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VTech Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 303)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2025

PERFORMANCE HIGHLIGHTS

- Group revenue rose 1.5% to US$2,177.2 million as Gigaset sales consolidated
- Gross profit margin of 31.5%, up from 29.6% in FY2024
- Profit attributable to shareholders of the Company decreased 5.9% to US$156.8 million
- Final dividend of US44.0 cents per ordinary share, resulting in a full-year dividend of US61.0 cents per ordinary share, a decrease of 6.2% from the previous financial year
- Successful integration of Gigaset
- Vertical integration and global manufacturing footprint enable VTech to remain resilient in evolving tariff situation
- Strong financial position

The directors (the "Directors") of VTech Holdings Limited (the "Company") announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2025 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2025

	Note	**2025 US$ million**	2024 US$ million
Revenue	2	**2,177.2**	2,145.7
Cost of sales		**(1,490.4)**	(1,510.8)
Gross profit		**686.8**	634.9
Other net income / (expenses)	3	**2.5**	(0.7)
Selling and distribution costs		**(317.8)**	(278.4)
Administrative and other operating expenses		**(90.9)**	(77.9)
Research and development expenses		**(91.9)**	(81.7)
Operating profit	2(b)	**188.7**	196.2
Net finance expense	3	**(3.2)**	(4.9)
Share of results of an associate		**(0.1)**	-
Profit before taxation	3	**185.4**	191.3
Taxation	4	**(28.6)**	(24.7)
Profit for the year and attributable to shareholders of the Company		**156.8**	166.6
Earnings per share (US cents)	6		
- Basic		**62.0**	66.0
- Diluted		**61.9**	65.9

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	2025 US$ million	2024 US$ million
Profit for the year	**156.8**	166.6
Other comprehensive income for the year		
Item that will not be reclassified to profit or loss:		
Effect of remeasurement of net assets on defined benefit scheme, net of deferred tax	**(0.4)**	0.5
	(0.4)	0.5
Items that may be reclassified subsequently to profit or loss:		
Fair value gains on hedging, net of deferred tax	**-**	2.0
Realisation of hedging reserve, net of deferred tax	**(2.0)**	(0.9)
Exchange translation differences	**7.5**	(9.9)
	5.5	(8.8)
Other comprehensive income for the year	**5.1**	(8.3)
Total comprehensive income for the year	**161.9**	158.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Note	**2025 US$ million**	2024 US$ million
Non-current assets			
Tangible assets	7	**90.3**	68.9
Advance payment for acquisition of non-current assets	8	**-**	22.7
Right-of-use assets		**123.6**	140.9
Intangible assets		**14.0**	14.7
Goodwill		**36.1**	36.1
Interest in an associate		**3.7**	3.8
Investments		**2.1**	1.2
Net assets on defined benefit retirement scheme		**6.2**	6.3
Deferred tax assets		**11.2**	8.7
		287.2	303.3
Current assets			
Stocks		**360.8**	348.0
Debtors, deposits and prepayments	9	**331.2**	283.7
Taxation recoverable		**4.4**	5.2
Deposits and cash		**335.6**	322.1
		1,032.0	959.0
Current liabilities			
Creditors and accruals	10	**(486.1)**	(418.8)
Provisions for defective goods returns and other liabilities		**(27.1)**	(23.4)
Lease liabilities		**(15.6)**	(18.4)
Taxation payable		**(15.4)**	(12.6)
		(544.2)	(473.2)
Net current assets		**487.8**	485.8
Total assets less current liabilities		**775.0**	789.1
Non-current liabilities			
Deferred tax liabilities		**(3.5)**	(3.2)
Lease liabilities		**(126.5)**	(140.3)
Long service payment liabilities		**(0.6)**	(0.6)
		(130.6)	(144.1)
Net assets		**644.4**	645.0
Capital and reserves			
Share capital		**12.7**	12.6
Reserves		**631.7**	632.4
Total equity		**644.4**	645.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

		Attributable to shareholders of the Company							
	Note	Share capital US$ million	Share premium US$ million	Shares held for Share Award Scheme US$ million	Exchange reserve US$ million	Capital reserve US$ million	Hedging reserve US$ million	Revenue reserve US$ million	Total equity US$ million
At 1 April 2023		12.6	163.3	(0.1)	(31.8)	0.7	0.9	489.1	634.7
Changes in equity for the year ended 31 March 2024									
Comprehensive income									
Profit for the year		-	-	-	-	-	-	166.6	166.6
Other comprehensive income									
Fair value gains on hedging, net of deferred tax		-	-	-	-	-	2.0	-	2.0
Realisation of hedging reserve, net of deferred tax		-	-	-	-	-	(0.9)	-	(0.9)
Exchange translation differences		-	-	-	(9.9)	-	-	-	(9.9)
Effect of remeasurement of net assets on defined benefit scheme, net of deferred tax		-	-	-	-	-	-	0.5	0.5
Other comprehensive income for the year		-	-	-	(9.9)	-	1.1	0.5	(8.3)
Total comprehensive income for the year		-	-	-	(9.9)	-	1.1	167.1	158.3
Final dividend in respect of the previous year		-	-	-	-	-	-	(106.2)	(106.2)
Interim dividend in respect of the current year	5	-	-	-	-	-	-	(43.0)	(43.0)
Equity-settled share based payments: Share Option Scheme		-	-	-	-	0.1	-	-	0.1
Shares option lapsed during the year		-	-	-	-	(0.2)	-	0.2	-
Shares issued under Share Award Scheme		-	1.1	(1.1)	-	-	-	-	-
Shares purchased for Share Award Scheme		-	-	(2.0)	-	-	-	-	(2.0)
Vesting of shares of Share Award Scheme		-	-	3.1	-	-	-	-	3.1
At 31 March 2024 / 1 April 2024		12.6	164.4	(0.1)	(41.7)	0.6	2.0	507.2	645.0
Changes in equity for the year ended 31 March 2025									
Comprehensive income									
Profit for the year		-	-	-	-	-	-	156.8	156.8
Other comprehensive income									
Realisation of hedging reserve, net of deferred tax		-	-	-	-	-	(2.0)	-	(2.0)
Exchange translation differences		-	-	-	7.5	-	-	-	7.5
Effect of remeasurement of net assets on defined benefit scheme, net of deferred tax		-	-	-	-	-	-	(0.4)	(0.4)
Other comprehensive income for the year		-	-	-	7.5	-	(2.0)	(0.4)	5.1
Total comprehensive income for the year		-	-	-	7.5	-	(2.0)	156.4	161.9
Final dividend in respect of the previous year	5	-	-	-	-	-	-	(121.5)	(121.5)
Interim dividend in respect of the current year	5	-	-	-	-	-	-	(43.0)	(43.0)
Equity-settled share based payments: Share Option Scheme		-	-	-	-	0.4	-	-	0.4
Shares option lapsed during the year		-	-	-	-	(0.2)	-	0.2	-
Shares issued under Share Option Scheme		0.1	1.5	-	-	-	-	-	1.6
Shares purchased for Share Award Scheme		-	-	(3.7)	-	-	-	-	(3.7)
Vesting of shares of Share Award Scheme		-	-	3.7	-	-	-	-	3.7
At 31 March 2025		**12.7**	**165.9**	**(0.1)**	**(34.2)**	**0.8**	**-**	**499.3**	**644.4**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Note	**2025 US$ million**	2024 US$ million
Operating activities			
Operating profit		**188.7**	196.2
Depreciation of tangible assets	3	**31.8**	33.2
Depreciation of right-of-use assets	3	**22.7**	21.6
Amortisation of intangible assets	3	**0.7**	0.6
Fair value (gain) / loss on investments measured at fair value through profit or loss	3	**(0.9)**	0.7
Gain on disposal of tangible assets	3	**-**	(0.3)
Share-based payment expenses: Share Award Scheme		**3.7**	3.1
Share-based payment expenses: Share Option Scheme		**0.4**	0.1
(Increase) / decrease in stocks		**(12.8)**	127.5
(Increase) / decrease in debtors, deposits and prepayments		**(49.9)**	40.3
Increase / (decrease) in creditors and accruals		**67.5**	(48.2)
Increase / (decrease) in provisions for defective goods returns and other liabilities		**3.7**	(1.6)
Increase in net assets on defined benefit scheme		**(0.1)**	(0.1)
Cash generated from operations		**255.5**	373.1
Interest received		**3.9**	2.9
Interest on lease liabilities		**(7.1)**	(7.8)
Taxes paid		**(27.0)**	(13.0)
Net cash generated from operating activities		**225.3**	355.2
Investing activities			
Purchase of tangible assets		**(29.5)**	(32.4)
Advance payment on purchase of non-current assets	8	**-**	(22.7)
Proceeds from disposal of tangible assets		**0.4**	0.7
Net cash used in investing activities		**(29.1)**	(54.4)
Financing activities			
Capital element of lease rentals paid		**(21.7)**	(19.9)
Payment for shares acquired for Share Award Scheme		**(3.7)**	(2.0)
Proceeds from shares issued upon exercise of share options		**1.6**	-
Dividends paid	5	**(164.5)**	(149.2)
Net cash used in financing activities		**(188.3)**	(171.1)
Effect of exchange rate changes		**5.6**	(6.1)
Increase in cash and cash equivalents		**13.5**	123.6
Cash and cash equivalents at 1 April		**322.1**	198.5
Cash and cash equivalents at 31 March		**335.6**	322.1

