency:					
Brazilian Real	BRL	**5.757**	4.978	**5.593**	4.931
Canadian Dollar	CAD	**1.432**	1.357	**1.390**	1.348
Renminbi	RMB	**7.175**	7.095	**7.139**	7.109
Hong Kong Dollar	HKD	**7.778**	7.824	**7.793**	7.824
Hungarian Forint	HUF	**371.747**	364.964	**371.747**	352.113
Israeli Shekel	ILS	**3.698**	3.684	**3.688**	3.717
Indian Rupee	INR	**85.470**	83.333	**84.531**	82.781
Japanese Yen	JPY	**149.925**	151.286	**152.207**	144.300
South Korean Won	KRW	**1,470.588**	1,351.351	**1,388.889**	1,315.789
Mexican Peso	MXN	**20.400**	16.532	**19.142**	17.322
Polish Zloty	PLN	**3.860**	3.986	**3.979**	4.098
Serbian Dinar	RSD	**108.696**	108.696	**108.696**	107.527
Turkish Lira	TRY	**37.994**	32.258	**34.083**	26.151

2. Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (as defined in HKFRS Accounting Standards). The chief operating decision maker has been identified as the Group's Executive Committee. Given the integrated nature of our business model, the Group has a single operating segment.

The Group's management assesses the performance of its operating segment based on the measure of operating profit, excluding items which are not directly related to the segment performance. These include non-operating income / (expenses) such as rental income, fair value gains / (losses) on investment property, gains / (losses) on disposals of fixed assets and investments, gains / (losses) on structured foreign currency contracts and subsidies and other income.

The reconciliation of the operating profit presented to management to the consolidated income statement was as follows:

	2025 **US$'000**	2024 US$'000
Operating profit presented to management	**291,139**	298,719
Other income / (expenses), net (Note 21)	**14,733**	(13,397)
Operating profit per consolidated income statement	**305,872**	285,322

Sales

The Group recognizes sales when control of product is transferred at a point in time on delivery of product to the customer and the transfer of the title and the risks of loss under the standard international commercial terms applicable to the contract.

Johnson Electric is one of the world's largest providers of motors, solenoids, micro-switches, flexible printed circuits and microelectronics. The Group has the following business units aligned with the broad markets they serve: Automotive Products Group ("APG") and Industry Products Group ("IPG").

APG provides custom motors, actuators, switches, and motion sub-system solutions for all critical automotive motion related functions. IPG provides motion products and customized solutions for various commercial and industrial applications.

Sales from external customers by business unit were as follows:

	2025 **US$'000**	2024 US$'000
Automotive Products Group	**3,072,432**	3,210,175
Industry Products Group	**575,174**	604,038
	3,647,606	3,814,213

2. Segment Information *(Cont'd)*

APG accounted for 84% of the Group's total sales in FY24/25 (FY23/24: 84%). Within this, the cooling fan business primarily engaged in the manufacture and sale of condenser radiator fan modules for OEM and Tier 1 customers, accounted for 17% of the Group's business (FY23/24: 17%).

Sales by geography

Sales to external customers by region of destination were as follows:

	2025 US$'000	2024 US$'000
North America *	**1,124,196**	1,211,846
Europe, the Middle East and Africa **	**1,121,206**	1,189,078
People's Republic of China ("PRC")	**896,330**	959,567
Asia-Pacific (excluding PRC)	**445,419**	388,741
South America	**60,455**	64,981
	3,647,606	3,814,213

* Included in North America were sales to external customers in the USA of US$893.2 million for FY24/25 (FY23/24: US$969.6 million)

** Included in Europe, the Middle East and Africa were sales to external customers in Germany of US$208.2 million, Czech Republic of US$172.7 million and France of US$129.4 million for FY24/25 (FY23/24: US$252.5 million, US$174.9 million and US$131.0 million respectively)

No single external customer contributed 10% or more of the total Group sales.

Segment assets

For FY24/25, the additions to non-current segment assets were US$210.4 million (FY23/24: US$181.2 million excluding the additions from acquisitions).

	2025 US$'000	2024 US$'000
Additions to property, plant and equipment – owned assets	**192,721**	164,671
Additions / extensions / modifications to property, plant and equipment – right-of-use assets	**10,775**	10,355
Additions to intangible assets	**1,749**	1,237
Addition to investment in joint venture	**-**	3,000
Additions to other non-current assets	**5,143**	1,985
Additions to non-current segment assets	**210,388**	181,248

2. Segment Information *(Cont'd)*

The non-current segment assets (representing property, plant and equipment, investment property, intangible assets, investments in associate and joint venture, other non-current assets) by geographic location as of 31 March 2025 and 31 March 2024 were as follows:

	2025	2024
	US$'000	US$'000
PRC	**919,343**	923,008
Canada	**273,756**	324,006
Switzerland	**100,967**	112,375
Serbia	**87,312**	87,581
Germany	**62,290**	65,699
Mexico	**54,135**	52,450
USA	**27,234**	30,190
South Korea	**25,610**	31,993
Others	**99,777**	115,085
	1,650,424	1,742,387

Accounting policy

Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue from the sales of goods is recognized when performance obligations under the terms of a contract are satisfied, which generally occurs with the transfer of control of the Group's products.

Customers are invoiced according to the agreed billing schedule set out in the customer contracts. If consideration is received from customers in advance of transferring goods promised in a contract, a contract liability is recognized, see Note 13.

No significant financing component exists as the period between payments for goods by the customers and transfer of goods is within 1 year.

The Group's obligation to warranty and claims is recognized as a provision.

3. Property, Plant and Equipment and Other Non-Current Assets

Property, plant and equipment

	Freehold land, leasehold land and buildings US$'000	Machinery and equipment US$'000	Assets under construction US$'000	Moulds and tools US$'000	Other assets ** US$'000	Right-of-use assets US$'000	Total US$'000
FY24/25							
As of 31 March 2024							
Cost	614,675	1,926,990	147,832	548,426	210,629	190,809	3,639,361
Accumulated depreciation and impairment	(195,365)	(1,212,805)	(1,829)	(454,659)	(165,421)	(95,880)	(2,125,959)
Net book amount, as of 31 March 2024	419,310	714,185	146,003	93,767	45,208	94,929	1,513,402
Currency translations	(7,216)	(11,474)	(1,830)	(982)	(339)	(954)	(22,795)
Business combination	-	683	-	-	-	175	858
Additions – owned assets	5,793	47,589	114,622	17,881	6,836	-	192,721
Additions – right-of-use assets	-	-	-	-	-	4,907	4,907
Extension / modification of leases	-	-	-	-	-	5,868	5,868
Transfer	6,494	68,114	(112,811)	33,164	5,039	-	-
Disposals / termination of leases	(76)	(323)	(180)	(131)	(102)	(82)	(894)
Impairment charges (Note 25 & 29)	(90)	(4,536)	-	(186)	(29)	-	(4,841)
Depreciation (Note 25)	(19,730)	(136,874)	-	(44,499)	(14,690)	(20,643)	(236,436)
As of 31 March 2025	**404,485** *	**677,364**	**145,804**	**99,014**	**41,923**	**84,200**	**1,452,790**
As of 31 March 2025							
Cost	602,216	1,968,259	147,633	565,509	215,002	168,485	3,667,104
Accumulated depreciation and impairment	(197,731)	(1,290,895)	(1,829)	(466,495)	(173,079)	(84,285)	(2,214,314)
Net book amount	**404,485**	**677,364**	**145,804**	**99,014**	**41,923**	**84,200**	**1,452,790**

* As of 31 March 2025, freehold land, leasehold land and buildings included US$3.4 million for the leasehold land portion of buildings located in Hong Kong. The Group also has freehold land located in Europe, North America and South America

** Other assets comprise computers, furniture and fixtures, motor vehicles and an aircraft

Where assets require some degree of assembly or installation, they are first recorded in assets under construction and are then transferred to other categories once they are ready for use.

In FY24/25, impairment charges of US$4.8 million (FY23/24: US$15.2 million) were mainly due to termination of customer projects and asset obsolescence.

3. Property, Plant and Equipment and Other Non-Current Assets *(Cont'd)*

Property, plant and equipment *(Cont'd)*

	Freehold land, leasehold land and buildings US$'000	Machinery and equipment US$'000	Assets under construction US$'000	Moulds and tools US$'000	Other assets ** US$'000	Right-of-use assets US$'000	Total US$'000
FY23/24							
As of 31 March 2023							
Cost	620,872	1,882,928	193,672	552,740	206,827	213,596	3,670,635
Accumulated depreciation and impairment	(191,173)	(1,134,550)	-	(459,108)	(161,489)	(93,245)	(2,039,565)
Net book amount, as of 31 March 2023	429,699	748,378	193,672	93,632	45,338	120,351	1,631,070
Currency translations	(6,172)	(13,907)	(2,938)	(1,751)	(514)	(3,138)	(28,420)
Additions – owned assets	3,798	42,439	94,911	15,525	7,998	-	164,671
Additions – right-of-use assets	-	-	-	-	-	3,879	3,879
Extension / modification of leases	-	-	-	-	-	6,476	6,476
Transfer	11,699	87,813	(137,813)	31,655	6,646	-	-
Disposals / termination of leases	(126)	(369)	-	(222)	(167)	(4,231)	(5,115)
Impairment charges (Note 25 & 29)	(277)	(12,056)	(1,829)	(782)	(211)	-	(15,155)
Depreciation (Note 25)	(19,311)	(138,113)	-	(44,290)	(13,882)	(28,408)	(244,004)
As of 31 March 2024	419,310 *	714,185	146,003	93,767	45,208	94,929	1,513,402

* As of 31 March 2024, freehold land, leasehold land and buildings included US$3.7 million for the leasehold land portion of buildings located in Hong Kong. The Group also has freehold land located in Europe, North America and South America

** Other assets comprise computers, furniture and fixtures, motor vehicles and an aircraft

3. Property, Plant and Equipment and Other Non-Current Assets *(Cont'd)*

Right-of-use assets

Property, plant and equipment includes the following amounts relating to right-of-use assets:

	Land use rights US$'000	Leasehold buildings US$'000	Machinery, equipment and other assets * US$'000	Total US$'000
FY24/25				
As of 31 March 2024	28,429	60,604	5,896	94,929
Currency translations	(336)	(578)	(40)	(954)
Business combination	-	175	-	175
Additions – right-of-use assets	-	2,274	2,633	4,907
Extension / modification of leases	-	5,494	374	5,868
Termination of leases	-	-	(82)	(82)
Depreciation	(832)	(16,910)	(2,901)	(20,643)
As of 31 March 2025	**27,261**	**51,059**	**5,880**	**84,200**
FY23/24				
As of 31 March 2023	33,545	81,969	4,837	120,351
Currency translations	(942)	(2,161)	(35)	(3,138)
Additions – right-of-use assets	-	1,260	2,619	3,879
Extension / modification of leases	-	5,457	1,019	6,476
Termination of leases	(3,307)	(874)	(50)	(4,231)
Depreciation	(867)	(25,047)	(2,494)	(28,408)
As of 31 March 2024	28,429	60,604	5,896	94,929

* Other assets comprise office equipment and motor vehicles

Other non-current assets

Purchase deposits for machinery and construction of factory included in other non-current assets in the balance sheet were US$18.2 million (31 March 2024: US$14.1 million). The amount will be transferred to property, plant and equipment on receipt of the assets. The other non-current assets by nature as of 31 March 2025 and 31 March 2024 were as follows:

	2025 US$'000	2024 US$'000
Purchase deposits for machinery and construction of factory	**18,239**	14,139
Deferred contract costs (Note 13)	**4,001**	3,843
Other deposits and prepayments	**4,721**	3,836
Total other non-current assets	**26,961**	21,818

3. Property, Plant and Equipment and Other Non-Current Assets *(Cont'd)*

Accounting policy

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Freehold land is not amortized. No depreciation is provided for assets under construction.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its estimated recoverable amount if this is lower.

The Group begins depreciating an item of property, plant and equipment when it is available for use. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land	Shorter of lease term or useful life
Buildings on leasehold land	Shorter of lease term or useful life
Buildings on freehold land	10 to 50 years
Machinery and equipment	6 to 12 years
Moulds and tools	2 to 6 years
Furniture and fixtures and computers	3 to 10 years
Motor vehicles	3 to 7 years
Aircraft	18 years

Interest expense directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, is capitalized until the assets are ready for their intended use.

Right-of-use assets

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

4. Investment Property

	2025 **US$'000**	2024 US$'000
Valuation at beginning of the year	**17,221**	18,340
Currency translations	**(108)**	(283)
Fair value losses	**(74)**	(836)
Valuation at end of the year	**17,039**	17,221

The Group's investment property portfolio in HK / PRC was valued on an open market basis as of 31 March 2025. The appraisals were performed by independent, professionally qualified valuers, Chung, Chan & Associates, Chartered Surveyors.

For the year ended 31 March 2025, the Group's investment properties generated rental income of US$1.2 million (31 March 2024: US$1.1 million) and incurred direct operating expenses of US$0.2 million (31 March 2024: US$0.2 million).

As of 31 March 2025, the Group's investment property portfolio has tenancies expiring in the period from July 2026 to June 2027 (31 March 2024: from May 2024 to June 2027).

Accounting policy

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually determined by external appraisers. Changes in fair values are recognized in the income statement within "Other income / (expenses), net".

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognized in equity. If a fair value gain reverses a previous impairment loss which was charged to the income statement, the gain is recognized in the income statement. Any balance of the decrease is recognized as an expense in the income statement.

