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Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 179)

Business and Unaudited Financial Information for the Third Quarter of Financial Year 2021/22

This announcement is made by Johnson Electric Holdings Limited (“Johnson Electric” or the “Company” and together with its subsidiaries, the “Group”) for the business operations and selected unaudited financial information of the Group for the nine months and quarter ended 31 December 2021.

The Board of Directors (the “Board”) of the Company considers the publication of quarterly sales performance updates to be consistent with international corporate disclosure best practice. The objective of this announcement is to provide transparency and to ensure that investors and potential investors receive equal access to the same information at the same time.

The Group's sales for the nine months ended 31 December 2021 were US\$2,521 million compared to US\$2,242 million for the same period in 2020, an increase of 12%. Excluding currency movements and an acquisition, sales increased by 9% to US\$2,448 million. Foreign exchange rate movements had a positive effect of US\$61 million on the Group's sales during the period. This was mainly due to the stronger average exchange rates for the Chinese Renminbi, the Canadian Dollar and the Euro versus the US Dollar, comparing average exchange rates for the nine months ended 31 December 2021 to the same period last year.

The Group's sales for the quarter ended 31 December 2021 were US\$847 million compared to US\$912 million for the same quarter in 2020, a decrease of 7%. Excluding currency effects and an acquisition, sales for the quarter ended 31 December 2021 decreased by US\$71 million or 8%.

The acquisition of E. Zimmermann GmbH (“Zimmermann”), a specialist automotive machining business based in Germany, on 31 May 2021 added US\$12 million to sales for the nine months ended 31 December 2021 and US\$5 million to sales for the quarter ended 31 December 2021.

Sales of Automotive Products Group (“APG”)

APG's sales for the nine months ended 31 December 2021 were US\$1,923 million, an increase of US\$196 million or 11% compared to the same period in 2020. Excluding the acquisition of Zimmermann and currency effects, APG's sales increased by US\$127 million or 7% for the nine months.

A significant part of this increase relates to the fact that in the period from late March to May 2020, much of Johnson Electric's and its customers' operations in Europe and the Americas were effectively shut down due to the COVID-19 pandemic. Although direct comparisons with the same period in the prior year are therefore somewhat difficult, APG's organic sales growth of 7% represented a substantial outperformance, when compared to the decrease in global auto industry production of approximately 3% during the nine months from April to December 2021. The automotive sector has been severely disrupted by several supply chain bottlenecks over the period under review. Semiconductor and raw material shortages have caused major automotive OEMs to make frequent changes to production schedules, suspend production of selected vehicle models and temporarily close some of their factories entirely.

APG's outperformance reflects the increasing demand for the electrification of critical automotive functions to support the growing number of battery-electric and hybrid vehicles, as well as the imperatives to reduce vehicle weight and to improve safety, reliability and comfort. Sales increased across most of APG's product segments, with significant increases experienced in:

- **Closures**, including sunroof, window-lift, power lift-gate, door-lock and other power closure systems
- **Thermal management**, including electric water pump, cooling fan module, HVAC components, integrated thermal management and other electrified components for thermal management
- **Powder metal parts**, especially parts for fuel cell applications
- **Power steering**
- **Braking**

APG's sales for the quarter ended 31 December 2021 decreased by US\$78 million or 11% compared to the same quarter in 2020. Excluding the acquisition of Zimmermann and currency effects, APG's sales decreased by US\$86 million or 12% in the quarter. In comparison, global auto industry production volumes decreased by approximately 17% over the same period. The industry's production and sales activities in the quarter continued to be hampered by the supply chain bottlenecks mentioned previously. It should also be noted that APG's sales in the same quarter in the prior year rebounded to remarkably high levels following the resumption of OEM customer production in Europe and the Americas after earlier COVID-19 related shut-downs.

When looked at on a regional basis, APG's sales fared better than automotive industry production volumes in all regions in the nine months as well as the quarter ended 31 December 2021. The sales changes for APG by region, excluding currency effects and the acquisition of Zimmermann, were as follows:

	Quarter ended 31 December 2021	Nine months ended 31 December 2021
Asia	decrease 4%	increase 3%
Europe	decrease 22%	increase 9%
Americas	decrease 12%	increase 11%
Total	decrease 12%	increase 7%

Sales of Industry Products Group ("IPG")

IPG's sales for the nine months ended 31 December 2021 were US\$598 million, an increase of US\$83 million or 16% compared to the same period in 2020. Excluding currency effects, IPG's sales increased by US\$79 million or 15% for the nine months.