NOTES

1. Basis of preparation

The annual results set out in the announcement are extracted from the Group's consolidated financial statements for the year ended 31 March 2025. The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The consolidated financial statements comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

(a) New and amended IFRSs

The IASB has issued a number of amendments to IFRSs and a new IFRS that are first effective or available for early adoption for the current accounting period of the Group:

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")
- Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. Revenue and Segment Information

(a) Revenue

The principal activity of the Group is design, manufacture and distribution of consumer electronic products. All revenue of the Group is from contracts with customers within the scope of IFRS 15 and recognised at a point in time.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and regions is as follows:

Year ended 31 March 2025

	North America US$ million	Europe US$ million	Asia Pacific US$ million	Other Regions US$ million	Total US$ million
Electronic Learning Products	**444.9**	**307.0**	**68.8**	**9.3**	**830.0**
Telecommunication Products	**178.8**	**211.4**	**18.7**	**13.2**	**422.1**
Contract Manufacturing Services	**269.4**	**442.3**	**213.4**	**-**	**925.1**
Total	**893.1**	**960.7**	**300.9**	**22.5**	**2,177.2**

2. Revenue and Segment Information *(Continued)*

(a) Revenue *(Continued)*

Year ended 31 March 2024

	North America US$ million	Europe US$ million	Asia Pacific US$ million	Other Regions US$ million	Total US$ million
Electronic Learning Products	415.9	315.6	70.4	8.7	810.6
Telecommunication Products	201.0	77.2	21.3	8.4	307.9
Contract Manufacturing Services	305.7	495.5	226.0	-	1,027.2
Total	922.6	888.3	317.7	17.1	2,145.7

The Group's customer base is diversified and include one (2024: one) customer with whom transactions have exceeded 10% of the Group's revenue. The revenue from this customer accounted for approximately 14% (2024: 13%) of the Group's revenue. Such revenue is attributable to the North America segment.

(b) Segment Information

The Group manages its businesses by divisions, which are organised by geography. In accordance with IFRS 8 – *Operating segments* and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments.

- North America (including the United States and Canada)
- Europe
- Asia Pacific
- Other Regions, which covers sales of electronic products to the rest of the world

The Company is domiciled in Bermuda. The results of its revenue from external customers located in North America, Europe, Asia Pacific and elsewhere are set out in the table below.

Each of the above reportable segments primarily derives its revenue from the sale of electronic learning products, telecommunication products and products from contract manufacturing services to customers in the relevant geographical region.

All of these products are manufactured in the Group's manufacturing facilities located in the People's Republic of China ("PRC") and Malaysia under the Asia Pacific segment, Germany under Europe segment and Mexico under the North America segment.

2. Revenue and Segment Information *(Continued)*

(b) Segment Information *(Continued)*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

(i) Segment revenues and results

Revenue is allocated to the reportable segment based on the location of external customers. Expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those geographical locations or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is operating profit.

In addition to receiving segment information concerning operating profit, management is provided with segment information concerning revenue and depreciation and amortisation.

(ii) Segment assets and liabilities

Segment assets include all non-current assets and current assets with the exception of deferred tax assets, taxation recoverable and other corporate assets including intangible assets, goodwill, investments and interest in an associate.

Segment liabilities include creditors and accruals, provisions for defective goods returns and other liabilities, lease liabilities and long service payment liabilities with the exception of taxation payable and deferred tax liabilities.

Year ended 31 March 2025

	North America US$ million	**Europe US$ million**	**Asia Pacific US$ million**	**Other Regions US$ million**	**Total US$ million**
Reportable segment revenue	**893.1**	**960.7**	**300.9**	**22.5**	**2,177.2**
Reportable segment profit	**72.3**	**77.1**	**34.7**	**4.6**	**188.7**
Depreciation and amortisation	**3.2**	**5.9**	**46.1**	**-**	**55.2**
Reportable segment assets	**125.4**	**217.2**	**905.1**	**-**	**1,247.7**
Reportable segment liabilities	**(84.3)**	**(48.5)**	**(523.1)**	**-**	**(655.9)**

Year ended 31 March 2024

	North America US$ million	Europe US$ million	Asia Pacific US$ million	Other Regions US$ million	Total US$ million
Reportable segment revenue	922.6	888.3	317.7	17.1	2,145.7
Reportable segment profit	89.6	69.6	33.9	3.1	196.2
Depreciation and amortisation	3.3	3.6	48.5	-	55.4
Reportable segment assets	145.5	123.1	924.0	-	1,192.6
Reportable segment liabilities	(84.9)	(29.5)	(487.1)	-	(601.5)

2. Revenue and Segment Information *(Continued)*

(c) Reconciliations of reportable segment assets and liabilities

	2025 US$ million	2024 US$ million
Assets		
Reportable segment assets	**1,247.7**	1,192.6
Intangible assets	**14.0**	14.7
Goodwill	**36.1**	36.1
Interest in an associate	**3.7**	3.8
Investments	**2.1**	1.2
Taxation recoverable	**4.4**	5.2
Deferred tax assets	**11.2**	8.7
Consolidated total assets	**1,319.2**	1,262.3
Liabilities		
Reportable segment liabilities	**(655.9)**	(601.5)
Taxation payable	**(15.4)**	(12.6)
Deferred tax liabilities	**(3.5)**	(3.2)
Consolidated total liabilities	**(674.8)**	(617.3)

3. Profit before taxation

Profit before taxation is arrived at after charging / (crediting) the following:

	2025 US$ million	2024 US$ million
Fair value (gain) / loss on investments measured at fair value through profit or loss *(Notes (i) & (ii))*	**(0.9)**	0.7
Rental income *(Notes (i))*	**(1.6)**	-
Depreciation of tangible assets	**31.8**	33.2
Depreciation of right-of-use assets	**22.7**	21.6
Amortisation of intangible assets	**0.7**	0.6
Gain on disposal of tangible assets	**-**	(0.3)
Interest on lease liabilities *(Note (iii))*	**7.1**	7.8
Other interest income *(Note (iii))*	**(3.9)**	(2.9)
Net foreign exchange loss	**1.1**	0.7
Net gain on forward foreign exchange contracts		
- Net gain on cash flow hedging instruments reclassified from equity	**(2.2)**	(1.0)
- Net gain on forward foreign exchange contracts	**(0.4)**	(2.1)

Notes:

(i) Included in other net income/ (expenses) in the consolidated statement of profit or loss.

(ii) The Group invests in an investment holding company which has a shareholding in a listed entity that designs and distributes integrated circuit products (the "Investment"). A fair value gain of US$0.9 million (2024: fair value loss of US$0.7 million) on the Investment relating to the unsold shareholding in the listed entity was also recorded in the current year.

(iii) Included in net finance expense in the consolidated statement of profit or loss.

4. Taxation

	2025 **US$ million**	2024 US$ million
Current tax		
- Hong Kong	**15.3**	13.9
- Overseas	**15.6**	11.2
Over-provision in respect of prior years		
- Hong Kong	**(0.2)**	-
- Overseas	**(0.1)**	(1.0)
Deferred tax		
- Origination and reversal of temporary differences	**(2.0)**	0.6
	28.6	24.7
Current tax	**30.6**	24.1
Deferred tax	**(2.0)**	0.6
	28.6	24.7

(a) Hong Kong Profits Tax has been calculated at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits for the year.

(b) Overseas taxation has been calculated at the current rates of taxation prevailing in the jurisdiction in which the Group operates.