5. Intangible Assets

	Technology, patents and engineering development US$'000	Brands US$'000	Client relationships US$'000	Total US$'000
FY24/25				
As of 31 March 2024				
Cost	258,572	108,780	362,289	729,641
Accumulated amortization and impairment	(239,227)	(83,176)	(223,627)	(546,030)
Net book amount, as of 31 March 2024	19,345	25,604	138,662	183,611
Currency translations	(84)	(1,114)	(4,834)	(6,032)
Business combination	2,387	-	-	2,387
Capitalization of engineering development costs (Note 25)	1,749	-	-	1,749
Amortization (Note 25 & 29)	(6,551)	(3,972)	(17,558)	(28,081)
As of 31 March 2025	**16,846**	**20,518**	**116,270**	**153,634**
As of 31 March 2025				
Cost	263,798	108,445	354,687	726,930
Accumulated amortization and impairment	(246,952)	(87,927)	(238,417)	(573,296)
Net book amount	**16,846**	**20,518**	**116,270**	**153,634**
FY23/24				
As of 31 March 2023				
Cost	259,475	108,243	362,830	730,548
Accumulated amortization and impairment	(230,880)	(78,463)	(205,100)	(514,443)
Net book amount, as of 31 March 2023	28,595	29,780	157,730	216,105
Currency translations	(118)	(85)	(1,031)	(1,234)
Capitalization of engineering development costs (Note 25)	1,237	-	-	1,237
Amortization (Note 25 & 29)	(10,369)	(4,091)	(18,037)	(32,497)
As of 31 March 2024	19,345	25,604	138,662	183,611

5. Intangible Assets *(Cont'd)*

Total intangible assets as of 31 March 2025 and 31 March 2024 were denominated in the following underlying currencies:

	2025 US$'000	2024 US$'000
In CAD	**87,522**	107,184
In EUR	**50,199**	57,929
In KRW	**9,985**	12,257
In USD	**4,213**	4,108
In GBP	**1,715**	2,133
Total intangible assets	**153,634**	183,611

As of 31 March 2025 and 31 March 2024, all the intangible assets have a definite useful life.

Impairment tests for intangible assets
In accordance with the Group's accounting policy on asset impairment, intangible assets with a definite life are tested if there are indicators of potential impairment. In FY24/25, the Group considered there is no indicator of potential impairment.

Accounting policy

(a) Research and development costs
Research and development costs are expensed as incurred and are only recognized as an intangible asset where the technical feasibility and intention of completing the product under development has been demonstrated and the resources are available to do so, costs are identifiable, can be reliably measured and there is an ability to sell or use the asset that will generate probable future economic benefits. Research and development costs that do not meet the above criteria are expensed as incurred.

(b) Other intangible assets
Technology, patents, brands and client relationships that are acquired by the Group are stated in the balance sheet at fair value at the date of acquisition less accumulated amortization and impairment losses.

Amortization is calculated using the straight-line method to allocate the cost over the estimated useful life. The amortization charge was included in "Selling and administrative expenses" in the consolidated income statement. The estimated useful life for amortization purpose is:

Technology, patents and engineering development	4 to 15 years
Brands	10 to 15 years
Client relationships	15 years

6. Investments in Associate and Joint Venture

	2025 **US$'000**	2024 US$'000
At beginning of the year	**6,335**	6,023
Currency translations	**36**	(79)
Investment in joint venture	**-**	3,000
Disposal of an associate	**(2,988)**	-
Share of losses of associate and joint venture	**(3,383)**	(2,609)
At end of the year	**-**	6,335

The Group's investment in associate represented a 49% equity interest in Shenzhen SMART Micromotor Co Ltd ("SMART"). In FY24/25, the Group disposed its 49% equity interest in SMART for a consideration of US$2.8 million, of which US$1.9 million was received during the year. The loss on disposal of US$0.4 million was recognized in the profit and loss.

The Group's investment in joint venture represents the 49.9% equity interest in AI QualiSense 2021 Ltd. ("QualiSense"). QualiSense was formed by the Group and Cortica Ltd., an Israeli artificial intelligence ("AI") technology company in October 2021.

6. Investments in Associate and Joint Venture *(Cont'd)*

Accounting policy

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associate are accounted for using the equity method of accounting.

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The investment in joint arrangement of the Group is a joint venture. Interests in joint ventures are accounted for using the equity method.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit and loss of the investee after the date of acquisition less dividends received. The Group's investment in associates and joint ventures includes goodwill identified on acquisition.

If the ownership interest in an associate and joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit and loss where appropriate.

The Group's share of post-acquisition profits or losses is recognized in the income statement and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate and joint venture equals or exceeds its interest in the associate and joint venture, including any other long-term unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the associate and joint venture. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associate and joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

7. Other Financial Assets and Liabilities

	2025 Assets US$'000	2025 (Liabilities) US$'000	2025 Net US$'000	2024 Assets US$'000	2024 (Liabilities) US$'000	2024 Net US$'000
Cash flow hedge						
– raw material commodity contracts (Note a (i))	**58**	**(27)**	**31**	4,093	(168)	3,925
– forward foreign currency exchange contracts and foreign exchange swaps (Note a (ii))	**76,643**	**(7,595)**	**69,048**	119,748	(9,637)	110,111
Net investment hedge (Note b)						
– forward foreign currency exchange contracts and cross-currency interest rate swaps	**-**	**-**	**-**	14,179	-	14,179
Fair value hedge (Note c)						
– forward foreign currency exchange contracts	**32,474**	**-**	**32,474**	37,322	-	37,322
Held for trading (Note d)	**-**	**(993)**	**(993)**	-	(2,345)	(2,345)
Total (Note f)	**109,175**	**(8,615)**	**100,560**	175,342	(12,150)	163,192
Current portion	**55,070**	**(7,888)**	**47,182**	68,994	(8,147)	60,847
Non-current portion	**54,105**	**(727)**	**53,378**	106,348	(4,003)	102,345
Total	**109,175**	**(8,615)**	**100,560**	175,342	(12,150)	163,192

Note:

(a) Cash flow hedge

(i) Raw material commodity contracts

Iron ore, copper, silver and aluminium forward commodity contracts as per the table on the following page are designated as cash flow hedges. Gains and losses initially recognized in the hedging reserve will be transferred to the balance sheet within inventories and subsequently recognized in the income statement in the period or periods in which the underlying hedged steel (by iron ore contracts), copper, silver and aluminium volumes are consumed and sold.

7. Other Financial Assets and Liabilities *(Cont'd)*

(a) Cash flow hedge *(Cont'd)*

(i) Raw material commodity contracts *(Cont'd)*

The Group's outstanding contracts as of 31 March 2025 and 31 March 2024 were as follows:

Cash flow hedge contracts	Notional amount	Weighted average contract price (US$)	Spot price (US$)	Mark-to-market price (US$)	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Estimated future cash flow (US$ million)	Assets, net carrying value (US$'000)
31 March 2025								
Iron ore	45,000 metric ton	90.95	102.50	91.65	1 – 33	4.1	0.5	31
31 March 2024								
Copper	1,800 metric ton	7,190	8,729	8,868	1 – 12	12.9	2.8	3,020
Silver	35,000 oz	21.99	24.54	25.35	1 – 7	0.8	0.1	118
Aluminium	350 metric ton	2,243	2,270	2,339	1 – 8	0.8	-	33
Iron ore	96,000 metric ton	86.12	101.28	93.98	1 – 36	8.3	1.4	754
Total						22.8	4.3	3,925

The weighted average contract price is a ratio defined as notional amount / settlement value.

The mark-to-market rate is the current fair value for the settlement of a forward contract, as provided by the counterparties (the Group's principal bankers).

Estimated future cash flow is calculated based on the contracts' price / rate at maturity compared to the spot price / exchange rate for the agreements as of 31 March 2025 and 31 March 2024.

(ii) Forward foreign currency exchange contracts and foreign exchange swaps

The EUR, MXN, PLN, RMB, HUF, ILS and TRY forward foreign currency exchange contracts as per the table on the following page are designated as cash flow hedges, to match the underlying cash flows of the business and comprised:

- Sell EUR contracts to create an economic hedge for EUR denominated export sales into USD
- Buy MXN, PLN, RMB, HUF, ILS and TRY to create an economic hedge for production costs and other operating costs denominated in these currencies

During the year, the Group entered into foreign exchange swaps between USD and RMB. The embedded forward within these contracts create an economic hedge for production costs and other operating costs denominated in relevant currencies.

Gains and losses initially recognized in the hedging reserve will be recognized in the income statement in the period or periods in which the underlying hedged transactions occur (cash realization).

7. Other Financial Assets and Liabilities *(Cont'd)*

(a) Cash flow hedge *(Cont'd)*

(ii) Forward foreign currency exchange contracts and foreign exchange swaps *(Cont'd)*
The Group's outstanding contracts as of 31 March 2025 and 31 March 2024 were as follows:

Cash flow hedge contracts	Settlement currency	Notional value (million)	Weighted average contract rate	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Estimated future cash flow (US$ million)	Assets / (liabilities), net carrying value (US$'000)
31 March 2025									
Sell EUR forward *	USD	EUR 224.2	1.35	1.08	1.12	1 – 42	302.1	59.3	51,587
Buy MXN forward	USD	MXN 1,704.7	25.42	20.40	21.70	1 – 39	67.1	16.5	11,480
Buy PLN forward	EUR	PLN 121.1	5.04	4.18	4.29	1 – 19	26.0	5.3	4,518
Buy RMB forward	USD	RMB 2,635.8	7.14	7.18	7.09	1 – 31	369.4	(2.1)	2,503
Buy HUF forward	EUR	HUF 6,030.1	366.10	402.60	411.36	1 – 14	17.8	(1.6)	(1,963)
Foreign exchange swaps (Buy RMB, pay USD)	USD	RMB1,520.0	7.06	7.18	7.15	5 – 12	215.2	(3.3)	(2,467)
Foreign exchange swaps (Buy USD, pay RMB)	RMB	USD 216.8	7.01	7.18	7.12	5 – 12	211.8	5.0	3,390
Total							**1,209.4**	**79.1**	**69,048**
31 March 2024									
Sell EUR forward *	USD	EUR 319.6	1.36	1.08	1.13	1 – 54	434.9	88.9	74,553
Buy MXN forward	USD	MXN 1,644.0	27.60	16.53	18.64	1 – 51	59.6	39.9	28,616
Buy PLN forward	EUR	PLN 215.8	5.00	4.32	4.44	1 – 31	46.7	7.4	5,911
Buy RMB forward	USD	RMB 4,613.0	7.10	7.09	7.05	1 – 43	650.0	0.2	4,764
Buy ILS forward	USD	ILS 9.2	3.64	3.68	3.65	1 – 11	2.5	-	(2)
Buy TRY forward	EUR	TRY 5.0	28.79	34.93	36.32	1 – 3	0.2	-	(39)
Buy HUF forward	EUR	HUF 11,063.2	361.14	395.18	406.37	1 – 26	33.2	(2.9)	(3,692)
Total							1,227.1	133.5	110,111

* The EUR to USD is stated in the inverse order

In FY24/25, the decrease in fair value of US$45.0 million for derivatives of raw material commodity, forward foreign currency exchange contracts and foreign exchange swaps designated as cash flow hedges approximated the fair value movement of the underlying hedged items. There was no hedge ineffectiveness recognized in profit and loss during the year (FY23/24: nil).

As of 31 March 2025, the pre-tax fair value gains recognized in cash flow hedge reserve were US$70.1 million (31 March 2024: US$116.7 million).

7. Other Financial Assets and Liabilities *(Cont'd)*

(b) Net investment hedge

The Group hedged its net investment in its European operation to protect itself from exposure to future changes in currency exchange rates. The EUR forward foreign currency exchange contracts and EUR cross-currency interest rate swaps were designated as net investment hedges. Gains and losses recognized in the exchange reserve would be released from equity to profit and loss on the disposal or partial disposal of the foreign operations.

The EUR forward foreign currency exchange contracts and EUR cross-currency interest rate swaps matured during the year. As of 31 March 2025, the Group did not have any derivative designated as a net investment hedge.

(c) Fair value hedge

The EUR forward foreign currency exchange contracts as per the table below are designated as fair value hedges to hedge the currency risk from USD intragroup monetary balances in its European operation and results in exchange gains or losses which are not fully eliminated on consolidation. Gains and losses are recognized in the income statement.

The Group's outstanding contracts as of 31 March 2025 and 31 March 2024 were as follows:

Fair value hedge contracts	Settlement currency	Notional value (million)	Weighted average contract rate	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Estimated future cash flow (US$ million)	Assets, net carrying value (US$'000)
31 March 2025									
Sell EUR forward *	USD	EUR 115.1	1.41	1.08	1.13	1 – 37	162.5	37.8	32,474
31 March 2024									
Sell EUR forward *	USD	EUR 145.2	1.40	1.08	1.14	1 – 49	203.5	46.2	37,322

* The EUR and USD is stated in the inverse order

As of 31 March 2025, the carrying amount of intragroup balances (the hedged item) was US$162.5 million (31 March 2024: US$203.5 million). In FY24/25, hedge ineffectiveness of US$3.6 million was credited to profit and loss (FY23/24: US$0.1 million credited to profit and loss).

(d) Held for trading

The ineffective portion of HUF forward foreign currency exchange contracts (resulting from the shutdown of a manufacturing facility in Hungary) was designated as held for trading. Fair value gains and losses on the forward contracts are immediately recognized in the income statement.

