

# EXECUTIVE CHAIRMAN'S STATEMENT

With the healthiest balance sheet in the Company's history, a diversified global manufacturing footprint, and stable capital spending requirements, we are confident in our ability to further increase returns to shareholders in the years to come.



TTI delivered record sales of US\$15.3 billion in 2025, growing 4.4% on a reported basis and 4.1% in local currency. On an underlying basis, sales grew 5.7% in local currency in 2025.

In North America, we delivered 3.5% sales growth in local currency. Europe grew 9.0%, while Rest of World decreased 0.3% in local currency.

Our two leading brands, MILWAUKEE and RYOBI, both delivered solid performances in 2025 with MILWAUKEE growing 7.9% and RYOBI growing 5.4% in local currency. Our noncore businesses, representing 9.1% of global revenue, declined 20.4% in local currency mainly due to the planned exit of the HART business and the market softness and rationalization of sales in our Floorcare business.

MILWAUKEE sales growth in North America was impacted by our decision (made at peak tariff levels) to suspend certain product sales and promotions in the second half of 2025 that were disproportionately affected by tariffs. By the end of 2025, MILWAUKEE optimized its manufacturing footprint by migrating the impacted products to lower tariff jurisdictions. As a result, we expect the impact from the sales suspension on revenue growth to be non-recurring in 2026. Adjusting for these one-time events, the underlying MILWAUKEE business grew sales by 10.3% in local currency.

Gross margin improved 91 basis points to 41.2% in 2025. The increase reflects the positive mix impact of our high margin MILWAUKEE business, productivity enhancements, and operational efficiencies created in our RYOBI and other Consumer businesses. Margin expansion accelerated as tariff mitigation efforts materialized in the second half of the year.

As a percentage of sales, total SG&A expenses increased by 80 basis points to 32.5%. The increase reflects continued investment in new product development, field resources, and one-time write-offs of intangible assets, mainly related to the HART exit and other underperforming product lines.

## Financial Performance

EBIT grew 5.2% to US\$1.3 billion, while EBIT margin increased 7 basis points to 8.8%.

Net Profit increased 6.8% to US\$1.2 billion and earnings per share rose 6.8% to US\$65.61 cents.

As a percentage of sales, working capital rose 109 bps to 15.5%. Inventory days on hand increased 4 days to 106 days and remain at a very comfortable level. Receivables decreased 1 day to 46 days, while payable days held flat at 96 days.

Capex spend for 2025 was US\$289 million, or 1.9% of sales. This spend includes investments in new products, manufacturing network rebalancing, automation and productivity initiatives around the globe. Overall capital spending requirements are expected to remain in the current range in the coming years.

The Company generated nearly US\$1.4 billion in positive Free Cash Flow in 2025, ending the period in a US\$700 million net cash position. The strength and consistency of our Free Cash Flow leaves TTI well positioned to continue investing and growing the business, while increasing returns to shareholders.

The Board is recommending a final dividend of HK132.00 cents (approximately US16.99 cents) per share. Together, with the interim dividend of HK125 cents (approximately US16.09 cents) per share, this will result in a full-year dividend of HK257.00 cents (approximately US33.08 cents) per share, an increase of 13.7%.

TTI's capital allocation strategy is designed to strengthen our core business, expand enterprise value, and deliver attractive long-term returns to shareholders. Our number one priority is to invest in our core businesses to drive sustainable growth and continued profit margin expansion. We will also take a balanced approach to evaluating

strategic acquisitions that will create growth opportunities and synergies with our existing core businesses to unlock shareholder value. The Board will also assess opportunities for increasing shareholder return through our dividend policy and structured share repurchase programs, while maintaining working capital requirements and prudent cash management.

## Outlook

With the #1 Professional and Consumer brands in the World, TTI is off to a strong start in 2026 and we look forward to another year of solid results. On a blended basis, we expect the core MILWAUKEE and RYOBI businesses to grow revenue mid-to-high single digits. This will be partially offset by the voluntary exit of the HART business (US\$156 million in 2025) and continued rationalization of the Floorcare business.

In 2026, we expect to make good progress towards our internal target of 10% EBIT margin by 2027. TTI also expects to deliver a fourth consecutive year of over US\$1.0 billion in annual Free Cash Flow generation. This outlook does not include any impact from the US Supreme Court's decision to strike down IEEPA tariffs on February 20, 2026 and the US administration's follow-on introduction of flat minimum tariff on its global trading partners.

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**Horst Julius Pudwill**  
Executive Chairman  
March 3, 2026