5. Dividends

	2025 **US$ million**	2024 US$ million
Interim dividend of US17.0 cents (2024: US17.0 cents) per share declared and paid	**43.0**	43.0
Final dividend of US44.0 cents (2024: US48.0 cents) per share proposed after the end of the reporting period	**111.4**	121.4

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

At a meeting held on 21 May 2024, the Directors proposed a final dividend of US48.0 cents per ordinary share for the year ended 31 March 2024, which was estimated to be US$121.4 million at the time calculated on the basis of the ordinary shares in issue as at 31 March 2024. The final dividend was approved by shareholders at the annual general meeting on 24 July 2024. The final dividend paid in respect of the year ended 31 March 2024 totaled US$121.5 million.

6. Earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to shareholders of the Company of US$156.8 million (2024: US$166.6 million).

The calculation of basic earnings per share is based on the weighted average of 252.6 million (2024: 252.6 million) ordinary shares in issue during the year after adjusting for shares held for Share Award Scheme.

The calculation of diluted earnings per share for the year ended 31 March 2025 was based on 253.1 million ordinary shares (2024: 252.6 million) which is the weighted average number of ordinary shares in issue during the year after adjusting for shares held for Share Award Scheme and the number of dilutive potential Awarded Shares under the Company's Share Award Scheme.

7. Tangible Assets

During the year ended 31 March 2025, the Group acquired items of tangible assets with a cost of US$52.2 million (2024: US$32.4 million).

8. Advance Payment for Acquisition of Non-Current Assets

At 31 March 2024, an advance payment of US$22.7 million was made for the purchase of certain non-current assets, including both tangible and intangible assets. The transaction was completed on 5 April 2024.

9. Debtors, deposits and prepayments

At 31 March 2025, total debtors, deposits and prepayments of US$331.2 million (31 March 2024: US$283.7 million) included net trade debtors of US$267.8 million (31 March 2024: US$224.6 million).

At the end of the reporting period, the ageing analysis of trade debtors, based on the invoice date and net of loss allowance, is as follows:

	2025 **US$ million**	2024 US$ million
0-30 days	**161.8**	136.0
31-60 days	**78.7**	58.4
61-90 days	**21.5**	23.2
>90 days	**5.8**	7.0
Total	**267.8**	224.6

The majority of the Group's sales are on letters of credit and on open credit with varying terms of 30 to 90 days. Certain open credit sales are covered by credit insurance or bank guarantees.

10. Creditors and accruals

At 31 March 2025, total creditors and accruals of US$486.1 million (31 March 2024: US$418.8 million) included trade creditors of US$251.8 million (31 March 2024: US$199.8 million).

At the end of the reporting period, an ageing analysis of trade creditors by invoice date is as follows:

	2025 **US$ million**	2024 US$ million
0-30 days	**95.1**	78.0
31-60 days	**52.4**	36.6
61-90 days	**43.1**	46.5
>90 days	**61.2**	38.7
Total	**251.8**	199.8

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 March 2025 as set out in the announcement have been compared by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Boards and consequently no assurance has been expressed by the auditor.

FINAL DIVIDEND

The Board of Directors (the “Board”) has recommended the payment of a final dividend (the “Final Dividend”) of US44.0 cents per ordinary share in respect of the year ended 31 March 2025, payable on 30 July 2025 to the shareholders whose names appear on the register of members of the Company as at the close of business on 21 July 2025 subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 15 July 2025 (the “2025 AGM”).

The Final Dividend will be payable in United States dollars save that those shareholders with a registered address in Hong Kong will receive an equivalent amount in Hong Kong dollars which will be calculated at the rate of exchange as quoted to the Company by The Hongkong and Shanghai Banking Corporation Limited at its middle rate of exchange prevailing on 17 July 2025.

CLOSURE OF REGISTER OF MEMBERS

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

(a) For the purpose of determining shareholders who are entitled to attend and vote at the 2025 AGM, the register of members of the Company will be closed from 10 July 2025 to 15 July 2025 (both days inclusive), during which no transfer of shares will be effected. The shareholders whose names appear on the register of members of the Company on 15 July 2025 are entitled to attend and vote at the 2025 AGM following completion of the registration procedures for share transfers. In order to be entitled to attend and vote at the 2025 AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the principal share registrar of the Company, Appleby Global Corporate Services (Bermuda) Limited of Canon's Court, 22 Victoria Street, PO Box HM 1179, Hamilton HM EX, Bermuda, or the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. (local time of the relevant share registrar) on 9 July 2025.

(b) For the purpose of determining shareholders who are qualified for the Final Dividend, the register of members of the Company will be closed on 21 July 2025, on which no transfer of shares will be effected. In order to qualify for the Final Dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the principal share registrar of the Company, Appleby Global Corporate Services (Bermuda) Limited of Canon's Court, 22 Victoria Street, PO Box HM 1179, Hamilton HM EX, Bermuda, or the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. (local time of the relevant share registrar) on 18 July 2025.

LETTER TO SHAREHOLDERS

VTech reported an increase in revenue in the financial year 2025 despite an increasingly challenging business environment. Sales in Europe rose following the integration of Gigaset Technologies GmbH (Gigaset), augmented by growth in Other Regions. This offset lower sales in North America and Asia Pacific. Profit declined owing to lower operating profit, as total operating expenses rose. The Group has continued to diversify its production globally, mitigating the effects of the recently announced tariffs on imports to the US.

Results and Dividend

Group revenue for the year ended 31 March 2025 increased by 1.5% to US$2,177.2 million, from US$2,145.7 million in the previous financial year. Higher sales in Europe and Other Regions offset lower sales in North America and Asia Pacific. The higher revenue in Europe was due to the consolidation of Gigaset sales following the acquisition of the assets of GST Communications GmbH on 5 April 2024.

Profit attributable to shareholders of the Company decreased by 5.9% to US$156.8 million. The decline in profit was mainly due to lower operating profit, as total operating expenses rose. This was primarily due to the integration of the Gigaset operations, which resulted in correspondingly higher selling and distribution costs, administrative and other operating expenses, as well as research and development (R&D) expenses.

Basic earnings per share decreased by 6.1% to US62.0 cents, compared to US66.0 cents in the financial year 2024.

The Board of Directors has proposed a final dividend of US44.0 cents per ordinary share, providing a full-year dividend of US61.0 cents per ordinary share, a 6.2% decrease from the US65.0 cents declared in the previous financial year. This represents a dividend payout ratio of 98.5%.

Costs

The Group's gross profit margin in the financial year 2025 rose to 31.5%, as compared with 29.6% in the financial year 2024. This was due to three factors. Cost of materials was lower as material prices declined. There was a positive change in the product mix and there was a gross profit contribution from Gigaset. These factors offset several negative developments. Direct labour costs and manufacturing overheads rose owing to the expansion of the factory workforce following the integration of workers at the Gigaset factory in Germany. The Group also ramped up production and increased inventory levels to optimise capacity utilisation at its production facilities, further increasing direct labour costs and manufacturing overheads. Cost increases were exacerbated by higher freight rates and tariff costs as compared with the previous financial year. These impacts offset the effect of a depreciation of the Renminbi and further improvements in productivity.

Impact of US Tariffs

Beginning in 2018, the US introduced a series of tariffs for goods made in China. In response, VTech has been diversifying its manufacturing footprint, starting in the same year with its first facility outside China in Muar, Malaysia. This expansion has continued, with the acquisition of an additional facility in Penang, Malaysia in 2020 and in Tecate, Mexico, in 2021. The acquisition of Gigaset in 2024 extended the Group's manufacturing operations to Bocholt, Germany.

In 2025, US tariffs have been expanded to cover imports from nearly all countries, alongside additional tariffs targeting Chinese goods. Faced with these uncertainties, VTech is accelerating the relocation of its production of US bound products away from China. This migration started with contract manufacturing services (CMS) in 2018, followed by telecommunication (TEL) products in 2020. Transfer of electronic learning products (ELPs) production is now in progress. The Group is aiming to complete the transfer of its production of US bound products away from China within 2026.

Our Businesses

Operating conditions for our businesses remained challenging in the financial year 2025. Consumers remained cautious and price-sensitive in their purchases, with retailers continuing to manage inventories tightly. Businesses, meanwhile, weighed investment decisions carefully. This was especially the case in Europe, where the economy was weak and the strong US dollar pressured retailers. The election of the new US President in November 2024 raised significant uncertainties regarding trade and economic policy, further affecting sentiment in the early months of the calendar year 2025.

ELPs posted growth for the financial year 2025, mainly driven by higher sales in the US as the Group's reorganisation of its US operations two years ago made further progress. In particular, the revitalised sales and marketing strategy implemented by the new leadership team is achieving good results. Sales also grew in Canada as VTech branded products achieved higher sales. In Europe, by contrast, sales were lower, led by declines in Germany, France and the Benelux countries, which were affected by economic weakness and the weak Euro. This offset growth in the UK, Spain and Italy. In the UK, sales increased owing to rising sales to a major e-tailer, while in Spain the Group saw higher sales at its key customers. In Italy, sales continued to grow following the establishment of a sales office in the country in 2023.