7. Other Financial Assets and Liabilities *(Cont'd)*

(d) Held for trading *(Cont'd)*

The Group's ineffective portion of outstanding contracts as of 31 March 2025 and 31 March 2024 were as follows:

Held for trading contracts	Settlement currency	Notional value (million)	Weighted average contract rate	Spot rate	Mark-to-market rate	Remaining maturities range (months)	Settlement value in USD equivalent (US$ million)	Estimated future cash flow (US$ million)	(Liabilities), net carrying value (US$'000)
31 March 2025									
Buy HUF forward	EUR	HUF 2,964.7	363.99	402.60	410.17	1 – 12	8.8	(0.8)	(993)
31 March 2024									
Buy HUF forward	EUR	HUF 6,919.2	359.01	395.18	404.47	1 – 24	20.9	(1.9)	(2,345)

(e) The income statement effect from raw material commodity and foreign currency exchange contracts (excluding structured contracts) and the cross-currency interest rate swaps recognized in FY24/25 was a net gain of US$45.5 million (FY23/24: net gain of US$23.6 million).

Benefit / (expense)	**2025 US$'000**	2024 US$'000
Effect of raw material commodity contracts	**7,955**	16,176
Effect of forward foreign currency exchange contracts	**38,846**	10,878
Effect of cross-currency interest rate swaps	**(1,329)**	(3,499)
Effect of other financial assets and liabilities in consolidated income statement, net gain	**45,472**	23,555

(f) The maximum exposure of other financial assets to credit risk at the reporting date was the fair value in the balance sheet.

(g) Net cash generated from operating activities due to the realized hedge contracts was US$64.7 million (FY23/24: US$27.4 million).

(h) Estimate of future cash flow

In terms of estimating future cash flow, the contracts' price / rate at maturity compared to the spot price / exchange rate for the commodity and currency agreements as of 31 March 2025 would result in approximately US$117 million cash flow benefit (31 March 2024: US$198 million).

(i) As of 31 March 2025, balance in the exchange reserve for hedges that are accounted for as a net investment hedge was US$79.3 million (31 March 2024: US$76.1 million).

(j) The Group determines the existence of economic relationship between the hedged items and the hedging instruments by reviewing their critical terms. In most of the cases, the hedging instruments have a one-to-one hedge ratio with the hedge items. As a result, the Group concludes that the hedged items and the hedging instruments are sufficient aligned. Certain ineffectiveness can arise during the hedging process. The main source of ineffectiveness in these hedging relationships are changes in the timing of the forecast transactions.

7. Other Financial Assets and Liabilities *(Cont'd)*

Accounting policy

(a) Other financial assets and liabilities related to hedging activities
Other financial assets and liabilities are forward and swap contracts related to hedging activities.

Hedging instruments are initially recognized at fair value on the date a contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on the nature of the item being hedged:

- Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge); or
- Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. When the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, a qualitative assessment of effectiveness is performed.

(i) Cash flow hedge
A cash flow hedge of the Group hedges a particular risk associated with a highly probable forecast transaction. The effective portion of changes in the fair value of financial instruments designated and qualified as cash flow hedges are recognized in hedging reserve within equity.

Ineffectiveness is recognized on a cash flow hedge where the cumulative change in the value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, the amount that has been accumulated in the cash flow hedge reserve:

- shall remain in the cash flow hedge reserve until the future cash flows occur if the hedged future cash flows are still expected to occur;
- shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment if the hedged future cash flows are no longer expected to occur.

7. Other Financial Assets and Liabilities *(Cont'd)*

Accounting policy *(Cont'd)*

(a) Other financial assets and liabilities related to hedging activities *(Cont'd)*

(ii) Net investment hedge
A net investment hedge of the Group hedges net investments in foreign operations. Any unrealized and realized gain or loss of the hedging instrument is recognized in other comprehensive income within exchange reserve.

Gains and losses accumulated in equity are recycled to income statement when the foreign operation is partially disposed of or sold.

(iii) Fair value hedge
A fair value hedge of the Group hedges the intercompany loan balances. Unrealized and realized gain or loss of the hedging instrument is recognized in the income statement to offset the loss or gain on the revaluation of loans attributable to the risk being hedged.

(b) Financial instruments held for trading that do not qualify for hedge accounting
Financial instruments designated as held for trading do not qualify for hedge accounting and are accounted for at fair value through profit and loss. Changes in the fair value of these financial instruments are recognized immediately in the income statement.

The full fair value of a hedging financial instrument is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months and is classified as a current asset or liability when the remaining maturing of the hedge item is less than 12 months.

8. Financial Assets at Fair Value through Profit and Loss

	2025 **US$'000**	2024 US$'000
Investments (Note a)	**35,724**	33,155
Structured foreign currency contracts (Note b)	**-**	12,076
Total (Note c)	**35,724**	45,231
Current portion	**27,349**	13,076
Non-current portion	**8,375**	32,155
Total	**35,724**	45,231

Note:

(a) Investments
The Group's investments are in an autonomous driving start-up company focusing on the China market and a venture capital fund with a diversified portfolio. The change in fair value is reflected in Note 21 "Other income / (expenses), net".

(b) Structured foreign currency contracts (economic hedge)
All structured foreign currency contracts matured during the year. As of 31 March 2025, the Group did not have any structured foreign currency contract.

(c) The maximum exposure of these investments to credit risk at the reporting date was their fair value in the balance sheet.

9. Inventories

	2025 **US$'000**	2024 US$'000
Raw materials	**334,724**	336,035
Finished goods	**197,092**	215,445
	531,816	551,480

Accounting policy

Inventories are stated at the lower of actual cost on first-in-first-out basis (FIFO) or net realizable value. Cost comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. The value calculated approximates the weighted-average actual cost. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

10. Trade and Other Receivables

	2025 US$'000	2024 US$'000
Trade receivables – gross *	**709,357**	658,365
Less: impairment of trade receivables	**(5,302)**	(4,210)
Trade receivables – net	**704,055**	654,155
Prepayments and other receivables	**112,840**	119,044
	816,895	773,199

* The balance included bank acceptance drafts from customers amounting to US$25.9 million (31 March 2024: US$25.0 million). The maturity dates of the drafts all fall within 6 months of the balance sheet date

All trade and other receivables were due within one year from the end of the reporting period. Therefore, the fair value of the Group's trade and other receivables was approximately equal to the carrying value.

Customer credit risk, aging and impairment of gross trade receivables

(a) The Group normally grants credit terms ranging from 30 to 120 days to its trade customers. No significant element of financing is deemed present as the sales are made with a credit term which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision, see Note 17. The Group has a policy in place to evaluate customer credit risk by considering their current financial position, past payment history, common credit-risk characteristics, and the macroeconomic factor and economic environment in which the customers operate. Management monitors overdue amounts to identify and resolve collection issues. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators of no reasonable expectation of recovery include the failure of a debtor to commit to a repayment plan.

There was no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers and no single customer represents more than 10% or more of trade receivables.

10. Trade and Other Receivables *(Cont'd)*

(b) The impairment of trade receivables is estimated using the forward-looking expected credit loss method and considering the aging of gross trade receivables based on due date.

The aging of gross trade receivables and estimated impairment by due date was as follows:

	Gross carrying amount US$'000	Impairment of trade receivables US$'000	Trade receivables – net US$'000
As of 31 March 2025			
Current	658,153	(50)	**658,103**
1 – 30 days overdue	30,088	(25)	**30,063**
31 – 90 days overdue	8,829	(18)	**8,811**
Over 90 days overdue	12,287	(5,209)	**7,078**
Total	709,357	(5,302)	**704,055**
As of 31 March 2024			
Current	615,883	(709)	615,174
1 – 30 days overdue	25,026	(12)	25,014
31 – 90 days overdue	8,689	(51)	8,638
Over 90 days overdue	8,767	(3,438)	5,329
Total	658,365	(4,210)	654,155

No significant changes to estimation techniques or assumptions on expected credit losses were made during the year.

(c) The aging of gross trade receivables based on invoice date was as follows:

	2025 US$'000	2024 US$'000
0 – 30 days	**367,385**	344,938
31 – 90 days	**296,297**	282,068
Over 90 days	**45,675**	31,359
Total	**709,357**	658,365

10. Trade and Other Receivables *(Cont'd)*

The carrying amount of the Group's gross trade receivables was denominated in the following currencies:

	2025 US$'000	2024 US$'000
USD	**274,015**	259,092
RMB	**191,775**	181,681
EUR	**178,554**	149,426
CAD	**39,561**	43,605
Others	**25,452**	24,561
Total	**709,357**	658,365

Movements on the impairment of trade receivables were as follows:

	2025 US$'000	2024 US$'000
At beginning of the year	**4,210**	3,188
Currency translations	**(21)**	(28)
Receivables written off during the year as uncollectible	**(742)**	(546)
Impairment of trade receivables / bad debt expense (Note 25)	**1,855**	1,596
At end of the year	**5,302**	4,210

The maximum exposure to credit risk at the reporting date is the fair value of the receivables mentioned above.

Accounting policy

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

The Group applies the simplified approach permitted by HKFRS 9, which requires the recognition of lifetime expected losses for trade receivables and contract assets from initial recognition of such assets. The expected loss rates are based on the sales over a period of 5 years and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. At every reporting date, the Group reviews and adjusts its historically observed default rates based on current conditions and changes in the future forecasts. A provision for impairment of trade and other receivables is determined using the forward-looking expected credit loss method; that is, the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The impairment charge is recognized within "Selling and administrative expenses" in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries are credited in the income statement.

11. Cash, cash equivalents and time deposits

	2025 US$'000	2024 US$'000
Cash at bank and in hand	**476,231**	394,683
Short term bank deposits	**314,402**	355,176
Total cash and cash equivalents	**790,633**	749,859
Time deposits with maturities over three months	**-**	60,000
Total cash, cash equivalents and time deposits	**790,633**	809,859

The carrying amounts of the Group's cash, cash equivalents and time deposits are denominated in the following currencies:

	2025 US$'000	2024 US$'000
USD	**466,784**	422,631
RMB	**122,347**	131,804
EUR	**98,363**	145,588
CAD	**43,363**	25,164
KRW	**36,595**	49,290
Others	**23,181**	35,382
Total cash, cash equivalents and time deposits	**790,633**	809,859

Accounting policy

Cash and cash equivalents comprise cash in hand and demand deposits with banks that are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value, with original maturities of 3 months or less.

12. Trade and Other Payables

	2025 US$'000	2024 US$'000
Trade payables	**373,647**	384,497
Accrual for property, plant and equipment and other production consumables	**123,965**	124,853
Accrued payroll and other staff related costs	**100,579**	122,757
Contract liabilities (Note 13)	**30,284**	33,629
Deferred income *	**27,606**	30,213
Other creditors and accrued charges	**75,854**	71,232
	731,935	767,181
Current portion	**693,997**	724,133
Non-current portion	**37,938**	43,048

* Mainly comprised of government grants

The fair value of the Group's trade payables was approximately equal to the carrying value. The aging analysis of trade payables based on invoice date was as follows:

	2025 US$'000	2024 US$'000
0 – 60 days	**254,959**	266,278
61 – 90 days	**72,258**	68,002
Over 90 days	**46,430**	50,217
Total	**373,647**	384,497

The carrying amount of the Group's trade payables was denominated in the following currencies:

	2025 US$'000	2024 US$'000
RMB	**183,219**	178,679
USD	**103,859**	96,683
EUR	**61,674**	76,772
CAD	**6,095**	9,256
HKD	**4,299**	8,145
Others	**14,501**	14,962
Total	**373,647**	384,497

12. Trade and Other Payables *(Cont'd)*

The Group has established a supplier finance arrangement ("SFA"). Under the arrangement, a finance provider agrees to pay amounts to participating suppliers in respect of invoices owed by the Group and receives settlement from the Group at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing of supplier invoices. The SFA allows the Group to centralize payments of trade and other payables to the finance provider rather than paying each supplier individually. While the SFA does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating, the programme assists in making cash outflows more predictable. The Group does not incur any additional interest to the finance provider on the amounts due to the suppliers. All payables under SFA are classified as current as of 31 March 2025 and 31 March 2024.

The carrying amount of trade and other payables that are part of supplier finance arrangements are as follows:

	2025 **US$'000**	2024 US$'000
Presented within trade and other payables	**22,841**	30,645
- of which suppliers have received payment from finance provider	**22,581**	30,442

The range of payments due dates are as follows:

	2025	2024
Trade and other payables that are part of the arrangement	**60 - 180 days**	60 - 180 days
Trade and other payables that are not part of an arrangement	**0 - 180 days**	0 - 180 days

There were no material business combinations or foreign exchange differences or other non-cash transfers relating to the carrying amount of liabilities subject to the supplier finance arrangement.

Accounting policy

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Trade and other payables with obligations to pay within 12 months are classified as current liabilities. Trade and other payables with obligations to pay for at least 12 months after the end of reporting period are classified as non-current liabilities.

The Group recognizes charges for profit sharing and bonus plans due wholly within 12 months after balance sheet date when it has a legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Judgemental accruals and provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

The Group classifies financial liabilities that arise from supplier finance arrangement within trade and other payables if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables. The terms of the liabilities that are part of the supplier finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement.

13. Contract Balances

Contract assets relate to the deferred contract costs incurred to obtain the customer contract. These costs are subsequently amortized in the consolidated income statement over the expected contract period. The Group assesses the carrying value of each contract asset annually and recognizes an expected credit loss if the carrying value exceeds the amounts of consideration that the Group expects to receive from the contract.

Contract liabilities primarily relate to consideration received from customers in advance of transferring goods promised in a contract. Recognition of this income is therefore deferred until the contractual performance obligation is satisfied.

