



Power Equipment

93.9% of total sales
US\$13,700 m

MILWAUKEE M18 FUEL RINGER Roll Groover



Floorcare & Cleaning

6.1% of total sales
US\$899 m

HOOVER ONEPWR Emerge Cordless Stick Vacuum

MANAGEMENT'S DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Power Equipment

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

MILWAUKEE

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

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

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

A prime example of this commitment is our M18 FUEL Overhead Rotary Hammer with Integrated Dust Extraction. Designed for overhead concrete drilling, a demanding application performed by thousands of tradespeople worldwide, this new-to-world solution enhances safety by reducing the risk of musculoskeletal disorder (MSD) injuries, which account for 20% of non-fatal construction injuries. Now 20% lighter, it reduces strain on the user while increasing drilling speed for faster productivity, further lessening fatigue. Its optimized handle design decreases shoulder flexion by

35-45 degrees, significantly lowering the risk of rotator cuff injuries and tears. By redefining how users tackle large-scale overhead drilling, it delivers not just efficiency, but a new standard of safety.

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



MILWAUKEE M18 FUEL
Overhead Rotary Hammer with Integrated Dust Extraction



MILWAUKEE BOLT Red Front Brim Safety Helmet with IMPACT ARMOR

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

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

RYOBI

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

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

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



RYOBI 40V HP Brushless 21" Self-Propelled Multi-Blade Mower



RYOBI GEN II 18V ONE+ HP Compact Brushless 1/2" Drill Driver



RYOBI 18V ONE+ HP Advanced Stick Vacuum

existing entrenched user base with new products and advanced battery technology is a significant competitive advantage that creates a strong foundation for additional growth with existing users while attracting new users to the platform.

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

Floorcare & Cleaning

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



VAX ONEPWR Carpet Washer

FINANCIAL REVIEW

Financial Results

Result Analysis

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

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

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

Gross Margin

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

Operating Expenses

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

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

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

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

Liquidity And Financial Resources

Shareholders' Funds

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

Financial Position

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

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

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

Bank Borrowings

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

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

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

Working Capital

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

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

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

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

Capital Expenditure

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

Capital Commitments and Guarantees

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

Charge

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

Major Customers and Suppliers

For the year ended December 31, 2024

- (i) the Group's largest customer and five largest customers accounted for approximately 44.6% and 53.5% respectively of the Group's total revenue; and
- (ii) the Group's largest supplier and five largest suppliers accounted for approximately 5.4% and 17.3% respectively of the Group's total purchases (not including purchases of items which are of a capital nature).

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

Human Resources

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

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

Corporate Strategy and Business Model

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

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

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

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

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

Purchase, Sale or Redemption of Securities

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

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

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

Review of Financial Information

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

Dividend

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

Closure of Register of Members

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

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

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