VTech remains a leader in children's electronic learning as it continues to create innovative, age-appropriate educational toys by adapting proven technologies and riding on the latest market trends. In the US, the Group gained market share, strengthening its leadership in electronic learning toys from infancy through toddler to preschool in the calendar year 2024[1]. Eight VTech and LeapFrog products ranked among the top 20 best-selling infant and toddler toys in the calendar year 2024. Among them, VTech's First Steps® Baby Walker and LeapFrog's Learning Friends 100 Words Book™ secured the number two and number three positions respectively. There were also a large number of awards in Europe, where the Group retained its position as the number one infant and toddler toys manufacturer in France, the UK, Germany, Spain, Belgium and the Netherlands[2]. LeapFrog's Magic Adventures® Binoculars, which sold well across Europe, won a "Grands Prix du Jouet 2024" accolade in France and was named "Best Toy of the Year 2024" by the Spanish Toy Association. In the UK, VTech's 3-in-1 Mow and Grow Tractor gained a "Toy Fair's Hero Toys 2025" award presented by British Toy & Hobby Association. In total, the Group's ELPs earned over 100 awards and recommendations worldwide during the financial year 2025.

Sales of standalone products rose, but their share of total ELPs revenue remained unchanged compared to the previous financial year, standing at about 89% in the financial year 2025. The increase was driven by higher sales of both LeapFrog and VTech products. Growth at LeapFrog was led by an increase in sales of infant, toddler and preschool products, eco-friendly toys and the Magic Adventures series. It was further boosted by the launch of Magic Adventures Binoculars, which enjoyed a strong sell-through globally. These successes offset a decrease in sales of LeapLand Adventures™. The growth at VTech was mainly attributable to higher sales of infant, toddler and preschool products, as well as the Kidi® line, which was boosted by new products including Kidi DJ Drums and Kidi DJ Mix. These increases offset declines in KidiZoom® cameras, the Go! Go! Smart family of products, Marble Rush®, Switch & Go Dinos® and eco-friendly products.

Platform products sales increased, with higher sales for LeapFrog offsetting a sales decline for VTech. LeapFrog was boosted by rising sales of Magic Adventures Globe, interactive reading systems and children's educational tablets. Subscriptions to LeapFrog Academy™, however, saw a decrease. At VTech, there were declines in children's educational tablets, KidiZoom Smartwatch and KidiBuzz™/ KidiCom®, which offset higher sales of Touch & Learn Activity Desk™.

[1] Circana, LLC, Retail Tracking Service. Ranking based on total retail sales of VTech and LeapFrog products in the combined toy categories of Early Electronic Learning, Toddler Figures/Playsets & Accessories, Preschool Electronic Learning, Electronic Entertainment (excluding Tablets) and Walkers for the 12 months ended December 2024

[2] Circana, LLC, Retail Tracking Service, January – December 2024

Despite a challenging environment, the TEL products business returned to growth in the financial year 2025 as a rise in revenue in Europe and Other Regions more than offset declines for North America and Asia Pacific. The growth in Europe was due to the integration of Gigaset, whose sales have been consolidated, making VTech now the world leader in residential phones. The expected synergies from the acquisition are being realised as Gigaset's product range is highly complementary with that of VTech. The Group has been able to help Gigaset lower its material costs by leveraging its purchasing power and supply-chain expertise. Gigaset, meanwhile, has brought new knowhow to VTech's manufacturing and R&D operations, increasing their efficiency. Following the Gigaset integration, the share of residential phones within total TEL products revenue increased to about 46% in the financial year 2025, against approximately 40% in the previous financial year.

Despite the continued contraction of the global residential phones market, the Group's residential phones posted growth owing to the consolidation of revenue from Gigaset. Sales in the US declined, nevertheless VTech remained the number one US cordless phone brand[3]. The Gigaset brand performed especially well in Germany, Austria, Switzerland and Belgium, maintaining its number one position in the European residential DECT (Digital Enhanced Cordless Telecommunications) phone market[4]. Its sales were supported by the success of the Comfort 550 and A690 models, whose elegant design, ease-of-use and attractive feature sets are meeting market needs. In the UK, VTech branded cordless phones continued to make good progress as the Group broadened its distribution channels and achieved higher sales at a major e-tailer. Sales in Asia Pacific posted a decline.

The category of commercial phones and smartphones also saw growth, mainly attributable to the consolidation of Gigaset sales. These were largely attributable to its multicell DECT system that supports Microsoft Teams, Asterisk, Broadsoft, 3CX and more. The system's unique alarm, messaging and location feature is particularly well suited to users in warehouses, hospitals and factories. The contribution from Gigaset also included sales of its smartphones, a new product category for VTech. In addition, there were higher sales of the Group's hotel phones and headsets. Sales of SIP (Session Initiation Protocol) phones, by contrast, declined. In the US, orders fell as a customer lost market share owing to strong competition, while in Europe sales of Snom branded SIP phones were affected by the weak market conditions. To strengthen VTech's position in this segment, in the final quarter of the financial year 2025 a new entry-level version of the popular Snom D8 series was introduced. SIP desksets were also added to complete the Gigaset product line-up, receiving a positive market response.

Other telecommunication products, a category that includes baby monitors, CareLine® residential phones, CAT-iq (Cordless Advanced Technology—internet and quality) handsets and IADs (integrated access devices), saw sales decline. Although baby monitors managed an increase in Europe on the back of good performances in the UK and France, this was offset by declines in North America and Asia Pacific owing to rising competition. IADs reported modest growth, as ODM (original design manufacturing) customers increased orders. CareLine residential phones and CAT-iq handsets fell owing to weak end-user demand, which led customers to reduce orders. In the financial year 2025, VTech retained its position as the number one baby monitor brand in the US, Canada[5] and the UK[6].

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[3] Circana, LLC, Retail Tracking Service, Cordless Phone, Dollars, January 2020 – December 2024

[4] GfK Retail and Technology UK Limited. Based on period January – December 2024

[5] Circana, LLC, Retail Tracking Service, US & CA, Baby Monitors, Dollar and Unit Sales, April 2024 – March 2025 Combined vs April 2023 – March 2024 Combined

[6] GfK Retail and Technology UK Limited. Based on period April 2024 – March 2025

CMS revenue declined in the financial year 2025. In the first half, orders were affected by over-inventory among the Group's customers, while in the second half customers became conservative when placing orders because of a generally weak global economy and rising geopolitical uncertainty.

Sales of professional audio equipment, hearables and solid-state lighting decreased as demand slowed, while those of communications products declined as orders for wireless routers and marine radios fell. Sales of medical and health products held stable. Other product categories posted growth. Industrial products gained orders for smart water leakage detectors as a customer developed a new sales channel. IoT (Internet of Things) products grew as the customer successfully increased sales by selling directly to businesses. In addition, VTech gained new IoT customers selling smart basketball hoop game consoles and smart rings. Home appliances were boosted as an existing customer digested inventory and gained market share, while a new customer placed orders for cooking robots and digital kitchen equipment. In automotive products, sales of EV (electric vehicle) chargers rose as a customer launched a new product and VTech gained market share.

Within the global electronics manufacturing services (EMS) market, VTech was ranked first in Hong Kong and in 29th place globally in the calendar year 2024, according to *Manufacturing Market Insider*[7]. According to *Music Trades* magazine, VTech remained the world's number one contract manufacturer of professional audio equipment in the calendar year 2023[8]. In addition, VTech CMS earned nine "best supplier" awards from the Group's customers, a record number, during the financial year 2025.

VTech CMS has taken proactive measures to prepare for the imposition of additional US tariffs on Chinese imports. In the final quarter of the financial year 2025, the capacity of the Malaysian facilities expanded by 30% to meet the ever-growing demand. The Mexican facility is now fully operational and well placed to fulfil the on-shoring requirements of the US customers. The Group has also been developing the China market and has successfully acquired several new Chinese customers, leading to more orders for its factories in Guangdong. In addition, VTech CMS has been improving operational efficiency through the implementation of i4 (industry 4.0). This has now been completed at the facilities in China and is being rolled out in Malaysia and Mexico.

Outlook

As the challenges to global manufacturing posed by US tariff policy intensify, VTech's vertical integration and global manufacturing footprint enable it to remain resilient in evolving tariff situation. The Group's advantageous position arises from its strong balance sheet and fully integrated operations across Asia, Europe and Americas, which are enabling it rapidly to realign its supply chain. Additionally, VTech's diversified product lines, respected brands and robust global sales network will support its growth worldwide.