The total contract assets and liabilities are included in various non-current and current balance sheet accounts as shown below:

	2025 US$'000	2024 US$'000
Deferred contract costs included in:		
Trade and other receivables	**1,330**	1,658
Other non-current assets (Note 3)	**4,001**	3,843
Total deferred contract costs	**5,331**	5,501
Contract liabilities balances included in:		
Trade and other payables – current	**(18,059)**	(18,036)
Trade and other payables – non-current	**(12,225)**	(15,593)
Total contract liabilities (Note 12)	**(30,284)**	(33,629)

In FY24/25, US$16.6 million (FY23/24: US$16.7 million) included in the contract liability balance at the previous year end date was recognized in profit and loss.

14. Borrowings

	2025			2024		
	Current US$'000	**Non-current US$'000**	**Total US$'000**	Current US$'000	Non-current US$'000	Total US$'000
Bonds (Note a)	**-**	**-**	**-**	301,834	-	301,834
Syndicated loan (Note b)	**-**	**195,908**	**195,908**	-	194,796	194,796
Loan from Export Development Canada ("EDC") (Note c)	**-**	**99,700**	**99,700**	-	-	-
Loan from The Hongkong and Shanghai Banking Corporation Limited ("HSBC") (Note d)	**52,961**	**-**	**52,961**	6,695	53,561	60,256
Loans from Bank of China ("BOC") (Note e)	**684**	**6,164**	**6,848**	-	-	-
Other borrowings	**3,918**	**-**	**3,918**	-	3,918	3,918
Total borrowings	**57,563**	**301,772**	**359,335**	308,529	252,275	560,804

Note:

(a) Bonds (US$300 million, 4.125% due July 2024)
On 30 January 2019, the Company issued bonds in an aggregate principal amount of US$300 million. The bonds are listed on the Stock Exchange of Hong Kong by way of debt issues to professional investors under Chapter 37 of the Listing Rules. The bonds bear a fixed interest rate of 4.125% per annum, payable semi-annually. The issue price of the bonds was 99.402% of the principal amount of the bonds. The effective interest rate of the bonds is 4.36% including all transaction costs.

The US$300 million principal was repaid on maturity of the bonds in July 2024.

(b) Syndicated loan
In August 2023, the Group entered into a US$400 million facilities agreement for financing the general working capital of the Group and refinancing the existing indebtedness of the Group, comprising a US$200 million term loan facility and a US$200 million revolving credit facility.

The term loan was drawn down in FY23/24, and as of 31 March 2025, the carrying value, net of amortized costs, was US$195.9 million (31 March 2024: US$194.8 million). The revolving credit facility remains unutilized.

(c) Loan from EDC
The principal amount of US$100.0 million was drawn down in May 2024 for the Group’s general operating and capital expenditure purposes. The loan is repayable in January 2027. As of 31 March 2025, the carrying value, net of amortized costs, was US$99.7 million.

(d) Loan from HSBC
The Group received a RMB475 million three-year credit facility from HSBC to refinance the loan from The Export-Import Bank of China in FY22/23, which was used to partially fund capital expenditure for the Group’s Jiangmen factory. Repayments will be made every six months until November 2025.

14. Borrowings *(Cont'd)*

Note *(Cont'd)*:

(e) Loans from BOC

In FY24/25, the Group received RMB384 million three-year credit facilities from BOC to finance the purchase of production line and supporting equipment in China. RMB49 million loans were drawn down in FY24/25, and as of 31 March 2025, the carrying value was US$6.8 million.

The maturity of borrowings was as follows:

	Bank borrowings		Bonds and other borrowings	
	2025 US$'000	2024 US$'000	**2025 US$'000**	2024 US$'000
Less than 1 year	**53,645**	6,695	**3,918**	301,834
1 – 2 years	**1,370**	53,561	**99,700**	3,918
2 – 5 years	**200,702**	194,796	**-**	-
	255,717	255,052	**103,618**	305,752

As of 31 March 2025, the interest rate charged on the significant outstanding balances ranged from 2.4% to 5.6% per annum (31 March 2024: 3.0% to 6.6% per annum). Interest expense is disclosed in Note 24.

Johnson Electric subscribes to both Moody's Investors Service and S&P Global Ratings to provide independent long-term credit ratings. As of 31 March 2025, the Group maintained investment grade ratings with a stable outlook from both agencies.

The fair value of borrowings approximately equals their carrying amount.

As of 31 March 2025, the borrowings with carrying amount US$348.6 million are subject to financial covenants. The Group remains in full compliance with its financial covenants, including requirements for net worth, the ratios of total liabilities to net worth, net debt to earnings before interest, tax and amortization ("EBITDA") and EBITDA to interest expense.

14. Borrowings *(Cont'd)*

The carrying amounts of the borrowings were denominated in the following currencies:

	2025 **US$'000**	2024 US$'000
USD	**299,526**	500,548
RMB	**59,809**	60,256
Total borrowings	**359,335**	560,804

Accounting policy

Borrowings / bonds are initially recognized at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings / bonds using the effective interest method.

Borrowings / bonds are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting period.

15. Lease Liabilities

	2025 US$'000	2024 US$'000
At beginning of the year	**73,841**	93,397
Currency translations	**(606)**	(2,341)
Business combination	**175**	-
New leases / extensions / modifications	**10,775**	10,299
Termination of leases	**(82)**	(945)
Finance costs	**3,108**	3,512
Principal element of lease payments	**(20,289)**	(26,750)
Interest element of lease payments	**(2,716)**	(3,331)
At end of the year	**64,206**	73,841
Current portion	**16,351**	18,852
Non-current portion	**47,855**	54,989

The remaining contractual undiscounted cash outflow of the Group’s lease liabilities as of 31 March 2025 and 31 March 2024 was as follows:

	2025 US$'000	2024 US$'000
Less than 1 year	**19,393**	20,738
1 – 2 years	**15,749**	15,841
2 – 5 years	**34,667**	32,667
Over 5 years	**4,675**	13,433
	74,484	82,679

The income statement shows the following amounts included in cost of goods sold and selling and administrative expenses relating to leases which are not shown above as leases are as follows:

	2025 US$'000	2024 US$'000
Expense relating to short-term leases	**2,572**	2,433
Expense relating to leases of low-value assets	**29**	31
Expense relating to variable lease payments	**2,230**	2,311
	4,831	4,775

15. Lease Liabilities *(Cont'd)*

Extension and termination options are included in a number of leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination of options held are exercisable only by the Group and not by the respective lessor.

Accounting policy

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, and
- leases payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Leases of low-value assets are leases with total lease payments lower than US$5,000.

16. Retirement Benefit Obligations

	Defined benefit pension plans US$'000	Defined contribution pension plans and others US$'000	Total US$'000
FY24/25			
As of 31 March 2024	12,331	5,460	17,791
Currency translations	(1,321)	(384)	(1,705)
Charges	7,265	11,661	18,926
Utilizations	(5,365)	(10,267)	(15,632)
Remeasurements (Note 20) *	(6,291)	(861)	(7,152)
As of 31 March 2025	**6,619** **	**5,609**	**12,228**
Retirement benefit obligations:			
Current portion	433	363	796
Non-current portion	25,278	5,246	30,524
Defined benefit pension plan assets:			
Non-current portion	(19,092)	-	(19,092)
As of 31 March 2025	**6,619**	**5,609**	**12,228**
FY23/24			
As of 31 March 2023	4,917	4,736	9,653
Currency translations	(737)	(706)	(1,443)
Charges	4,529	10,829	15,358
Utilizations	(5,203)	(10,399)	(15,602)
Remeasurements (Note 20) *	8,825	1,000	9,825
As of 31 March 2024	12,331 **	5,460	17,791
Retirement benefit obligations:			
Current portion	590	424	1,014
Non-current portion	30,499	5,036	35,535
Defined benefit pension plan assets:			
Non-current portion	(18,758)	-	(18,758)
As of 31 March 2024	12,331	5,460	17,791

* Remeasurements represent actuarial gains and losses. In FY24/25, the actuarial gains of US$6.3 million mainly arose from changes in return on plan assets (FY23/24: actuarial losses of US$8.8 million mainly arose from changes in financial assumptions)

** The retirement benefit plans are located in the United Kingdom, Canada, Switzerland, Israel, South Korea, Germany, Italy and France. Net obligations of US$6.6 million (31 March 2024: US$12.3 million) comprised the gross present value of obligations of US$209.4 million (31 March 2024: US$202.7 million) less the fair value of plan assets of US$202.8 million (31 March 2024: US$190.4 million)

16. Retirement Benefit Obligations *(Cont'd)*

16.1 Defined benefit pension plans

The Group operates defined benefit pension plans in various countries, providing benefits to members in the form of a guaranteed level of pension payable for life. These defined benefit plans are valued by independent external actuaries using the projected unit credit method. The main actuaries are listed below and the latest actuarial valuation was completed as of 31 March 2025.

Country of pension plan	Firm	Qualifications of valuers
United Kingdom	Quantum Actuarial LLP	Fellow of the Institute and Faculty of Actuaries
Canada	Robertson Eadie & Associates Ltd.	Fellow of the Canadian Institute of Actuaries
Switzerland	Mercer Switzerland Inc.	Members of the Swiss Association of Actuaries
Israel	Alan Dubin F.S.A. Ltd.	Fellow, Israel Association of Actuaries
South Korea	Hyundai Motor Securities	Fellow, the Institute of Actuaries of Korea
Germany	Mercer Deutschland GmbH	Fellow, The German Association of Actuaries
Italy	Deloitte Consulting SB Srl - Italy	Fellow of the Italian Register of Actuaries

The Group's defined benefit pension plans provide pensions to employees after meeting specific retirement ages or periods of service. Pensions are based on specific pension rates applied to each participating employee's years of service. The assets of funded plans are held independently of the Group's assets in separate trustee administered funds.

The amounts recognized in the balance sheet were determined as follows:

	2025 US$'000	2024 US$'000
Present value of obligations that are funded	**199,197**	192,327
Present value of obligations that are unfunded	**10,190**	10,369
Gross present value of obligations	**209,387**	202,696
Less : Fair value of plan (assets)	**(202,768)**	(190,365)
Total retirement benefit obligations - net liability	**6,619**	12,331
Represented by:		
Defined benefit pension plan (assets)	**(19,092)**	(18,758)
Retirement benefit obligations	**25,711**	31,089

16. Retirement Benefit Obligations *(Cont'd)*

16.1 Defined benefit pension plans *(Cont'd)*

The movement of the retirement benefit obligations was as follows:

	Present value of obligations US$'000	Fair value of plan (assets) US$'000	Total net liability US$'000
FY24/25			
As of 31 March 2024	202,696	(190,365)	12,331
Current service cost	7,087	-	7,087
Interest cost / (income)	4,949	(4,771) *	178
Net cost / (income) to the income statement (Note 25)	12,036	(4,771)	7,265
Remeasurements:			
– losses from change in demographic assumptions	20	-	20
– losses from change in financial assumptions	4,855	-	4,855
– experience losses	1,494	-	1,494
– return on plan assets, excluding amounts included in interest income	-	(12,660)	(12,660)
Losses / (gains) recognized in equity (Note 20)	6,369	(12,660)	(6,291)
Currency translations	2,236	(3,557)	(1,321)
Contributions by plan participants	3,167	(3,167)	-
Contributions by employer	-	(3,740)	(3,740)
Benefits paid	(17,117)	15,492	(1,625)
As of 31 March 2025	**209,387**	**(202,768)**	**6,619**
FY23/24			
As of 31 March 2023	193,011	(188,094)	4,917
Current service cost	4,444	-	4,444
Interest cost / (income)	5,887	(5,715) *	172
Past service cost	(87)	-	(87)
Net cost / (income) to the income statement (Note 25)	10,244	(5,715)	4,529
Remeasurements:			
– losses from change in demographic assumptions	759	-	759
– losses from change in financial assumptions	10,162	-	10,162
– experience (gains) / losses	(275)	716	441
– return on plan assets, excluding amounts included in interest income	-	(2,537)	(2,537)
Losses / (gains) recognized in equity (Note 20)	10,646	(1,821)	8,825
Currency translations	1,195	(1,932)	(737)
Contributions by plan participants	3,169	(3,169)	-
Contributions by employer	-	(3,697)	(3,697)
Benefits paid	(15,569)	14,063	(1,506)
As of 31 March 2024	202,696	(190,365)	12,331

* The interest income on plan assets was calculated at the discount rates shown on the next page

16. Retirement Benefit Obligations *(Cont'd)*

16.1 Defined benefit pension plans *(Cont'd)*

Through its defined benefit pension plans, the Group is exposed to a number of risks: asset volatility, inflation risks and life expectancy risk. As the plan liabilities are calculated using a discount rate set with reference to corporate bond yields, if plan assets underperform this yield, this will create a deficit. Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities. The plans' obligations are to provide benefits for the lives of members, so increases in life expectancy will increase the plans' liabilities.

The principal actuarial assumptions used for the pension valuation were as follows:

	2025 Percentage	2024 Percentage
Discount rate	**1.3% – 5.7%**	1.5% – 5.4%
Inflation rate (long-term forecast)	**1.0% – 3.5%**	1.1% – 3.7%

Sensitivity analysis

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions are:

	Impact on defined benefit obligations	
	Increase in assumption	Decrease in assumption
Discount rate – change by 0.5%	Decrease by 4.9%	Increase by 5.7%
Inflation rate (long-term forecast) – change by 0.5%	Increase by 0.5%	Decrease by 0.5%

This is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The discount rates of major pension plans were as follows:

	2025 Percentage	2024 Percentage
United Kingdom	**5.7%**	4.8%
Canada	**4.6%**	4.9%
Switzerland	**1.3%**	1.5%
South Korea	**4.5%**	5.4%

16. Retirement Benefit Obligations *(Cont'd)*

16.1 Defined benefit pension plans *(Cont'd)*

The weighted average duration of the defined benefit obligations is 13.6 years (31 March 2024: 13.3 years).

