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VTech Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 303)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2026

PERFORMANCE HIGHLIGHTS

- Group revenue increased 5.6% to US$1,046.9 million
- Gross profit margin declined from 31.9% to 30.1% on higher costs
- Profit attributable to shareholders of the Company decreased 12.9% to US$65.1 million
- Unchanged interim dividend of US17.0 cents per ordinary share
- Strong financial position with net cash and no bank borrowing
- Positive sales momentum

UNAUDITED INTERIM RESULTS

The directors (the "Directors") of VTech Holdings Limited ("VTech" or the "Company") announce the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2026 together with the comparative figures for the same period last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2026

		Six months ended 30 September		Year ended 31 March
		2026	2025	2026
		(Unaudited)	(Unaudited)	(Audited)
	Note	**US$ million**	US$ million	US$ million
Revenue	3	**1,046.9**	991.1	2,027.5
Cost of sales		**(731.7)**	(675.3)	(1,364.1)
Gross profit		**315.2**	315.8	663.4
Other net income / (expenses)	4	**1.0**	1.1	(1.7)
Selling and distribution costs		**(151.1)**	(142.3)	(319.6)
Administrative and other operating expenses		**(44.7)**	(40.3)	(88.2)
Research and development expenses		**(37.9)**	(41.4)	(82.9)
Operating profit	3(b)	**82.5**	92.9	171.0
Net finance expense	4	**(0.4)**	(1.6)	(4.0)
Share of results of an associate		**(0.3)**	-	(0.2)
Profit before taxation	4	**81.8**	91.3	166.8
Taxation	5	**(16.7)**	(16.6)	(32.7)
Profit for the period / year and attributable to shareholders of the Company		**65.1**	74.7	134.1
Earnings per share (US cents)	7			
- Basic		**25.7**	29.5	52.9
- Diluted		**25.7**	29.5	52.9

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2026

	Six months ended 30 September		Year ended 31 March
	2026 (Unaudited) US$ million	2025 (Unaudited) US$ million	2026 (Audited) US$ million
Profit for the period / year	**65.1**	74.7	134.1
Other comprehensive income for the period / year			
Items that will not be reclassified to profit or loss:			
Effect of remeasurement of net assets on defined benefit scheme, net of deferred tax	**-**	-	1.0
Effect of remeasurement of provision for long service payments, net of deferred tax	**-**	-	(0.1)
	-	-	0.9
Items that may be reclassified subsequently to profit or loss:			
Fair value (losses) / gains on hedging, net of deferred tax	**-**	(5.8)	1.3
Realisation on hedging reserve, net of deferred tax	**(0.1)**	-	-
Exchange translation differences	**0.5**	14.7	17.3
	0.4	8.9	18.6
Other comprehensive income for the period / year	**0.4**	8.9	19.5
Total comprehensive income for the period / year	**65.5**	83.6	153.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2026

	Note	30 September 2026 (Unaudited) US$ million	30 September 2025 (Unaudited) US$ million	31 March 2026 (Audited) US$ million
Non-current assets				
Tangible assets	8	**97.8**	95.6	94.4
Right-of-use assets		**100.2**	115.3	108.0
Intangible assets		**13.0**	13.7	13.3
Goodwill		**36.1**	36.1	36.1
Interest in an associate		**1.1**	3.7	1.4
Investments		**2.8**	2.5	1.9
Net assets on defined benefit retirement scheme		**7.4**	6.3	7.4
Deferred tax assets		**13.8**	13.7	13.6
		272.2	286.9	276.1
Current assets				
Stocks		**515.6**	451.0	402.9
Debtors, deposits and prepayments	9	**564.5**	505.5	351.8
Taxation recoverable		**6.7**	5.1	4.1
Deposits and cash		**138.9**	147.9	264.0
		1,225.7	1,109.5	1,022.8
Current liabilities				
Creditors and accruals	10	**(690.7)**	(585.8)	(466.8)
Provisions for defective goods returns and other liabilities		**(29.6)**	(29.3)	(28.3)
Lease liabilities		**(24.8)**	(23.0)	(21.3)
Taxation payable		**(34.1)**	(26.8)	(25.8)
		(779.2)	(664.9)	(542.2)
Net current assets		**446.5**	444.6	480.6
Total assets less current liabilities		**718.7**	731.5	756.7
Non-current liabilities				
Deferred tax liabilities		**(2.7)**	(3.0)	(3.1)
Lease liabilities		**(93.9)**	(111.0)	(105.5)
Long service payment liabilities		**(0.8)**	(0.7)	(0.8)
		(97.4)	(114.7)	(109.4)
Net assets		**621.3**	616.8	647.3
Capital and reserves				
Share capital		**12.7**	12.7	12.7
Reserves		**608.6**	604.1	634.6
Total equity		**621.3**	616.8	647.3

NOTES

1. Basis of Preparation

The interim results set out in this announcement do not constitute the Group's Interim Financial Report for the six months ended 30 September 2026 but are extracted from that Interim Financial Report.