To mitigate tariff effects, VTech is accelerating the relocation of its production of US bound products to Malaysia, Mexico and Germany. In the US, some tariff costs will be passed on through higher prices, using tailored pricing strategies developed in negotiation with retailers. The Group is also focusing on expanding its sales in emerging markets.

[7] *Manufacturing Market Insider*, March 2025 edition

[8] *Music Trades* magazine, September 2024 edition. Based on estimated revenue for the calendar year 2023

The volatile US tariff situation and the negative economic outlook are impacting Group revenue, which is now forecast to decline in the financial year 2026. Customers are placing orders more cautiously, while US consumers are increasingly focusing on essential purchases in response to rising retail prices.

Gross profit margin is projected to be largely stable. Cost of materials is likely to remain little changed owing to weakening global demand. Labour costs and manufacturing overheads are predicted to be higher, as wages at the Group's manufacturing facilities have recently increased. Logistics costs are also expected to rise. These cost increases, along with the increased tariff costs, will be offset by higher prices, a more favourable product mix and stronger European currencies.

ELPs revenue in the financial year 2026 is expected to decline due to the US tariff policy. Although sales outside the US are anticipated to increase, this will be offset by a decline in the US market. The Group is nevertheless targeting growth in its market share globally. An exciting range of innovative new products will support sales worldwide. Standalone products will see expansions of the core learning category, licensed products portfolio and ever-popular Kidi line. Platform products will be strengthened by a brand-new motion-based learning platform, a revamped interactive reading system and a new generation of Touch & Learn Activity Desk.

Sales of TEL products are forecast to grow in the financial year 2026, as the synergies with Gigaset ramp up. To drive residential phones sales, a new range of DECT phones is being developed to target the high-end segment. Commercial phones and smartphones will see a new series of Gigaset single cell DECT phones, as well as new Gigaset smartphones designed for government bodies and other institutions that have strong privacy and security requirements. These will reach the shelves in the second quarter of the financial year 2026. The Group's leadership in baby monitors will be strengthened by the addition of models with AI features that will be available by September 2025. Geographically, the Group will invest in developing markets for its TEL products in Eastern Europe. Gigaset has a well-established distribution network across Europe and the Group will support expansion by creating product lines tailored to these markets.

CMS revenue is projected to decrease in the financial year 2026 because of a generally weak global economy and rising geopolitical uncertainty. This is despite the success VTech has had in shielding itself and its customers from the effect of the US tariffs. Customers have become much more conservative when placing orders owing to the high degree of uncertainty about the global economy and political developments. The Group is actively helping affected customers to transfer their production to its facilities in Malaysia and Mexico, where the roll-out of i4.0 will raise productivity levels. To keep pace with demand, further expansion of the facilities in Muar, Malaysia is planned. VTech CMS will also build on its recent success in acquiring customers in China and offering more design support to customers.

I once again thank my fellow directors for their invaluable guidance and our colleagues for their dedication to our success. I am also grateful to our customers, suppliers, shareholders, and business partners for their support and trust during these challenging times. With a strong balance sheet, a global manufacturing footprint, recognised brands, and diverse product ranges supported by a robust global sales network, VTech is well-positioned for sustainable growth in the years ahead.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

For the year ended 31 March 2025

	2025 US$ million	2024 US$ million	Change US$ million
Revenue	**2,177.2**	2,145.7	31.5
Gross profit	**686.8**	634.9	51.9
Gross profit margin	**31.5%**	29.6%	
Other net income/(expenses)	**2.5**	(0.7)	3.2
Total operating expenses	**(500.6)**	(438.0)	(62.6)
Total operating expenses as a percentage of revenue	**23.0%**	20.4%	
Operating profit	**188.7**	196.2	(7.5)
Operating profit margin	**8.7%**	9.1%	
Net finance expense	**(3.2)**	(4.9)	1.7
Share of results of an associate	**(0.1)**	-	(0.1)
Profit before taxation	**185.4**	191.3	(5.9)
Taxation	**(28.6)**	(24.7)	(3.9)
Effective tax rate	**15.4%**	12.9%	
Profit for the year and attributable to shareholders of the Company	**156.8**	166.6	(9.8)
Net profit margin	**7.2%**	7.8%	

Revenue

Group revenue for the year ended 31 March 2025 increased by 1.5% to US$2,177.2 million compared with the previous financial year. The increase in revenue was largely driven by the increase in revenue in Europe and Other Regions, which offset the lower sales in North America and Asia Pacific.

	2025		2024		Increase / (decrease)	
	US$ million	**%**	US$ million	%	US$ million	%
North America	**893.1**	**41.0%**	922.6	43.0%	(29.5)	(3.2%)
Europe	**960.7**	**44.1%**	888.3	41.4%	72.4	8.2%
Asia Pacific	**300.9**	**13.8%**	317.7	14.8%	(16.8)	(5.3%)
Other Regions	**22.5**	**1.1%**	17.1	0.8%	5.4	31.6%
	2,177.2	**100.0%**	2,145.7	100.0%	31.5	1.5%

Gross Profit/Margin

Gross profit for the financial year 2025 was US$686.8 million, an increase of US$51.9 million or 8.2% compared to the US$634.9 million recorded in the previous financial year. Gross profit margin for the year increased from 29.6% to 31.5%. This was mainly due to the lower cost of materials arising from the favourable change in product mix and decline in material prices, as well as the gross profit contributed by Gigaset Technologies GmbH ("Gigaset") after the acquisition of assets from GST Communications GmbH (formerly known as Gigaset Communications GmbH) on 5 April 2024. These offset the increased direct labour costs, higher manufacturing overheads as percentages of Group revenue, increased tariffs on goods imported into the United States, and higher freight charges.

The increases in direct labour costs and manufacturing overheads as percentages of Group revenue compared with same period last year were mainly due to the increase in production volume with higher factory workforce, as well as the inclusion of workers hired in the Gigaset's factory located in Bocholt, Germany after the acquisition. These offset the positive impact of depreciation of Renminbi against the US dollar and improvement in productivity. As for the increase in freight charges, it was mainly due to the higher container freight rates compared with the same period last year.

Operating Profit / Margin

Operating profit for the year ended 31 March 2025 was US$188.7 million, a decrease of US$7.5 million or 3.8% compared with the previous financial year. Operating profit margin also decreased from 9.1% to 8.7%. These were mainly due to the inclusion of the operations of Gigaset during the financial year, and the higher operating expenses compared with the same period last year.

Total operating expenses for the year ended 31 March 2025 increased from US$438.0 million to US$500.6 million as compared with the last financial year. Total operating expenses as a percentage of Group revenue increased from 20.4% to 23.0%.

Selling and distribution costs increased from US$278.4 million to US$317.8 million compared with the same period last year. As a percentage of Group revenue, selling and distribution costs increased from 13.0% to 14.6%. It was mainly attributable to the operating costs related to Gigaset, as well as the increased spending on advertising and promotional activities at ELPs and TEL.

Administrative and other operating expenses increased from US$77.9 million to US$90.9 million compared with the same period last year. It was mainly attributable to the operating costs related to Gigaset. The net exchange loss arising from the Group's global operations in the ordinary course of business was US$1.1 million, as compared with a net exchange loss of US$0.7 million in the last financial year. Administrative and other operating expenses as a percentage of Group revenue also increased from 3.6% to 4.2%.

During the financial year 2025, the research and development expenses were US$91.9 million, an increase of 12.5% compared with the previous financial year of US$81.7 million. It was mainly attributable to the inclusion of research and development expenses related to Gigaset. Research and development expenses as a percentage of Group revenue increased from 3.8% to 4.2%.

Profit Attributable to Shareholders and Earnings per Share

Profit attributable to shareholders of the Company for the year ended 31 March 2025 was US$156.8 million, a decrease of US$9.8 million or 5.9% as compared to the last financial year. Net profit margin also decreased from 7.8% to 7.2%.

Basic earnings per share for the year ended 31 March 2025 were US62.0 cents as compared to US66.0 cents in the previous financial year.

Dividends

During the financial year 2025, the Group declared and paid an interim dividend of US17.0 cents per share, which aggregated to US$43.0 million. The Directors have proposed a final dividend of US44.0 cents per share, which is estimated to be US$111.4 million.

Liquidity and Financial Resources

Shareholders' funds as at 31 March 2025 were US$644.4 million, a decrease of 0.1% from US$645.0 million in the last financial year. Shareholders' funds per share remains at US$2.55 in 2025 and 2024.