The expected maturity of undiscounted pension benefits as of 31 March 2025 and 31 March 2024 was:

	2025 US$'000	2024 US$'000
Less than 1 year	**11,618**	11,489
1 – 2 years	**12,182**	12,670
2 – 5 years	**32,210**	31,724
Over 5 years	**245,274**	248,604
	301,284	304,487

Plan assets

Plan assets comprised the following:

	2025		2024	
	US$'000	**Percentage**	US$'000	Percentage
Quoted				
Equities				
Europe	**14,395**	**7%**	12,721	6%
Global	**32,596**	**16%**	30,614	16%
Bonds				
Asia	**1,986**	**1%**	2,102	1%
Europe	**15,054**	**7%**	12,818	7%
Americas	**16,579**	**8%**	17,438	9%
Global	**16,299**	**8%**	17,353	9%
Others				
Europe	**44,606**	**23%**	36,251	19%
Americas	**2,742**	**1%**	3,039	2%
	144,257	**71%**	132,336	69%
Unquoted				
Property investment – Europe	**20,178**	**10%**	18,142	10%
Cash and annuities – Europe	**38,333**	**19%**	39,887	21%
	58,511	**29%**	58,029	31%
	202,768	**100%**	190,365	100%

16. Retirement Benefit Obligations *(Cont'd)*

16.1 Defined benefit pension plans *(Cont'd)*

Plan assets *(Cont'd)*

The Group's defined benefit pension plans had total assets of US$202.8 million and total obligations of US$209.4 million as of 31 March 2025 (31 March 2024: US$190.4 million and US$202.7 million respectively). This represents a funding level of 97% in aggregate as of 31 March 2025 (31 March 2024: 94%).

The plan asset mix is established through consideration of many factors including assumptions of tolerance for fluctuations in market values, portfolio diversification and the targeted long-term rate of return for the assets. Foreign exchange risk is inherent in the asset mix policy and foreign currency fluctuations may significantly affect the return on the assets held by the trustees of the funds.

The Group ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Group's asset-liability matching objective is to match assets to the pension obligations with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Group's main defined benefit pension plans are in the United Kingdom, Canada and Switzerland, which accounted for 98% of the pension assets and 87% of the pension liabilities respectively (31 March 2024: 98% of the plan assets and 89% of the pension liabilities). The Group also operates defined benefit schemes in Israel, South Korea, Germany, Italy and France. The funding levels of the Group's pension schemes as of 31 March 2025 are set out below.

The Group's defined benefit pension plans in the United Kingdom and Canada reported funding levels of 172% and 117% respectively. The surplus is mainly due to favourable investment performance. The Swiss and Israeli schemes had a funding level of 98% and 88% respectively. The deficit arises in part as a result of local funding rules, according to which funding obligations with respect to active employees are satisfied through regular contributions.

The schemes in South Korea and Germany are immaterial to the Group and have a lower funding level of 13% and 15% respectively as benefits to certain employees are funded whilst benefits to other employees enrolled in the schemes are unfunded, as allowed under local regulations. The defined benefit plans in Italy and France are unfunded, as allowed under local regulations.

The Group expects to make contributions of US$4.9 million to post-employment benefit plans for FY25/26 (FY24/25: US$4.5 million).

16. Retirement Benefit Obligations *(Cont'd)*

16.2 Defined contribution pension plans

The charge to the income statement for all defined contribution plans for FY24/25 was US$10.1 million (FY23/24: US$9.8 million). All forfeited contributions can be used to reduce employer's contributions.

The Group's Hong Kong and Canadian schemes accounted for 70% of total contributions in FY24/25 (FY23/24: 70%).

- The largest defined contribution schemes are in Hong Kong where the Group operates two defined contribution schemes. These comply with all the respective requirements under the Occupational Retirement Schemes Ordinance ("ORSO") and the Mandatory Provident Fund ("MPF") Ordinance. All scheme assets are held separately from the Group in independently administered funds. Contributions to the MPF Scheme follow the MPF Ordinance while contributions made by the employer to the ORSO Scheme range between 5% and 12% of basic salary depending on level and years of service. If employees leave the ORSO scheme prior to the contributions fully vesting, these may be forfeited and the charge to income statement reduced accordingly. No forfeited contributions were available in FY24/25 and FY23/24 to reduce the employer's contributions. There were no forfeited contributions as of 31 March 2025 (31 March 2024: nil).

- In Canada, employees are eligible for defined contribution plan after one year of service, governed by the Income Tax Act (Canada) and Pension Benefits Act (Ontario). The employer's base contribution is 3% of employee's earnings. The employer can match additional contributions from the employee up to 3% of their earnings, for a total of 6%. No forfeited contributions were available in FY24/25 and FY23/24 to reduce the employer's contributions. There were no forfeited contributions as of 31 March 2025 (31 March 2024: nil).

The Group also operates other defined contribution pension schemes, available to certain employees in the USA, the United Kingdom, the Netherlands, Türkiye, and Singapore.

- In the USA, contributions to the defined contribution plan are made in accordance with Subsection 401(k) of the Internal Revenue Code. The employer's contribution matches 100% of the first 1% and 50% of the next 5% of employee's contribution. Matched contributions are capped at 6% of the employee's contribution, giving an employer maximum contribution of 3.5%. The employer's contribution is fully vested with the employee after two years of service. During the year, forfeited contributions of US$0.09 million (FY23/24: US$0.05 million) under the plans were used to cover plan expenses. As of 31 March 2025, the employer had US$0.15 million forfeited contributions available to cover the plan expenses in future years (31 March 2024: US$0.11 million).

- For the United Kingdom, both the employer and employee must make at least 4% contributions, which are fully vested. In the Netherlands, contributions are age based and range from 3.2% to 18.84% of annual salary. In the Turkish plan, the employer contributes a base of TRY982 (US$26) per employee per month and then matches employee contributions up to a maximum of 1.5% of monthly gross salary. Singapore Central Provident Fund employer contributions are 17% of salary, but lower after age 55. No forfeited contributions were available in FY24/25 (FY23/24: nil) and no forfeited contributions as of 31 March 2025 (31 March 2024: nil) to reduce the employer's contributions in any of these schemes.

16. Retirement Benefit Obligations *(Cont'd)*

Accounting policy

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

(a) Defined benefit plan

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group's long service payment is a kind of defined benefit plan.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in the income statement.

(b) Defined contribution plan

For defined contribution plans, the Group and the employees pay fixed contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions are recognized as employee compensation when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

17. Provisions and Other Liabilities

	Legal and warranty US$'000	Restructuring and severance US$'000	Reinstatement cost of right-of-use assets US$'000	Total US$'000
FY24/25				
As of 31 March 2024	47,722	6,728	991	55,441
Currency translations	(221)	(4)	(51)	(276)
Charged / (credited) to income statement				
– additional provisions	24,945	7,159	-	32,104
– unused amounts reversed	(5,177)	-	-	(5,177)
– finance costs	-	-	20	20
Utilizations	(19,874)	(7,795)	-	(27,669)
As of 31 March 2025	**47,395**	**6,088**	**960**	**54,443**
Current portion	38,494	6,088	-	44,582
Non-current portion	8,901	-	960	9,861
As of 31 March 2025	**47,395**	**6,088**	**960**	**54,443**
FY23/24				
As of 31 March 2023	32,362	716	998	34,076
Currency translations	(140)	(17)	(26)	(183)
Charged / (credited) to income statement				
– additional provisions	30,958	7,201	-	38,159
– unused amounts reversed	(3,046)	-	-	(3,046)
– finance costs	-	-	19	19
Utilizations	(12,412)	(1,172)	-	(13,584)
As of 31 March 2024	47,722	6,728	991	55,441
Current portion	39,142	6,728	-	45,870
Non-current portion	8,580	-	991	9,571
As of 31 March 2024	47,722	6,728	991	55,441

18. Taxation

18.1 Income tax expense

The amount of taxation in the consolidated income statement represents:

	2025 US$'000	2024 US$'000
Current income tax		
Charges for the year	**45,969**	60,491
Reductions of tax for prior years	**(63)**	(109)
	45,906	60,382
Deferred income tax (Note 18.2)	**(9,607)**	(21,576)
Total income tax expense	**36,299**	38,806
Effective tax rate	**12.0%**	14.3%

Tax has been provided at the applicable rates on the estimated assessable profit in the respective countries of operations for the year. The overall global effective tax rate for FY24/25 was 12.0% (FY23/24: 14.3%). The Group's effective tax rate differed from the statutory tax rate of Hong Kong of 16.5% (FY23/24: 16.5%) as follows:

	2025		2024	
		US$'000		US$'000
Profit before income tax		**301,447**		271,145
Tax charged at Hong Kong profits tax rate	**16.5%**	**49,739**	16.5%	44,739
Effect of different tax rates in other countries				
– countries with taxable profit	**2.4%**	**7,330**	2.7%	7,217
– countries with taxable loss	**(1.3%)**	**(3,808)**	(0.8%)	(2,109)
(Reductions) / additions of tax for prior years				
– current and deferred	**(0.1%)**	**(274)**	0.1%	336
Withholding tax	**4.2%**	**12,775**	4.9%	13,263
Effect of income, net of expenses, not subject to tax	**(8.4%)**	**(25,456)**	(7.8%)	(21,165)
Effect of permanent and temporary differences, tax losses and other taxes	**(1.3%)**	**(4,007)**	(1.3%)	(3,475)
Total income tax expense	**12.0%**	**36,299**	14.3%	38,806

18. Taxation *(Cont'd)*

18.1 Income tax expense *(Cont'd)*

The Organisation for Economic Co-operation and Development ("OECD") has released the Pillar Two model rules (the Global Anti-Base Erosion Proposal, the "GloBE"). Under the rules, the Group would be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15 percent minimum tax rate. Income tax expenses could be adversely affected as the legislation becomes effective in countries in which the Group does business. As of 31 March 2025, Pillar Two legislation has become effective and applicable to the Group in several jurisdictions in which the Group operates, including Canada, France, Germany, Hungary, Italy, Japan, the Netherlands, South Korea, Spain, Switzerland, Türkiye and the United Kingdom. The top-up tax impact was negligible to the Group's profit in FY24/25.

Additionally, the Group has carried out an initial assessment, simulating the top-up tax exposure assuming full enactment of Pillar Two, based on the Group's financial performance for FY24/25. The result of this assessment indicated that the tax impact would not be material to the Group's profit for FY24/25.

18.2 Deferred income tax

Deferred tax assets and liabilities are offset when the deferred income taxes relate to the same fiscal authority and when there is a legally enforceable right to offset current tax assets against current tax liabilities.

The following amounts, determined after appropriate offsetting within a tax jurisdiction, are shown in the consolidated balance sheet:

	2025 US$'000	2024 US$'000
Deferred income tax assets	**100,083**	89,049
Deferred income tax liabilities	**(72,699)**	(78,809)
Deferred income tax assets, net	**27,384**	10,240

The gross differences between book and tax accounting, before netting were as follows:

	2025 US$'000	2024 US$'000
Gross deferred income tax assets	**148,393**	150,753
Gross deferred income tax liabilities	**(121,009)**	(140,513)
Deferred income tax assets, net	**27,384**	10,240

18. Taxation *(Cont'd)*

18.2 Deferred income tax *(Cont'd)*

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, was as follows:

	Provisions US$'000	Tax depreciation US$'000	Tax losses US$'000	Fair value (gains) / losses US$'000	Others US$'000	Total US$'000
FY24/25						
Deferred income tax assets						
As of 31 March 2024	30,273	59,080	34,951	1,098	25,351	150,753
Currency translations	(150)	(1,641)	(58)	-	(298)	(2,147)
Credited / (charged) to income statement	2,975	(2,521)	(1,477)	701	1,501	1,179
Charged to equity	-	-	-	(847)	(545)	(1,392)
Assets as of 31 March 2025	33,098	54,918	33,416	952	26,009	148,393
Deferred income tax (liabilities)						
As of 31 March 2024	(529)	(21,815)	-	(71,868)	(46,301)	(140,513)
Currency translations	30	162	-	1,389	625	2,206
Business combination	-	(162)	-	(597)	-	(759)
Credited / (charged) to income statement	344	3,951	-	6,115	(1,982)	8,428
Credited to equity	-	-	-	9,487	142	9,629
(Liabilities) as of 31 March 2025	(155)	(17,864)	-	(55,474)	(47,516)	(121,009)
Deferred income tax assets / (liabilities), net as of 31 March 2025	**32,943**	**37,054**	**33,416**	**(54,522)**	**(21,507)**	**27,384**
FY23/24						
Deferred income tax assets						
As of 31 March 2023	26,120	37,471	37,329	884	17,759	119,563
Adoption of HKAS 12 (amendment)	-	16,043	-	-	-	16,043
As of 1 April 2023	26,120	53,514	37,329	884	17,759	135,606
Currency translations	(332)	(837)	(248)	(1)	(180)	(1,598)
Credited / (charged) to income statement	4,485	6,403	(2,130)	(482)	6,608	14,884
Credited to equity	-	-	-	697	1,164	1,861
Assets as of 31 March 2024	30,273	59,080	34,951	1,098	25,351	150,753
Deferred income tax (liabilities)						
As of 31 March 2023	(505)	(9,156)	-	(88,234)	(43,339)	(141,234)
Adoption of HKAS 12 (amendment)	-	(16,043)	-	-	-	(16,043)
As of 1 April 2023	(505)	(25,199)	-	(88,234)	(43,339)	(157,277)
Currency translations	24	536	-	393	458	1,411
(Charged) / credited to income statement	(48)	2,848	-	7,641	(3,749)	6,692
Credited to equity	-	-	-	8,332	329	8,661
(Liabilities) as of 31 March 2024	(529)	(21,815)	-	(71,868)	(46,301)	(140,513)
Deferred income tax assets / (liabilities), net as of 31 March 2024	29,744	37,265	34,951	(70,770)	(20,950)	10,240

Deferred income tax liabilities of US$1.9 million (FY23/24: US$2.6 million) have not been recognized in respect of the withholding or other tax payable on the unremitted profits of certain subsidiaries where the Company controls the dividend policy and it has been determined that these undistributed profits will not be distributed in the foreseeable future.