The unaudited Interim Financial Report has been prepared in accordance with 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") including compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (the "IASB"). It was authorised for issue on 12 November 2026.

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the 2026 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2027 annual consolidated financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an Interim Financial Report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Report has not been audited or reviewed by the auditors pursuant to International Standards on Auditing or International Standards on Review Engagements.

The financial information relating to the financial year ended 31 March 2026 that is included in the Interim Financial Report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements. The annual consolidated financial statements for the year ended 31 March 2026 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 21 May 2026.

2. Changes in Accounting Policies

The IASB has issued the following amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group:

- Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*

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 in the Interim Financial Report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. 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, *Revenue from contracts with customers*, 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:

Six months ended 30 September 2026

	North America (Unaudited) US$ million	**Europe (Unaudited) US$ million**	**Asia Pacific (Unaudited) US$ million**	**Other Regions (Unaudited) US$ million**	**Total (Unaudited) US$ million**
Electronic Learning Products	**184.3**	**146.9**	**40.4**	**7.1**	**378.7**
Telecommunication Products	**66.6**	**112.2**	**9.8**	**5.3**	**193.9**
Contract Manufacturing Services	**123.2**	**236.0**	**115.1**	**-**	**474.3**
Total	**374.1**	**495.1**	**165.3**	**12.4**	**1,046.9**

Six months ended 30 September 2025

	North America (Unaudited) US$ million	Europe (Unaudited) US$ million	Asia Pacific (Unaudited) US$ million	Other Regions (Unaudited) US$ million	Total (Unaudited) US$ million
Electronic Learning Products	167.0	144.6	33.4	8.0	353.0
Telecommunication Products	84.8	105.2	8.9	5.4	204.3
Contract Manufacturing Services	146.5	179.2	108.1	-	433.8
Total	398.3	429.0	150.4	13.4	991.1

(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 and Malaysia under the Asia Pacific segment, Germany under Europe segment and Mexico under the North America segment.

3. 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 segments 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.

Segment information regarding the Group's revenue, results, assets and liabilities by geographical market is presented below:

	Reportable segment revenue Six months ended 30 September		**Reportable segment profit Six months ended 30 September**	
	2026 (Unaudited) US$ million	2025 (Unaudited) US$ million	**2026 (Unaudited) US$ million**	2025 (Unaudited) US$ million
North America	**374.1**	398.3	**31.3**	35.8
Europe	**495.1**	429.0	**23.9**	38.5
Asia Pacific	**165.3**	150.4	**24.5**	14.3
Other Regions	**12.4**	13.4	**2.8**	4.3
	1,046.9	991.1	**82.5**	92.9

	Reportable segment assets		**Reportable segment liabilities**	
	30 September 2026 (Unaudited) US$ million	31 March 2026 (Audited) US$ million	**30 September 2026 (Unaudited) US$ million**	31 March 2026 (Audited) US$ million
North America	**225.7**	138.1	**(177.7)**	(73.1)
Europe	**384.9**	244.1	**(125.6)**	(61.7)
Asia Pacific	**813.9**	846.3	**(536.5)**	(487.9)
Other Regions	**-**	-	**-**	-
	1,424.4	1,228.5	**(839.8)**	(622.7)

3. Revenue and Segment Information *(continued)*

(b) Segment Information *(continued)*

(iii) Reconciliations of reportable segment assets and liabilities

	30 September 2026 (Unaudited) US$ million	31 March 2026 (Audited) US$ million
Assets		
Reportable segment assets	**1,424.4**	1,228.5
Intangible assets	**13.0**	13.3
Goodwill	**36.1**	36.1
Interest in an associate	**1.1**	1.4
Investments	**2.8**	1.9
Taxation recoverable	**6.7**	4.1
Deferred tax assets	**13.8**	13.6
Consolidated total assets	**1,497.9**	1,298.9
Liabilities		
Reportable segment liabilities	**(839.8)**	(622.7)
Taxation payable	**(34.1)**	(25.8)
Deferred tax liabilities	**(2.7)**	(3.1)
Consolidated total liabilities	**(876.6)**	(651.6)