The Group had no borrowings as at 31 March 2025 and 31 March 2024.

The Group's financial position remains strong. As at 31 March 2025, the Group had net cash of US$335.6 million, an increase of 4.2% as compared to US$322.1 million as of 31 March 2024. The Group's deposits and cash are predominately denominated in US dollars. The increase in net cash balance was mainly due to the higher opening cash balance and the favourable foreign currency exchange movements on the Group's net assets as a result of the appreciation of foreign currencies against United States Dollar during the period. These offset the decrease in net cash generated from operating activities and higher dividend payment compared with the last financial year. The Group has adequate liquidity to meet its current and future working capital requirements.

Analysis of Cash Flow from Operations

	2025 US$ million	2024 US$ million	Change US$ million
Operating profit	**188.7**	196.2	(7.5)
Depreciation and amortisation	**55.2**	55.4	(0.2)
EBITDA	**243.9**	251.6	(7.7)
Gain on disposal of tangible assets	**-**	(0.3)	0.3
Fair value (gain)/loss on investments	**(0.9)**	0.7	(1.6)
Share-based payment expenses: Share Award Scheme	**3.7**	3.1	0.6
Share-based payment expenses: Share Option Scheme	**0.4**	0.1	0.3
Working capital change	**8.4**	117.9	(109.5)
Cash generated from operations	**255.5**	373.1	(117.6)

The Group's cash generated from operations for the year ended 31 March 2025 was US$255.5 million, a decrease of US$117.6 million or 31.5% as compared to US$373.1 million in the previous financial year. The decrease was mainly attributable to the lower working capital inflow and reduction in EBITDA compared with the previous financial year.

Working Capital Change

	Balance as at 31 March 2024 US$ million	Hedging and others US$ million	Working capital change per cash flow US$ million	**Balance as at 31 March 2025 US$ million**
Stocks	348.0	-	12.8	**360.8**
Trade debtors	224.6	-	43.2	**267.8**
Other debtors, deposits and prepayments	59.1	(2.4)	6.7	**63.4**
Trade creditors	(199.8)	-	(52.0)	**(251.8)**
Other creditors and accruals	(219.0)	0.2	(15.5)	**(234.3)**
Provisions for defective goods returns and other liabilities	(23.4)	-	(3.7)	**(27.1)**
Long service payment liabilities	(0.6)	-	-	**(0.6)**
Net assets on defined benefit scheme	6.3	(0.2)	0.1	**6.2**
Total working capital	195.2	(2.4)	(8.4)	**184.4**

Stocks as of 31 March 2025 were US$360.8 million, increased from US$348.0 million as of 31 March 2024. The turnover days also increased from 101 days to 106 days. The higher stock level was largely due to the early production of the Group's products in order to better utilise its production capacities.

As at 31 March All figures are in US$ million unless stated otherwise	**2025**	2024
Stocks	**360.8**	348.0
Average stocks as a percentage of Group revenue	**16.3%**	19.2%
Turnover days	**106 days**	101 days

Trade debtors as of 31 March 2025 were US$267.8 million, increased from US$224.6 million as of 31 March 2024. Debtor turnover days decreased from 60 days to 56 days. The higher trade debtor balance as at 31 March 2025 was mainly due to the increase in revenue in the fourth quarter of the financial year 2025 compared with the corresponding period of the previous financial year. The overdue balances greater than 30 days accounted for 2.2% of the gross trade debtors as of 31 March 2025.

As at 31 March All figures are in US$ million unless stated otherwise	**2025**	2024
Trade debtors	**267.8**	224.6
Average trade debtors as a percentage of Group revenue	**11.3%**	11.7%
Turnover days	**56 days**	60 days

Other debtors, deposits and prepayments as of 31 March 2025 were US$63.4 million, increased from US$59.1 million as of 31 March 2024. It was mainly attributable to the purchase of tax reserve certificates amounts of US$4.9 million.

Trade creditors as of 31 March 2025 were US$251.8 million, as compared to US$199.8 million as of 31 March 2024. Creditor turnover days increased from 91 days to 97 days. The increase in trade creditors was mainly due to the increase in purchase of raw materials compared with the same period last year.

As at 31 March All figures are in US$ million unless stated otherwise	**2025**	2024
Trade creditors	**251.8**	199.8
Turnover days	**97 days**	91 days

Other creditors and accruals as of 31 March 2025 were US$234.3 million, increased from US$219.0 million as of 31 March 2024. It was largely attributable to the increases in advance payments from customer and accruals of advertising expenses and other allowances to customers.

Provisions for defective goods returns and other liabilities as of 31 March 2025 were US$27.1 million, as compared to US$23.4 million as of 31 March 2024.

Net assets on defined benefit retirement scheme as of 31 March 2025 were US$6.2 million, as compared to US$6.3 million as of 31 March 2024.

Treasury Policies

The Group's treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations. The Group principally uses forward foreign exchange contracts as appropriate to hedge the foreign exchange risks in the ordinary course of business. It is the Group's policy not to enter into derivative transactions for speculative purposes.

Capital Expenditure

For the year ended 31 March 2025, the Group invested US$52.2 million in the purchase of tangible assets including machinery and equipment, leasehold improvements, office equipment, as well as the improvement of manufacturing working environment.

All of these capital expenditures were financed from internal resources.

Capital Commitments and Contingencies

Capital commitments in the financial year 2026 for ongoing business operations are expected to be US$42.0 million.

All of these capital commitments will be financed from internal resources.

As of the financial year end date, the Group had no material contingencies.

Employees

The average number of VTech's employees for the financial year 2025 was around 20,900, compared to 19,700 in the previous financial year. Staff related costs for the year ended 31 March 2025 were approximately US$396 million, as compared to approximately US$349 million in the financial year 2024.

Review of Operations

North America

Group revenue in North America decreased by 3.2% to US$893.1 million in the financial year 2025, as higher sales of ELPs were offset by declines in TEL products and CMS. North America became VTech's second largest market, accounting for 41.0% of Group revenue.

ELPs revenue in North America increased by 7.0% to US$444.9 million. Sales rose in both the US and Canada as the toy markets stabilised in the calendar year 2024. VTech was able to take full advantage of this improvement as the new leadership team in the US successfully implemented a revitalised sales and marketing strategy, boosting growth. Both standalone and platform products registered higher sales and VTech strengthened its leadership in electronic learning toys from infancy through toddler to preschool in the US in the calendar year 2024[9]. In Canada, sales also grew as VTech branded products achieved higher sales and VTech regained its number one position in the infant, toddler and preschool toys category in the calendar year 2024[10].

There were higher sales of standalone products for both the VTech and LeapFrog brands. For VTech, growth in preschool products, the Kidi line and KidiZoom cameras offset lower sales of infant and toddler products, the Go! Go! Smart family of products, Switch & Go Dinos and Marble Rush. LeapFrog saw higher sales of infant, toddler and preschool products, eco-friendly toys and the Magic Adventures series, with the successful roll-out of Magic Adventures Binoculars contributing additional revenue. This offset lower sales of LeapLand Adventures.

In platform products, both the LeapFrog and VTech brands registered higher sales. LeapFrog sales were pushed higher by children's educational tablets, interactive reading systems and Magic Adventures Globe. Subscriptions to LeapFrog Academy, however, posted a decline. At VTech, sales of Touch & Learn Activity Desk increased and a new generation of smartwatch, KidiZoom Smartwatch DX4, boosted sales of this popular product line. These increases offset a decline for KidiBuzz.

In March 2025, the Group launched an exciting line-up of new VTech and LeapFrog products at Toy Fair 2025, expanding its popular baby, infant, toddler and preschool categories. VTech reinforced its commitment to fostering developmental milestones through play with six new products. These included Explore & Write Deluxe Activity Desk™, an interactive learning desk that combines touch-sensitive technology with engaging content to help children learn letters, numbers, shapes and more. LeapFrog's four new items included those blending physical activity with engaging educational experiences, while others incorporated scientifically-based approaches to phonics, vocabulary and comprehension instruction to develop reading skills. Touch & Learn eReader™, for example, features ten built-in stories that can be read aloud, encouraging early learners to follow along with the words on screen.