18. Taxation *(Cont'd)*

18.2 Deferred income tax *(Cont'd)*

The movement table on the previous page describes the component parts of the deferred income tax assets and liabilities shown on the balance sheet.

Provisions:
Certain tax authorities do not allow provisions as deductions against current taxable profit until utilized, which gives rise to a different basis for calculating accounting and taxable profit.

Tax depreciation:
This represents the difference between the rate of depreciation which is charged against accounting profit and the rate of depreciation which is charged against taxable profit.

Tax losses:
This represents the value of current tax losses that can be offset against future taxable profits to reduce future taxation charges. As of 31 March 2025, certain Group subsidiaries had accumulated net operating losses carried forward of US$236.3 million (31 March 2024: US$237.5 million) to offset future taxable income.

Fair value (gains) / losses:
The extent to which a change in value resulting from the reassessment of an asset's carrying value is not treated as current year taxable income until realized.

Others:
This mainly represents other temporary differences arising from taxation on profit distributions from foreign subsidiaries, unrealized profits on unsold inventory from intragroup sales, tax credits available to offset future tax payments, temporary differences arising from deduction of expenses and the capitalization of engineering development costs.

18. Taxation *(Cont'd)*

18.2 Deferred income tax *(Cont'd)*

The recoverability of the deferred tax assets and liabilities was as follows:

	2025 US$'000	2024 US$'000
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	**107,905**	112,438
Deferred income tax assets to be recovered within 12 months	**40,488**	38,315
Deferred income tax assets	**148,393**	150,753
Deferred income tax liabilities:		
Deferred income tax liabilities to be settled after more than 12 months	**(105,574)**	(120,065)
Deferred income tax liabilities to be settled within 12 months	**(15,435)**	(20,448)
Deferred income tax liabilities	**(121,009)**	(140,513)
Deferred income tax assets, net	**27,384**	10,240

The movement on the deferred income tax account, net was as follows:

	2025 US$'000	2024 US$'000
At beginning of the year, net assets / (liabilities)	**10,240**	(21,671)
Currency translations	**59**	(187)
Business combination	**(759)**	-
Credited to income statement (Note 18.1)	**9,607**	21,576
Credited to equity	**8,237**	10,522
At end of the year, net assets	**27,384**	10,240

18. Taxation *(Cont'd)*

18.2 Deferred income tax *(Cont'd)*

The deferred income tax credited / (charged) to equity in FY24/25 and FY23/24 was as follows:

	2025 **US$'000**	2024 US$'000
Fair value change of hedging instruments	**8,640**	9,029
Remeasurements of defined benefit plans (Note 20)	**(389)**	1,509
Remeasurements of long service payment (Note 20)	**(14)**	(16)
	8,237	10,522

Deferred income tax assets are recognized for tax losses carried forward to the extent that it is probable that future taxable profit or temporary differences will be available against which the unused tax losses can be utilized.

The movement in the Group's unrecognized tax losses for FY24/25 and FY23/24 is presented below:

	2025 **US$'000**	2024 US$'000
At beginning of the year	**86,174**	84,168
Currency translations	**(749)**	(3,646)
Generated / (utilized / recognized) during the year	**7,267**	(2,294)
(Reductions) / additions for tax positions of prior years	**(9,383)**	7,946
At end of the year	**83,309**	86,174

Deferred income tax assets in respect of tax losses amounting to US$83.3 million (FY23/24: US$86.2 million) have not been recognized primarily due to the uncertainty over the availability of future profit generation to recover such losses before their expiry or temporary differences in the legal entities where such losses were incurred.

18. Taxation *(Cont'd)*

18.2 Deferred income tax *(Cont'd)*

The aging of unrecognized tax losses by expiry date is as follows:

	2025 US$'000	2024 US$'000
Less than 1 year	**2,236**	551
1 – 2 years	**368**	5,779
2 – 5 years	**3,569**	9,367
5 – 20 years	**11,787**	-
Unlimited	**65,349**	70,477
	83,309	86,174

Deferred income tax assets amounting to US$3.6 million (FY23/24: US$2.7 million) have not been recognized with respect to other deductible temporary differences for which no taxable profit or temporary differences will be available to offset the deductible temporary difference.

Accounting policy

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in comprehensive income or directly in equity. In this case, the tax is also recognized in comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, associate and joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss at the time of such a transaction. Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date or expected to be applied in future. Deferred tax related to assets and liabilities arising from a single transaction which on initial recognition gives rise to equal amounts of taxable and deductible temporary differences requires the separate recognition of the related deferred tax assets and liabilities.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through use.

Deferred income tax liability is recognized in respect of the undistributed profits of subsidiaries which is expected to be distributed in the foreseeable future.

19. Share Capital

	Share capital – ordinary shares (thousands)	Shares held for share award scheme (thousands)	Total shares (thousands)
FY24/25			
As of 31 March 2024	934,412	(10,686)	923,726
Shares purchased by trustee for share award scheme	-	(4,726)	(4,726)
Shares vested to Directors and employees for share award scheme	-	1,844	1,844
As of 31 March 2025	**934,412**	**(13,568)**	**920,844**
FY23/24			
As of 31 March 2023	928,687	(8,086)	920,601
Shares purchased by trustee for share award scheme	-	(6,509)	(6,509)
Shares vested to Directors and employees for share award scheme	-	4,199	4,199
Shares issued in lieu of cash dividends	5,725	-	5,725
Scrip dividend for shares held for share award scheme	-	(290)	(290)
As of 31 March 2024	934,412	(10,686)	923,726

As of 31 March 2025, the total authorized number of ordinary shares was 1,760.0 million (31 March 2024: 1,760.0 million) with a par value of HK$0.05 per share (31 March 2024: HK$0.05 per share). All issued shares were fully paid.

19. Share Capital *(Cont'd)*

	Share capital – ordinary shares US$'000	Shares held for share award scheme US$'000	Share premium US$'000	Total US$'000
FY24/25				
As of 31 March 2024	6,026	(17,413)	88,963	77,576
Shares purchased by trustee for share award scheme	-	(7,015)	-	(7,015)
Shares vested to Directors and employees for share award scheme	-	4,927	-	4,927
As of 31 March 2025	**6,026**	**(19,501)**	**88,963**	**75,488**
FY23/24				
As of 31 March 2023	5,989	(20,479)	72,204	57,714
Shares purchased by trustee for share award scheme	-	(8,705)	-	(8,705)
Shares vested to Directors and employees for share award scheme	-	12,171	8,683	20,854
Shares issued in lieu of cash dividends	37	-	8,076	8,113
Scrip dividend for shares held for share award scheme	-	(400)	-	(400)
As of 31 March 2024	6,026	(17,413)	88,963	77,576

Scrip dividend

The final dividend of FY23/24 and interim dividend of FY24/25 were paid out in cash with no scrip alternative.

In FY23/24, 5.7 million shares were issued to shareholders who elected to receive shares in lieu of cash dividends pursuant to the scrip dividend scheme in relation to the final dividend of FY22/23 and interim dividend of FY23/24.

Cancellation of issued capital

A general mandate was approved and given to the Board by shareholders at the Company's AGM held on 24 July 2024 empowering the Board to repurchase shares up to 10% (93.4 million shares) of the aggregate nominal amount of the issued share capital of the Company. This mandate which had also existed in the previous year was extended to the next 12-month period. No shares were purchased in FY24/25 for cancellation (FY23/24: nil).

19. Share Capital *(Cont'd)*

Share award scheme

A new Restricted and Performance Stock Unit Plan ("2023 Stock Unit Plan") was approved by the shareholders on 13 July 2023. The Restricted and Performance Stock Unit Plan which was adopted on 9 July 2015 ("2015 Stock Unit Plan") was terminated by the shareholders on 13 July 2023 and no further grants of share awards under the 2015 Stock Unit Plan could be made afterwards. Unvested share awards granted under the 2015 Stock Unit Plan continue to be valid subject to the provisions of the 2015 Stock Unit Plan which together with 2023 Stock Unit Plan are collectively as "Stock Unit Plan". The Board may grant time-vested units (Restricted Stock Units ("RSU")) and performance-vested units (Performance Stock Units ("PSU")) or cash payment in lieu of shares to such eligible employees and directors as the Board may select at its absolute discretion under the 2023 Stock Unit Plan.

Senior management of the Group receive annual grants of RSUs and PSUs, typically on 1 June of the year. According to current granting policy, RSUs typically vest after three years. PSUs vest after three years, subject to achievement of performance conditions over a three-year performance period. The measure for grants is the three-year cumulative earnings per share.

If the primary condition is met in full, then the entire grant of PSUs will vest at the end of the vesting period. If the primary performance condition is not met, then the secondary performance conditions are considered. The secondary performance conditions consist of a series of one-year earnings per share targets for the Group set at the beginning of each year of the three-year performance period. Partial vesting occurs if one or more of the one-year targets is met.

Movements in the number of unvested units granted were as follows:

	Number of unvested units granted (thousands)		
	RSU	PSU	Total
FY24/25			
Unvested units granted, as of 31 March 2024	10,004	8,750	18,754
Units granted to Directors and employees during the year	3,317	2,917	6,234
Units vested to Directors and employees during the year	(1,780)	(422)	(2,202)
Forfeited during the year	(289)	(1,577)	(1,866)
Unvested units granted, as of 31 March 2025	**11,252**	**9,668**	**20,920**
FY23/24			
Unvested units granted, as of 31 March 2023	10,205	6,826	17,031
Units granted to Directors and employees during the year	4,103	3,604	7,707
Units vested to Directors and employees during the year	(3,867)	(1,210)	(5,077)
Forfeited during the year	(437)	(470)	(907)
Unvested units granted, as of 31 March 2024	10,004	8,750	18,754

The weighted average fair value of the unvested units granted during the year was HK$12.08 (US$1.55) (FY23/24: HK$9.50 (US$1.22)).

The weighted average closing price of the shares immediately before the dates on which the awards were vested during the year is HK$11.92 (US$1.53) (FY23/24: HK$9.65 (US$1.24)).

In FY24/25, the Company did not issue any new shares under this program (FY23/24: nil), and the program is currently operated through purchasing existing shares from the market.

19. Share Capital *(Cont'd)*

The total fair value of unvested units at the date of grant was US$8.2 million (FY23/24: US$7.9 million). As the Directors and employees are not entitled to dividends or dividend equivalents between the grant date and the vesting date, the grant date valuation of the rights to shares were reduced by the present value of dividends expected to be paid during the vesting period (interim dividend of HK cents 17 and final dividend of HK cents 44 for each year), discounted by the local currency government bond yields on the corresponding grant dates with tenor equal to the vesting periods (fair value of unvested units granted on 1 June 2024 was discounted using 3.7%).

As of 31 March 2025, the number of unvested units outstanding under the Stock Unit Plan was as follows:

	Number of unvested units granted (thousands)		
Vesting year *	RSU	PSU	Total
FY25/26	4,101	3,303	7,404
FY26/27	3,892	3,503	7,395
FY27/28	3,259	2,862	6,121
Total unvested units granted	**11,252**	**9,668**	**20,920**

* Shares are typically vested on 1 June of the year

Accounting policy

(a) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity until the shares are vested, cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's shareholders.

(b) Share-based compensation

The Group operates a share-based compensation plan, settled by equity or cash, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of such employee services is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted.

For share-based compensation settled by equity, shares granted to eligible employees for their services are charged as an expense based on the share price at the grant date. For cash settled share-based transaction, at the end of each reporting period and at the date of settlement, the Group re-measures the fair value of the incentive plan payable with any changes in fair value charged as an expense.

Non-market vesting conditions are included in assumptions about the number of shares expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of shares that are expected to vest. Any impact of the revision to original estimates are recognized in the income statement, with a corresponding adjustment to equity.

The grant by the Company of shares over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period, with a credit to equity in the parent entity accounts.