The changes to consumer behaviour that emerged during the pandemic, including the rise in demand for "home-centric" products, remained a strong growth driver for many of the product applications served by IPG. The division achieved significant growth in the lawn and garden, beverage, ventilation, heating, window automation and white goods segments due to a combination of program launches and new business wins, enlarged market share and increased market demand in the nine months ended 31 December 2021. This strong performance was achieved despite the disruptive impact of supply chain constraints, including shortages of semiconductors, and other materials and components, as well as disruptions to shipping schedules that held back production in some of IPG's end-markets.

IPG also benefited from a rebound in sales to small and medium-sized enterprises, and to distributors, especially in Europe and the Americas. In the same period of the prior year, these customers had been severely impacted by the pandemic. Similarly, sales of products for commercial and industrial applications increased for the nine months ended 31 December 2021 compared to the reduced business levels experienced in the same period of the prior year.

IPG's sales for the quarter ended 31 December 2021 increased by US\$13 million or 7% compared to the same quarter in 2020. Excluding currency effects, IPG's sales increased by US\$14 million or 8% in the quarter.

On a regional basis, IPG experienced the strongest growth in Europe and the Americas as sales in the same period in the prior year were constrained by the impact of the COVID-19 pandemic. In Asia, sales growth in the nine months ended 31 December 2021 was more muted, as China's industrial sector had already

recovered before April 2020 and sales in the prior year's quarter ended 31 December 2020 were especially high. The sales changes for IPG by region, excluding currency effects, were as follows:

	Quarter ended 31 December 2021	Nine months ended 31 December 2021
Asia	decrease 14%	increase 3%
Europe	increase 36%	increase 27%
Americas	increase 13%	increase 19%
Total	increase 8%	increase 15%

Chairman's Comments on Sales Performance and Outlook

Concerning the Group's sales performance and outlook for the current financial year, the Chairman and Chief Executive, Dr. Patrick Shui-Chung Wang, said, "Johnson Electric has achieved a solid sales performance over the past nine months as the global economy remains on a recovery path from the crisis brought on by the COVID-19 pandemic. We continue to win new business awards in both our Automotive and Industry divisions based on our compelling ability to serve global customers in every major geographic market and on a portfolio of innovative motion technology solutions that continue to generate strong customer demand."

"However, the global supply disruptions and inflationary forces that depressed profitability in the first half of the year have persisted through the third quarter of the financial year and represent significant on-going headwinds for the business. Management is engaged in a number of initiatives to mitigate these effects but, in the near-term, the above-mentioned inflationary forces are exerting significant pressure on operating margins."

Cautionary Statement

Shareholders and potential investors in the Company are reminded that the information provided in this announcement, including information related to the expected outlook for the full year, is based on the Group's unaudited internal records and management accounts. This information has not been reviewed or audited by the Company's auditors.

Shareholders and potential investors should exercise caution when dealing or investing in the shares of the Company.

Board of Directors

As of the date of this announcement, the Board of Directors comprises Patrick Shui-Chung WANG, Austin Jesse WANG being the Executive Directors and WANG KOO Yik-Chun, MAK WANG Wing-Yee Winnie, Peter Kin-Chung WANG being the Non-Executive Directors and Peter Stuart Allenby EDWARDS, Patrick Blackwell PAUL, Michael John ENRIGHT, Joseph Chi-Kwong YAM, Christopher Dale PRATT and Catherine Annick Caroline BRADLEY being the Independent Non-Executive Directors.

By Order of the Board
Johnson Electric Holdings Limited
Lai-Chu CHENG
Company Secretary

Hong Kong, 13 January 2022

Johnson Electric is one of the constituent stocks on the Hang Seng Composite MidCap Index under the Hang Seng Composite Index, the Hang Seng Corporate Sustainability Benchmark Index, the Bloomberg World Index and the S&P Europe Pacific Asia Composite (EPAC) SmallCap Index. For further information, please visit www.johnsonelectric.com.