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[9] Circana, LLC, Retail Tracking Service. Ranking based on total retail sales of VTech and LeapFrog products in the combined toy categories of Early Electronic Learning, Toddler Figures/Playsets & Accessories, Preschool Electronic Learning, Electronic Entertainment (excluding Tablets) and Walkers for the 12 months ended December 2024

[10] Circana, LLC, Retail Tracking Service, January – December 2024

In total, the Group earned over 60 industry awards and from trusted parenting websites, toy industry experts, toy advisory boards and major retailers during the financial year 2025. In the US, VTech's Sort & Discover Activity Wagon™ was named to Walmart's "2024 Top Toys List" and KidiZoom Smartwatch DX4 made Target's "2024 Bullseye's Top Toys" list. Sort & Discover Activity Wagon was named a "Parents Best Toys Award Winner", alongside three more of the Group's ELPs. VTech's Go! Go! Smart Wheels® Checkered Flag Motorised Track Set™ and LeapFrog's Magic Adventures Binoculars were made Toy of the Year (TOTY) Finalists by the Toy Association. In Canada, Sort & Discover Activity Wagon and the Go! Go! Smart Wheels Checkered Flag Motorised Track Set were named to Walmart and Toys"R"Us "2024 Top Toys" lists respectively.

TEL products revenue in North America fell by 11.0% to US$178.8 million in the financial year 2025, as sales in all three product categories declined.

Sales of residential phones were lower, as the US residential phones market saw further contraction. Despite this, VTech remained the number one US cordless phone brand[11] and launched a new range of AT&T phones in the financial year 2025. The Group also achieved success in expanding sales through online channels.

Commercial phones and smartphones experienced a decline in sales, despite growth in hotel phones and headsets. Orders for SIP phones fell as a customer lost market share in the face of strong competition. This offset the good performance of hotel phones, where VTech gained market share. Sales in this category were boosted by a new series of competitively priced models with sleek styling that was launched during the financial year 2025, as well as increasing sales of thermostats for the hotel channel. Headsets also reported modest growth, as a customer increased orders.

Other telecommunication products also posted a sales decrease. Sales of baby monitors contracted as competition rose, while those of CareLine residential phones fell owing to weak demand. This offset modest growth in IADs, as a customer increased orders. Nonetheless, VTech retained its position as the number one baby monitor brand in the US and Canada during the financial year 2025[12]. VTech was named as the most trusted baby monitor brand in the "BrandSpark Most Trusted Awards 2025" in both the US and Canada. In the US, the Group's baby monitors won two "Baby Maternity Awards", including the "2024 Top Choice Award", and two "Motherhood Loves Community Awards". Two VTech brand baby monitors also gained the "Parent Tested Parent Approved Seal of Approval" in Canada.

CMS sales in North America decreased by 11.9% to US$269.4 million in the financial year 2025. There were lower sales of professional audio equipment, solid-state lighting and of IoT products, despite gaining a new customer. This offset higher sales of industrial products.

[11] Circana, LLC, Retail Tracking Service, Cordless Phone, Dollars, January 2020 – December 2024
[12] Circana, LLC, Retail Tracking Service, US & CA, Tech, Baby Monitors, Dollar and Unit Sales, April 2024 – March 2025 Combined vs April 2023 – March 2024 Combined

Professional audio equipment reported lower sales as a slow economy led to a drop in end-user demand, resulting in sales decreases for power amplifiers and audio mixers. Over-inventory at a key customer led to a reduction in orders for professional loudspeakers. Solid-state lighting experienced a decline as the number of projects fell because of the slowing economy. IoT products reported lower sales as a customer experienced a financial issue, offsetting gains from new orders for smart basketball hoop game consoles. In contrast, industrial products posted growth as a sales contribution from a new customer in smart water leakage detectors offset a decline in PCBA (printed circuit board assembly) for coin and note recognition machines. During the financial year 2025, the CMS facility in Tecate, Mexico became fully operational, offering full-turnkey EMS capability to customers. VTech has been assisting customers affected by the new US tariff policy to transfer their production there.

In the financial year 2025, VTech CMS gained two US awards in recognition of its outstanding services, namely a "Pathfinder Award" from a professional audio equipment customer and a "Strategy Vendor 2024" award from the new IoT products customer.

Europe

Group revenue in Europe increased by 8.2% to US$960.7 million in the financial year 2025, as higher sales of TEL products offset declines for ELPs and CMS. Europe became VTech's largest market, accounting for 44.1% of Group revenue.

ELPs revenue in Europe fell by 2.7% to US$307.0 million, with declines in both standalone and platform products. Sales declined in France, Germany and the Benelux countries, affected by slow economic growth and a weak Euro. This offset rises in the UK, where there was a sales increase at a major e-tailer, and Spain, where the Group saw higher sales at its key customers. In Italy, sales continued to grow following the establishment of a sales office in the country in 2023. In the calendar year 2024, VTech remained the number one infant and toddler toys manufacturer in France, the UK, Germany, Spain, Belgium and the Netherlands[13].

In the standalone category, growth in the LeapFrog brand was offset by a decline for VTech. At LeapFrog, infant and toddler products saw higher sales, boosted by the successful launch of Magic Adventures Binoculars. By contrast, sales of eco-friendly toys were stable, while those of preschool products and LeapLand Adventures declined. VTech achieved higher sales of infant, toddler and preschool products, as well as the Kidi line. However, these gains were insufficient to compensate for lower sales of the Toot! Toot! family of products, KidiZoom cameras, Marble Rush, electronic learning aids and Switch & Go Dinos.

For platform products, growth in LeapFrog was offset by a decline for VTech. At LeapFrog, sales of Magic Adventures Globe were higher, while those of interactive reading systems remained stable. For VTech, sales of children's educational tablets, KidiZoom Smartwatch, the KidiCom range and Touch & Learn Activity Desk were all lower.

[13] Circana, LLC, Retail Tracking Service, January – December 2024

The Group's ELPs won numerous awards across Europe during the financial year 2025, encompassing a wide array of products. In the UK, VTech's Kidi DJ Drums and Sort & Discover Activity Wagon, as well as LeapFrog's My 1st Phonics: Spin & Learn, each won a "Gold Award" in the "MadeForMums Toy Awards 2024". In France, V-Bot Explorer, Mon robot 5 en 1 (5-in-1 Make-a-Bot™) and Genius XL – Jumelles vidéo interactives (Magic Adventures Binoculars) were awarded "Grands Prix du Jouet 2024" by *La Revue du Jouet* magazine. VTech was also named the "Best Toy Brand 2025" (*La marque de jouets pour enfants*) in France by the organisation Marques et familles. VTech and LeapFrog products gained similar accolades in other European markets. There were "Toy of the Year 2024" awards for Kidi DJ Drums and Sew & Style Kitty Bag/Unicorn Bag from the Dutch and Belgian Toy Associations respectively. The Spanish Toy Association named both Magic Adventures Binoculars and Marble Rush Storage Box "Best Toy of the Year 2024" in different categories.

Revenue from TEL products in Europe increased by 173.8% to US$211.4 million in the financial year 2025. Residential phones, commercial phones and smartphones, as well as other telecommunication products all recorded sales increases.

Residential phones saw sales move higher. The growth was driven by the revenue contribution from Gigaset, following the acquisition of the assets of GST Communications GmbH on 5 April 2024, as well as increased sales of VTech branded phones in the UK. The Gigaset brand performed especially well in Germany, Austria, Switzerland and Belgium, allowing it to maintain its leadership position in the European residential DECT phone market[14]. The solid sales performance was underpinned by the Gigaset Comfort 550 and A690 models, which offer elegant design, ease-of-use and attractive features such as long talk time and hearing aid compatibility. In the UK, VTech branded cordless phones continued to make good progress as the Group broadened its distribution channels and achieved higher sales via a major e-tailer.

The category of commercial phones and smartphones also recorded growth in the financial year 2025. This was mainly attributable to the consolidation of Gigaset revenue, comprising mainly sales of Gigaset's multicell DECT system, augmented by those of smartphones, a new category for VTech. Hotel phones also reported higher sales. These increases offset a decline for Snom branded SIP phones.

The Gigaset multicell DECT system supports Microsoft Teams, Asterisk, Broadsoft, 3CX and more. Its alarm, messaging and location feature is unique in the market and makes it particularly attractive to companies with employees working in environments such as warehouses, hospitals and factories. Gigaset's smartphones comprise powerful entry-level and mid-range models, together with accessories, as well as those tailored to specific user groups such as seniors and those working outdoors. Sales of hotel phones increased as the Group added new distribution channels and expanded into more European markets. Sales of Snom branded SIP phones declined, however, as they were affected by the slow market conditions.

Recognising market requirements, the final quarter of the financial year 2025 saw a new entry-level version of the popular Snom D8 series introduced to cater to different customers. In addition, three new SIP desksets were added to the Gigaset professional ranges, completing its product line-up. Ranging from a compact all-round device to a Wi-Fi connected premium model with a 5-inch LCD (liquid crystal display) colour display, the new models have been well-received by the market.

