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Johnson Electric Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 179)

Profit Warning

This announcement is made by Johnson Electric Holdings Limited (“Johnson Electric” or the “Company” and together with its subsidiaries, the “Group”) pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board of Directors (the “Board”) of the Company wishes to inform shareholders and potential investors that the Group expects to report a decline in profit attributable to shareholders of the Company for the year ended 31 March 2022 of approximately 30%, as compared with the reported profit of US\$212 million for the prior year. This decrease contrasts with solid growth in the Group’s sales for the year of approximately 9%.

As indicated by the Chairman’s Letter to Shareholders in our Interim Report for 2021/22 and in the Business Update announcement for the third quarter of the financial year, several macro environmental factors are exerting significant pressure on business operations and profit margins. A surge in raw materials costs, the prolonged shortage of semiconductors, increases in freight costs as well as increased utilization of overtime and higher labour rates have continued to exert pressure on the Company’s near-term profitability. In addition, the resurgence of COVID-19, including government-mandated factory shutdowns in China, continues to disrupt global supply chains and Johnson Electric’s operations. These factors have persisted longer than previously anticipated and have adversely affected profitability.

The Company continues to take several mitigating actions to address these pressures, including passing on some of the cost increases to customers, implementing rigorous cost reduction initiatives, locking-in supply contracts and building strategic inventory banks. Nonetheless, in the short to medium term, the effects of inflation and the other aforementioned disruptions to our operations have outpaced these actions thereby resulting in lower profit margins.

Despite the challenging current headwinds, the fundamentals of Johnson Electric’s business remains sound with healthy end-market demand and the maintenance of a robust balance sheet. We continue to win new business awards in both our Automotive and Industry divisions based on their compelling ability to serve global customers in every major regional market and our portfolio of innovative technology solutions in the end-markets that we serve.

Cautionary Statement

The Company is in the process of finalizing the annual results of the Group for the year ended 31 March 2022. The information contained in this announcement is based on a preliminary assessment of the unaudited consolidated management accounts of the Group and information currently available to the Board, which have not been audited or reviewed by the Company’s auditor and audit committee, and it may be subject to adjustment

upon further review. Shareholders and potential investors of the Company are advised to refer to the Group's annual results announcement which is scheduled to be published on 12 May 2022.

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, 18 April 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 and the S&P Europe Pacific Asia Composite (EPAC) SmallCap Index. For further information, please visit www.johnsonelectric.com.