20. Reserves

	Note	Capital reserve US$'000	Goodwill on consolidation US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Miscellaneous reserves * US$'000	Retained earnings US$'000	Total US$'000
As of 31 March 2024		17,338	(233,885)	67,464	8,718	95,546	49,491	2,469,761	2,474,433
Profit for the year		-	-	-	-	-	-	262,803	262,803
Other comprehensive income / (expenses):									
Hedging instruments									
– raw material commodity contracts									
– fair value gains, net		-	-	-	-	2,444	-	-	2,444
– transferred to inventory and subsequently recognized in the income statement	7(e)	-	-	-	-	(7,955)	-	-	(7,955)
– deferred income tax effect		-	-	-	-	909	-	-	909
– forward foreign currency exchange contracts and foreign exchange swaps									
– fair value losses, net		-	-	-	-	(5,179)	-	-	(5,179)
– transferred to the income statement		-	-	-	-	(35,870)	-	-	(35,870)
– deferred income tax effect		-	-	-	-	7,731	-	-	7,731
– net investment hedge									
– fair value gains, net		-	-	3,190	-	-	-	-	3,190
Defined benefit plans									
– remeasurements	16	-	-	-	-	-	-	6,291	6,291
– deferred income tax effect	18	-	-	-	-	-	-	(389)	(389)
Long service payment									
– remeasurements	16	-	-	-	-	-	-	861	861
– deferred income tax effect	18	-	-	-	-	-	-	(14)	(14)
Hyperinflation adjustments		-	-	1,569	-	-	-	(532)	1,037
Currency translations of subsidiaries		-	-	(49,026)	-	(10)	-	-	(49,036)
Currency translations of associate and joint venture		-	-	213	-	-	-	-	213
Total comprehensive income / (expenses) for FY24/25		-	-	(44,054)	-	(37,930)	-	269,020	187,036
Transactions with shareholders:									
Appropriation of retained earnings to statutory reserve		-	-	-	-	-	8,573	(8,573)	-
Share award scheme									
– shares vested		-	-	-	(4,538)	-	(389)	-	(4,927)
– value of employee services		-	-	-	6,640	-	-	-	6,640
Acquisition of non-controlling interests		-	-	-	-	-	-	(409)	(409)
FY23/24 final dividend – cash paid		-	-	-	-	-	-	(52,086)	(52,086)
FY24/25 interim dividend – cash paid		-	-	-	-	-	-	(20,135)	(20,135)
Total transactions with shareholders		-	-	-	2,102	-	8,184	(81,203)	(70,917)
As of 31 March 2025		**17,338**	**(233,885)**	**23,410**	**10,820**	**57,616**	**57,675**	**2,657,578**	**2,590,552**
Final dividend proposed	27	-	-	-	-	-	-	52,089	52,089
Others		17,338	(233,885)	23,410	10,820	57,616	57,675	2,605,489	2,538,463
As of 31 March 2025		**17,338**	**(233,885)**	**23,410**	**10,820**	**57,616**	**57,675**	**2,657,578**	**2,590,552**

* Miscellaneous reserves mainly represent property revaluation reserve, statutory reserve and reserve arising from shares vested for share award scheme

20. Reserves *(Cont'd)*

	Note	Capital reserve US$'000	Goodwill on consolidation US$'000	Exchange reserve US$'000	Share-based employee compensation reserve US$'000	Hedging reserve US$'000	Miscellaneous reserves * US$'000	Retained earnings US$'000	Total US$'000
As of 31 March 2023		17,338	(233,885)	86,723	10,324	133,851	58,139	2,316,734	2,389,224
Profit for the year		-	-	-	-	-	-	229,229	229,229
Other comprehensive income / (expenses):									
Hedging instruments									
– raw material commodity contracts									
– fair value losses, net		-	-	-	-	(3,061)	-	-	(3,061)
– transferred to inventory and subsequently recognized in the income statement	7(e)	-	-	-	-	(16,176)	-	-	(16,176)
– deferred income tax effect		-	-	-	-	3,174	-	-	3,174
– forward foreign currency exchange contracts									
– fair value losses, net		-	-	-	-	(21,531)	-	-	(21,531)
– transferred to the income statement		-	-	-	-	(6,606)	-	-	(6,606)
– deferred income tax effect		-	-	-	-	5,855	-	-	5,855
– net investment hedge									
– fair value gains, net		-	-	9,299	-	-	-	-	9,299
Defined benefit plans									
– remeasurements	16	-	-	-	-	-	-	(8,825)	(8,825)
– deferred income tax effect	18	-	-	-	-	-	-	1,509	1,509
Long service payment									
– remeasurements	16	-	-	-	-	-	-	(1,000)	(1,000)
– deferred income tax effect	18	-	-	-	-	-	-	(16)	(16)
Hyperinflation adjustments		-	-	4,990	-	-	-	(2,746)	2,244
Currency translations of subsidiaries		-	-	(33,469)	-	40	-	-	(33,429)
Currency translations of associate and joint venture		-	-	(79)	-	-	-	-	(79)
Total comprehensive income / (expenses) for FY23/24		-	-	(19,259)	-	(38,305)	-	218,151	160,587
Transactions with shareholders:									
Appropriation of retained earnings to statutory reserve		-	-	-	-	-	4,938	(4,938)	-
Share award scheme									
– shares vested		-	-	-	(7,268)	-	(13,586)	-	(20,854)
– value of employee services		-	-	-	5,662	-	-	-	5,662
FY22/23 final dividend paid									
– cash paid		-	-	-	-	-	-	(37,431)	(37,431)
– shares issued in respect of scrip dividend		-	-	-	-	-	-	(2,891)	(2,891)
– scrip dividend for shares held for share award scheme		-	-	-	-	-	-	245	245
FY23/24 interim dividend paid									
– cash paid		-	-	-	-	-	-	(15,042)	(15,042)
– shares issued in respect of scrip dividend		-	-	-	-	-	-	(5,222)	(5,222)
– scrip dividend for shares held for share award scheme		-	-	-	-	-	-	155	155
Total transactions with shareholders		-	-	-	(1,606)	-	(8,648)	(65,124)	(75,378)
As of 31 March 2024		17,338	(233,885)	67,464	8,718	95,546	49,491	2,469,761	2,474,433
Final dividend proposed	27	-	-	-	-	-	-	51,947	51,947
Others		17,338	(233,885)	67,464	8,718	95,546	49,491	2,417,814	2,422,486
As of 31 March 2024		17,338	(233,885)	67,464	8,718	95,546	49,491	2,469,761	2,474,433

* Miscellaneous reserves mainly represent property revaluation reserve, statutory reserve and reserve arising from shares vested for share award scheme

21. Other Income / (Expenses), net

	2025 US$'000	2024 US$'000
Gross rental income from investment property	**1,219**	1,143
Net gains / (losses) on financial assets at fair value through profit and loss	**6,128**	(7,758)
Gains on disposal of property, plant and equipment	**1,632**	2,490
Loss on disposal of an associate	**(398)**	-
Fair value losses on investment property	**(74)**	(836)
Net gains / (losses) on other financial assets and liabilities, structured foreign currency contracts, and revaluation of monetary assets and liabilities	**1,099**	(17,397)
Subsidies and other income	**5,127**	8,961
Other income / (expenses), net	**14,733**	(13,397)

Subsidies and other income mainly comprised government grants for the capital investments and funding for technology and economic development.

Accounting policy

(a) Rental income

Rental income is recognized on a straight-line basis over the period of the lease.

(b) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to future operating costs are recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in income statement in the period in which they become receivable.

Government grants relating to assets are included in liabilities as deferred government grants and are credited to the income statement on a straight–line basis over the expected lives of the related assets.

22. Selling and Administrative Expenses

	2025 **US$'000**	2024 US$'000
Selling expenses	**126,491**	115,991
Administrative expenses	**440,168**	430,827
Legal and warranty	**19,768**	27,912
Net gains on other financial assets and liabilities, structured foreign currency contracts, and revaluation of monetary assets and liabilities	**(41,390)**	(32,936)
Selling and administrative expenses	**545,037**	541,794

23. Restructuring and Other Related Costs

	2025 **US$'000**	2024 US$'000
Restructuring costs	**7,159**	7,058
Impairment of property, plant and equipment	**-**	2,584
Other related costs	**-**	565
Restructuring and other related costs	**7,159**	10,207

Note: The restructuring and other related costs primarily consisted of severance payments for the restructuring in China and Europe (FY23/24: Europe)

24. Finance Income / (Costs), net

	2025 US$'000	2024 US$'000
Interest income	**32,451**	19,992
Interest expense on:		
Borrowings	**(26,031)**	(15,131)
Lease liabilities	**(3,108)**	(3,512)
Bonds	**(4,354)**	(13,044)
	(33,493)	(31,687)
Interest expense capitalized	**-**	127
Total interest expense	**(33,493)**	(31,560)
Net finance (costs) (Note 29)	**(1,042)**	(11,568)

Borrowings are discussed in Note 14.

Accounting policy

Interest income is recognized when it is earned on a time-proportion basis using the effective interest method.

25. Expenses by Nature

Operating profit was stated after crediting and charging the following:

	2025 US$'000	2024 US$'000
Depreciation		
Depreciation of property, plant and equipment (Note 3)	**236,436**	244,004
Less: amounts capitalized in assets under construction	**(1,784)**	(1,621)
Net depreciation (Note 29)	**234,652**	242,383
Engineering expenditure		
Engineering expenditure *	**163,873**	159,702
Less: capitalization of engineering development costs (Note 5)	**(1,749)**	(1,237)
Net engineering expenditure	**162,124**	158,465
Employee compensation		
Wages, salaries and other benefits	**892,604**	910,355
Share-based payments	**9,639**	7,079
Social security costs	**111,379**	115,692
Pension costs – defined benefit plans (Note 16.1)	**7,265**	4,529
Pension costs – defined contribution plans (Note 16.2)	**10,070**	9,794
	1,030,957	1,047,449
Less: amounts capitalized in assets under construction	**(7,854)**	(7,756)
	1,023,103	1,039,693
Other items:		
Cost of goods sold **	**2,804,271**	2,963,493
Auditors' remuneration	**3,206**	2,998
Amortization of intangible assets (Note 5 & 29)	**28,081**	32,497
Impairment of inventories	**15,600**	13,017
Reversal of impairment of inventories	**(9,507)**	(6,018)
Impairment of property, plant and equipment (Note 3 & 29)	**4,841**	15,155
Impairment of trade receivables / bad debt expense (Note 10)	**1,855**	1,596

* Engineering expenditure as a percentage of sales was 4.5% in FY24/25 (FY23/24: 4.2%)

** Cost of goods sold comprised materials, direct labour costs (including their social costs) and production overheads

26. Earnings Per Share

Basic earnings per share

Basic earnings per share was calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company for share award scheme.

	2025	2024
Profit attributable to shareholders (thousands US Dollar)	**262,803**	229,229
Weighted average number of ordinary shares in issue (thousands)	**921,708**	923,268
Basic earnings per share (US cents per share)	**28.51**	24.83
Basic earnings per share (HK cents per share)	**222.20**	194.26

Diluted earnings per share

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares as per basic earnings per share, to include the weighted average number of all the dilutive potential ordinary shares.

	2025	2024
Profit attributable to shareholders (thousands US Dollar)	**262,803**	229,229
Weighted average number of ordinary shares issued and outstanding (thousands)	**921,708**	923,268
Adjustments for incentive shares granted		
– Share award scheme - Restricted Stock Units	**6,650**	4,502
– Share award scheme - Performance Stock Units	**4,820**	-
Weighted average number of ordinary shares (diluted) (thousands)	**933,178**	927,770
Diluted earnings per share (US cents per share)	**28.16**	24.71
Diluted earnings per share (HK cents per share)	**219.47**	193.31

27. Dividends

	2025 US$'000		2024 US$'000
Interim, of 17 HK cents (2.18 US cents) per share, paid in January 2025 (FY23/24: 17 HK cents or 2.18 US cents)	**20,141**		20,058
Final, proposed, of 44 HK cents (5.64 US cents) per share, to be paid in September 2025 (FY23/24: 44 HK cents or 5.64 US cents) (Note 20)	**52,089**	*	51,947
	72,230		72,005

* Proposed dividend is calculated based on the total number of shares as of 31 March 2025. The final dividend will be payable on 4 September 2025 in cash with no scrip alternative to persons who are registered shareholders of the Company on 25 July 2025

At a meeting held on 28 May 2025, the Directors recommended a final dividend of 44 HK cents (5.64 US cents) per share to be paid out in September 2025 in cash with no scrip alternative. The recommended final dividend will be reflected as an appropriation of retained earnings for FY25/26.

Dividends for the periods FY15/16 through FY24/25 are shown in the table below:

	Interim HK cents per share	Final HK cents per share	Total HK cents per share	Total dividend US$'000
FY15/16	15.0	34.0	49.0	54,117
FY16/17	16.0	34.0	50.0	55,323
FY17/18	17.0	34.0	51.0	56,123
FY18/19	17.0	34.0	51.0	56,594
FY19/20	17.0	-	17.0	19,297
FY20/21	17.0	34.0	51.0	58,582
FY21/22	17.0	17.0	34.0	38,969
FY22/23	17.0	34.0	51.0	59,545
FY23/24	17.0	44.0	61.0	72,005
FY24/25	17.0	44.0	61.0	72,230

Accounting policy

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

28. Commitments

28.1 Capital commitments

	2025 US$'000	2024 US$'000
Capital commitments, contracted but not provided for:		
Property, plant and equipment	**46,807**	39,825

28.2 Lease commitments

The future aggregate minimum lease payments of leases included short-term leases with a term of 12 months or less, leases of low-value assets and leases with variable lease payments are as follows:

	2025 US$'000	2024 US$'000
Less than 1 year	**991**	1,476
1 – 5 year	**-**	208
	991	1,684

28.3 Non-cancellable operating leases

The Group's future aggregate minimum lease rental receivables under non-cancellable operating leases as of 31 March 2025 and 31 March 2024 were as follows:

	2025 US$'000	2024 US$'000
Less than 1 year	**1,360**	1,194
1 – 2 year	**1,299**	1,187
2 – 3 year	**314**	1,249
3 – 4 year	**-**	317
	2,973	3,947

Accounting policy

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over lease term (Note 3 and 4). The respective leased assets are included in the consolidated balance sheet based on their natures.