[14] Gfk Retail and Technology UK Limited. Based on period January – December 2024

Other telecommunication products posted higher sales. Growth in baby monitors offset declines in CAT-iq handsets and CareLine residential phones, while sales of IADs were immaterial. Higher sales of baby monitors were driven by good performances in the UK and France. Sales of CAT-iq handsets and CareLine residential phones were affected by lower orders from ODM customers due to subdued end-user demand. During the financial year 2025, VTech retained its position as the number one baby monitor brand in the UK[15]. VTech was named as the number one baby monitor brand in the "UK Newsweek/BrandSpark Most Trusted Awards"[16]. In the UK, the Group's baby monitors won four "LovedbyParents" awards and a "Project Baby Award". There were also four "Dadsnet Awards 2024", including "Gold Winner (Best Technology Product)" for the RM7768HD Baby Monitor.

CMS revenue in Europe fell by 10.7% to US$442.3 million. Lower sales of professional audio equipment, hearables, communication products and smart energy storage systems offset higher sales of IoT products and automotive products. Sales of home appliances and medical and health products were stable.

In professional audio equipment, sales of home audio interface products were lower. This resulted from weak market demand and an unsuccessful new product launch by a customer. Hearables sales decreased as the customer lost market share. Sales of communication products were affected by lower orders for wireless routers as the customer over-stocked inventory prior to moving production to a new location. Smart energy storage systems were impacted by the removal of subsidies by the Swedish government and higher competition. On the positive side, IoT products grew on rising orders for internet connected thermostats and air-conditioning controls, as the customer successfully increased sales by selling directly to businesses. Sales of automotive products also increased, with orders for EV (electric vehicle) chargers rising as VTech gained market share.

During the financial year 2025, VTech CMS won six supplier awards in Europe. There were two "Best Supplier 2024" awards and one "Supplier of the Year 2024" award given by professional audio equipment customers, a "Partner of the Year 2024" award and "Best Supplier 2024" award from IoT products customers and a "Preferred Supplier 2024" award from an automotive products customer.

Asia Pacific

Group revenue in Asia Pacific fell by 5.3% to US$300.9 million in the financial year 2025, as sales of all three product lines declined. The region accounted for 13.8% of Group revenue.

Revenue from ELPs in Asia Pacific decreased by 2.3% to US$68.8 million. Sales declined in Australia, Hong Kong and South Korea, which offset growth in China. In Australia, sales experienced a slight decline as an increase for the VTech brand was offset by a decrease for LeapFrog. In the calendar year 2024, VTech maintained its position as the number one manufacturer of electronic learning toys from infancy through toddler to preschool in the country[17]. Sales in Hong Kong fell because of lower sales to a key customer, while the underperformance of a distributor led to the decline in South Korea. In China, online sales showed growth, offsetting a decline in offline channels.

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[15] GfK Retail and Technology UK Limited. Based on period April 2024 – March 2025

[16] The UK Newsweek/BrandSpark Most Trusted Awards survey, January 2025

[17] Circana, LLC, Retail Tracking Service, Ranking based on total retail sales of VTech and LeapFrog products in the combined toy categories of Early Electronic Learning, Toddler Figures/Playsets & Accessories, Preschool Electronic Learning, Electronic Entertainment (excluding Tablets) and Walkers for the 12 months ended December 2024

During the financial year 2025, VTech's Snugglepillar was awarded the "Plush Product of the Year" by the Australian Toy Association. Six products also made Amazon Australia's "2024 Top 100 Toy List", namely VTech's KidiZoom Duo FX, Scooter Time Bluey, Sort & Discover Activity Wagon, Tasty Treats Axolotl, V-Bot® and LeapFrog's Magic Adventures Binoculars. In China, Turbo Edge Riders™ and Marble Rush Sky Elevator Set™ won the Sustainability Award and Innovative Design Award respectively from CBME (Children Baby Maternity Expo) China, while the Fly & Learn Globe™ was named "Innovative Product of the Year" in the "Cherry Awards 2024".

TEL products revenue in Asia Pacific decreased by 12.2% to US$18.7 million owing to lower sales in Australia and Japan. In Australia, sales declined because of lower sales of residential phones and baby monitors. In Japan, sales were affected by reduced orders for residential phones from an ODM customer.

CMS sales in Asia Pacific decreased by 5.6% to US$213.4 million, with lower sales of professional audio equipment, communication products and medical and health products. This was despite sales contributions from new Chinese customers in home appliances and IoT products. Professional audio equipment was affected by a slowdown in the market for DJ equipment as the market softened. In communication products, orders for marine radios fell as the customer continued to transfer production back in-house to Japan to take advantage of the weaker Japanese yen. Medical and health products declined on lower orders for diagnostic ultrasound systems as the customer lost market share in China. The Group did, however, acquire new customers in China in the areas of cooking robots and smart rings.

During the financial year 2025, VTech CMS earned a "Certificate of Appreciation" from a professional audio equipment customer in Asia Pacific.

Other Regions

Group revenue in Other Regions, comprising Latin America, the Middle East and Africa, rose by 31.6% to US$22.5 million in the financial year 2025. The increase was due to higher sales of ELPs and TEL products. Other Regions accounted for 1.1% of Group revenue.

ELPs revenue in Other Regions increased by 6.9% to US$9.3 million as growth in Latin America and the Middle East offset a decline in Africa.

TEL products revenue in Other Regions rose by 57.1% to US$13.2 million. The increase was attributable to sales growth in Latin America and the Middle East, offsetting a decrease in Africa. This included a sales contribution from Gigaset.

CMS revenue in Other Regions was immaterial in the financial year 2025.

CORPORATE GOVERNANCE PRACTICES

The Company is incorporated in Bermuda and has its shares listed on the Stock Exchange. The corporate governance rules applicable to the Company are the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Listing Rules. Throughout the financial year ended 31 March 2025, the Company has complied with all the code provisions of the CG Code, except for the deviation from code provision C.2.1 of Part 2 of the CG Code.

Under code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Allan WONG Chi Yun has the combined role of Chairman and Group Chief Executive Officer. As more than half of the Board members are Independent Non-executive Directors, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. Furthermore, as Dr. Allan WONG Chi Yun is the founder of the Group and has substantial professional experience in the industry, the Board believes that the appointment of Dr. Allan WONG Chi Yun to the combined role of Chairman and Group Chief Executive Officer is beneficial to the sustainable development of the Group and the long-term interests of the shareholders.

The Board has established an Audit Committee, a Nomination Committee, a Remuneration Committee, and a Risk Management and Sustainability Committee, each with defined terms of reference which are no less exacting than those set out in the applicable provisions of the CG Code. Full details of the Company's corporate governance practices will be disclosed in the Company's Annual Report for the year ended 31 March 2025.

REVIEW OF GROUP'S AUDITED CONSOLIDATED FINANCIAL STATEMENTS

On the date of this announcement, the Audit Committee met to review the Group's audited consolidated financial statements and reports for the year ended 31 March 2025 in conjunction with the Company's external auditor and senior management before recommending them to the Board for consideration and approval. The financial results of the Group for the year ended 31 March 2025 have been reviewed with no disagreement by the Audit Committee. The Audit Committee has also reviewed the cash flow projections to support the proposed FY2025 final dividend payment and the revised Whistleblowing Policy, and recommended them to the Board for approval. Furthermore, the Audit Committee reviewed and approved the key Environmental, Social and Governance issues and the related risks and strategies, and the 2025 Sustainability Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules regarding securities transactions for the Directors. The Model Code is also extended to apply to specified employees including the senior management of the Group. After having made specific enquiries, all Directors and specified employees confirmed that they had complied with the required standard of dealings set out in the Model Code regarding securities transactions throughout the year ended 31 March 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 March 2025.

During the year ended 31 March 2025, the trustee of the Share Award Scheme, pursuant to the rules and trust deed of the Share Award Scheme of the Company, purchased on the Stock Exchange a total of 522,700 shares of the Company for an aggregate consideration of approximately US$3.7 million.

By Order of the Board
VTech Holdings Limited
Allan WONG Chi Yun
Chairman

Hong Kong, 14 May 2025

As at the date of this announcement, the Executive Directors of the Company are Dr. Allan WONG Chi Yun (Chairman and Group Chief Executive Officer), Dr. PANG King Fai and Mr. Andy LEUNG Hon Kwong; the Non-executive Director is Mr. William WONG Yee Lai; and the Independent Non-executive Directors are Dr. William FUNG Kwok Lun, Professor GAN Jie, Professor KO Ping Keung, Dr. Patrick WANG Shui Chung and Mr. WONG Kai Man.