29. Notes to Consolidated Cash Flow Statement

(a) Reconciliation of profit before income tax to cash generated from operations

	2025 US$'000	2024 US$'000
Profit before income tax	**301,447**	271,145
Add: Depreciation of property, plant and equipment (Note 25)	**234,652**	242,383
Amortization of intangible assets (Note 5 & 25)	**28,081**	32,497
Net finance costs (Note 24)	**1,042**	11,568
Share of losses of associate and joint venture	**3,383**	2,609
EBITDA*	**568,605**	560,202
Other non-cash items		
Gains on disposal of property, plant and equipment	**(1,632)**	(2,490)
Impairment of property, plant and equipment (Note 3 & 25)	**4,841**	15,155
Net (gains) / losses on financial assets at fair value through profit and loss	**(6,128)**	7,758
Share-based payments	**6,640**	5,662
Fair value losses on investment property	**74**	836
Loss on disposal of an associate	**398**	-
Unrealized currency losses	**6,469**	17,397
	10,662	44,318
EBITDA * net of other non-cash items	**579,267**	604,520
Changes in working capital		
Decrease in inventories	**9,878**	33,061
(Increase) / decrease in trade and other receivables	**(57,606)**	28,669
Increase in other non-current assets	**(1,574)**	(59)
Decrease in trade and other payables	**(27,400)**	(13,005)
Increase / (decrease) in retirement benefit obligations **	**3,294**	(244)
(Decrease) / increase in provisions and other liabilities	**(742)**	21,529
Change in other financial assets and liabilities	**27,412**	308
	(46,738)	70,259
Cash generated from operations	**532,529**	674,779

* EBITDA: Earnings before interest, taxes, depreciation and amortization

** Net of defined benefit pension plan assets

29. Notes to Consolidated Cash Flow Statement *(Cont'd)*

(a) Reconciliation of profit before income tax to cash generated from operations *(Cont'd)*

In the cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	2025	2024
	US$'000	US$'000
Net book amount	**812**	4,170
Gains on disposal of property, plant and equipment (Note 21)	**1,632**	2,490
Proceeds from disposal of property, plant and equipment	**2,444**	6,660

(b) Reconciliation of liabilities arising from financing activities

	Borrowings (current) US$'000	Borrowings (non-current) US$'000	Lease liabilities US$'000	Total US$'000
FY24/25				
As of 31 March 2024	308,529	252,275	73,841	634,645
Currency translations	(207)	(470)	(606)	(1,283)
Business combination	-	-	175	175
Cash flows				
– inflow from financing activities	689	105,745	-	106,434
– outflow from financing activities	(306,654)	-	(20,289)	(326,943)
– outflow from operating activities	(6,188)	-	(2,716)	(8,904)
Non-cash changes				
– new leases / extensions / modifications, net of terminations	-	-	10,693	10,693
– finance costs	4,354	1,262	3,108	8,724
– reclassification	57,040	(57,040)	-	-
As of 31 March 2025	**57,563**	**301,772**	**64,206**	**423,541**
FY23/24				
As of 31 March 2023	106,880	367,144	93,397	567,421
Currency translations	(200)	(1,819)	(2,341)	(4,360)
Cash flows				
– inflow from financing activities	-	194,377	-	194,377
– outflow from financing activities	(100,000)	(6,681)	(26,750)	(133,431)
– outflow from operating activities	(12,375)	-	(3,331)	(15,706)
Non-cash changes				
– new leases / extensions / modifications, net of terminations	-	-	9,354	9,354
– finance costs	13,059	419	3,512	16,990
– reclassification	301,165	(301,165)	-	-
As of 31 March 2024	308,529	252,275	73,841	634,645

Johnson Electric Group Ten-Year Summary

US$ million	2025	2024	2023
Consolidated income statement			
Sales	**3,647.6**	3,814.2	3,646.1
Earnings before interest and tax (EBIT) [1]	**302.5**	282.7	197.1
Profit / (loss) before income tax	**301.4**	271.1	181.0
Income tax expense	**(36.3)**	(38.8)	(19.7)
Profit / (loss) for the year	**265.1**	232.3	161.3
Non-controlling interests	**(2.3)**	(3.1)	(3.5)
Profit / (loss) attributable to shareholders	**262.8**	229.2	157.8
Consolidated balance sheet			
Fixed assets	**1,469.8**	1,530.6	1,649.4
Goodwill and intangible assets	**153.6**	183.6	216.1
Cash, cash equivalents and time deposits	**790.6**	809.9	408.7
Other current and non-current assets	**1,650.3**	1,697.4	1,827.4
Total assets	**4,064.3**	4,221.5	4,101.6
Equity attributable to shareholders	**2,666.0**	2,552.0	2,446.9
Non-controlling interests	**41.9**	44.7	48.5
Total equity	**2,707.9**	2,596.7	2,495.4
Total debt [2]	**359.3**	560.8	474.0
Other current and non-current liabilities	**997.1**	1,064.0	1,132.2
Total equity and liabilities	**4,064.3**	4,221.5	4,101.6
Per share data			
Basic earnings per share (US cents)	**28.5**	24.8	17.4
Dividend per share (US cents)	**7.8**	7.8	6.5
Closing stock price (HKD)	**15.7**	10.8	8.9
Other information			
Free cash in / (out) flow from operations [3]	**285.7**	422.4	214.8
Earnings before interest, tax and amortization (EBITA) [4]	**344.3**	342.8	220.1
EBITA to sales %	**9.4%**	9.0%	6.0%
Earnings before interest, tax, depreciation and amortization (EBITDA) [4]	**582.2**	587.8	461.5
EBITDA to sales%	**16.0%**	15.4%	12.7%
Capital expenditure (CAPEX)	**195.5**	184.9	226.6
CAPEX to sales %	**5.4%**	4.8%	6.2%
Market capitalization	**1,881.2**	1,294.6	1,052.9
Enterprise value (EV)	**1,491.8**	1,090.2	1,166.7
Ratios			
Return on average total equity % [5]	**10.0%**	9.1%	6.5%
Total debt to capital %	**12%**	18%	16%
Free cash in / (out) flow from operations to gross debt %	**64%**	63%	36%
Gross debt to EBITDA (times) [4]	**0.8**	1.1	1.3
EV / EBITDA [4]	**2.6**	1.9	2.5
Interest coverage (times) [4 & 6]	**10.3**	10.8	9.8

1 Earnings before interest and tax (EBIT) is defined as operating profit plus share of profits / (losses) of associates and joint venture
2 Total debt calculated as borrowings plus bonds
3 Net interest received, net capital expenditure and capitalization of engineering development costs are included in free cash in / (out) flow from operations
4 We adjusted EBITA and EBITDA to exclude the impairment of goodwill and other intangible assets and significant non-cash, divested items and restructuring and other related costs. Where a business is acquired part way through the year, we adjusted EBITA and EBITDA to include 12 months for that year on a pro forma basis. EBITDA for FY15/16 to FY18/19 included a corresponding adjustment to annual lease expense on the effect of adoption of HKFRS 16 in FY19/20
5 Return on average total equity is calculated as profit for the year divided by average total equity during the year
6 Interest coverage (times) is calculated as adjusted EBITA (see note 4) divided by gross interest expense, adjusted to exclude notional interest on a put option and to include capitalized interest

2022	2021	2020	2019	2018	2017	2016
3,446.1	3,156.2	3,070.5	3,280.4	3,236.6	2,776.1	2,235.9
187.2	258.8	(454.9)	344.4	336.3	300.3	209.8
170.1	248.4	(471.7)	327.9	322.8	290.3	206.6
(17.9)	(29.2)	(15.2)	(38.3)	(48.6)	(43.8)	(23.9)
152.2	219.2	(486.9)	289.6	274.2	246.5	182.7
(5.8)	(7.2)	(6.8)	(8.3)	(10.2)	(8.6)	(10.0)
146.4	212.0	(493.7)	281.3	264.0	237.9	172.7
1,774.8	1,548.5	1,405.0	1,351.4	1,214.6	892.8	759.0
229.9	245.0	246.1	1,109.7	1,178.6	1,076.7	1,083.4
345.4	539.5	384.4	340.0	168.9	127.7	193.3
1,988.7	1,685.4	1,424.9	1,476.9	1,440.1	1,257.5	1,113.7
4,338.8	4,018.4	3,460.4	4,278.0	4,002.2	3,354.7	3,149.4
2,416.3	2,224.6	1,828.2	2,487.2	2,298.4	1,992.2	1,842.6
85.4	83.4	73.5	71.3	67.4	32.8	42.2
2,501.7	2,308.0	1,901.7	2,558.5	2,365.8	2,025.0	1,884.8
490.8	426.2	415.5	685.7	492.2	384.0	422.5
1,346.3	1,284.2	1,143.2	1,033.8	1,144.2	945.7	842.1
4,338.8	4,018.4	3,460.4	4,278.0	4,002.2	3,354.7	3,149.4
16.4	23.8	(55.8)	32.5	30.6	27.7	20.1
4.4	6.5	2.2	6.5	6.5	6.4	6.3
10.8	20.9	12.2	18.2	29.5	23.2	24.0
(132.4)	171.1	258.4	73.5	104.5	176.2	86.0
243.8	335.5	284.5	332.9	402.3	345.3	283.0
7.1%	10.6%	9.3%	10.1%	12.4%	12.4%	12.7%
492.2	555.0	488.8	517.6	569.7	478.1	390.3
14.3%	17.6%	15.9%	15.8%	17.6%	17.2%	17.5%
316.4	263.6	282.1	391.4	305.8	240.2	186.2
9.2%	8.4%	9.2%	11.9%	9.4%	8.7%	8.3%
1,239.4	2,398.5	1,401.2	2,019.2	3,236.1	2,565.6	2,643.3
1,470.2	2,368.6	1,505.8	2,436.2	3,626.7	2,854.7	2,914.7
6.3%	10.4%	(21.8%)	11.8%	12.5%	12.6%	9.7%
16%	16%	18%	21%	17%	16%	18%
(20%)	33%	48%	9%	17%	35%	16%
1.3	0.9	1.1	1.6	1.1	1.1	1.4
3.0	4.3	3.1	4.7	6.4	6.0	7.5
11.9	24.2	13.9	17.7	29.7	31.1	30.1

Corporate and Shareholder Information

Johnson Electric Holdings Limited
(Incorporated in Bermuda with limited liability)

Corporate Information

Board of Directors

Executive Directors

Patrick Shui-Chung WANG *SBS, JP*
Chairman and Chief Executive
Austin Jesse WANG

Non-Executive Directors

Yik-Chun WANG KOO
Honorary Chairman
Wing-Yee Winnie WANG MAK
Vice-Chairman
Peter Kin-Chung WANG
Catherine Annick Caroline BRADLEY *CBE* *
Michael John ENRIGHT *
Michelle Mei-Shuen LOW *
Patrick Blackwell PAUL *CBE, FCA* *
Christopher Dale PRATT *CBE* *
David Alan ROSENTHAL *

* *Independent Non-Executive Director*

Company Secretary
Lai-Chu CHENG

Auditor
PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

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Principal Registrar:
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Share Registrar in Hong Kong:
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Hamilton HM 10
Bermuda

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12 Science Park East Avenue, 6/F
Hong Kong Science Park
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Website : www.johnsonelectric.com

Principal Bankers
Bank of China (Hong Kong) Limited
BNP Paribas
Citibank, N.A.
Commerzbank AG
Hang Seng Bank Limited
JPMorgan Chase Bank, N.A.
Mizuho Bank, Ltd.
MUFG Bank, Ltd.
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited

Rating Agencies
Moody's Investors Service
S&P Global Ratings

Listing Information

Share Listing
The Company's shares are listed on The Stock Exchange of Hong Kong Limited

Stock Code
The Stock Exchange of Hong Kong Limited : 179
Bloomberg : 179:HK
Reuters : 0179.HK

Shareholders' Calendar

Annual General Meeting (AGM)
17 July 2025 (Thu)

Register of Shareholders
Closure of Register (both dates inclusive)
For attending AGM: 14 – 17 July 2025 (Mon – Thu)
For final dividend : 23 – 25 July 2025 (Wed – Fri)

Dividends (per Share)
Interim Dividend : 17 HK cents
Paid on : 8 January 2025 (Wed)

Final Dividend : 44 HK cents
Payable on : 4 September 2025 (Thu)

Review of Annual Results

The Company's annual results for the year ended 31 March 2025 has been reviewed by the Audit Committee.

Board of Directors

As of the date of this announcement, the Board comprises Patrick Shui-Chung WANG, Austin Jesse WANG, being the Executive Directors, and Yik-Chun WANG KOO, Wing-Yee Winnie WANG MAK, Peter Kin-Chung WANG, being the Non-Executive Directors, and Catherine Annick Caroline BRADLEY, Michael John ENRIGHT, Michelle Mei-Shuen LOW, Patrick Blackwell PAUL, Christopher Dale PRATT and David Alan ROSENTHAL being the Independent Non-Executive Directors.

On behalf of the Board

Patrick Shui-Chung WANG *SBS, JP*
Chairman and Chief Executive

Hong Kong, 28 May 2025

Johnson Electric is one of the constituent stocks on the Hang Seng Composite SmallCap Index under the Hang Seng Composite Index, the Hang Seng Corporate Sustainability Benchmark Index and the S&P Europe Pacific Asia Composite (EPAC) SmallCap Index. For further information, please visit www.johnsonelectric.com.