4. Profit before Taxation

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

	Six months ended 30 September	
	2026 (Unaudited) US$ million	2025 (Unaudited) US$ million
Cost of inventories	**731.7**	675.3
Fair value gain on investments measured at fair value through profit or loss *(Notes (i) & (ii))*	**(0.9)**	(0.4)
Rental income *(Note (i))*	**(0.1)**	(0.7)
Depreciation of tangible assets	**14.8**	15.3
Depreciation of right-of-use assets	**11.1**	11.3
Amortisation of intangible assets	**0.3**	0.3
Write-down of inventories, net of reversals	**4.3**	1.6
Loss allowance for trade debtors	**1.0**	0.3
Reversal of loss allowance for trade debtors	**(0.2)**	(1.0)
Interest on lease liabilities *(Note (iii))*	**2.7**	3.2
Other interest income, net *(Note (iii))*	**(2.3)**	(1.6)
Net foreign exchange loss	**1.8**	0.5

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 on the Investment was recorded in current period.

(iii) Included in net finance expense in the Consolidated Statement of Profit or Loss.

5. Taxation

(a) Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 September	
	2026	2025
	(Unaudited)	(Unaudited)
	US$ million	US$ million
Current tax – Hong Kong		
- Hong Kong Profits Tax	**4.9**	6.5
- Pillar Two income taxes (note 5(b))	**1.9**	2.5
	6.8	9.0
Current tax – Overseas		
- Income taxes	**10.6**	10.7
Over-provision in respect of prior years		
- Hong Kong	**-**	-
- Overseas	**(0.1)**	(0.7)
Deferred tax		
- Origination and reversal of temporary differences	**(0.6)**	(2.4)
	16.7	16.6
Current tax	**17.3**	19.0
Deferred tax	**(0.6)**	(2.4)
	16.7	16.6

Provision for Hong Kong Profits Tax and overseas taxation has been calculated at the current rates of taxation prevailing in the jurisdiction in which the Group operates.

During the period ended 30 September 2026, the Inland Revenue Department of Hong Kong ("IRD") issued notices of additional assessment amounted to US$22.3 million for the year of assessment 2020/2021 in connection with the tax treatment relating to contract processing arrangement in the PRC. The Group has lodged objections against these additional tax assessments and has applied to hold over the additional tax demanded. The holdover application is currently under review by the IRD.

Having reviewed the merits of the additional tax assessments and taking into account legal advice received, the directors of the Company have determined to strongly contest the additional assessments raised by the IRD. In aggregate, the Group has purchased tax reserve certificates ("TRCs") totalling US$32.3 million. The purchase of TRCs do not prejudice the Group's tax position.

(b) Pillar Two income tax

The Organisation for Economic Co-operation and Development ("OECD")/G20 Inclusive Framework on Base Erosion and Profit Shifting ("BEPS") seeks to tackle tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment. Global Anti-Base Erosion Model Rules (Pillar Two) ("GloBE rules") represents the first substantial overhaul of international tax rules in almost a century. It proposes mechanisms to ensure multi-national enterprises would pay a minimum level of tax with the rate of 15% on the income arising in each of the jurisdictions where they operate.

The Group has applied the temporary exception under IAS 12, *Income Taxes*, to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

6. Dividends

(a) Dividend attributable to the period:

	Six months ended 30 September	
	2026	2025
	(Unaudited)	(Unaudited)
	US$ million	US$ million
Interim dividend of US17.0 cents (2025: US17.0 cents) per share declared	**43.0**	43.0

The interim dividend was proposed after the end of the relevant financial period and has not been recognised as a liability at the end of the relevant financial period.

(b) At a meeting held on 21 May 2026, the Directors proposed a final dividend of US36.0 cents (2025: US44.0 cents) per ordinary share for the year ended 31 March 2026, which was estimated to be US$91.3 million at the time calculated on the basis of the ordinary shares in issue as at 31 March 2026. The final dividend was approved by shareholders at the annual general meeting on 23 July 2026. The final dividend paid in respect of the year ended 31 March 2026 totaled US$91.3 million (2025: US$111.3 million).

7. 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 US$65.1 million (2025: US$74.7 million).

The calculation of basic earnings per share is based on the weighted average of 253.3 million (2025: 252.8 million) ordinary shares in issue during the period after adjusting for shares held for Share Award Scheme.

No material adjustment has been made to the basic earnings per share presented for the periods ended 30 September 2025 and 30 September 2026 as the Company did not have any significant dilutive potential ordinary shares during the periods.

8. Tangible Assets

During the six months ended 30 September 2026, the Group acquired items of tangible assets with cost of US$18.2 million (six months ended 30 September 2025: US$17.2 million).

9. Debtors, Deposits and Prepayments

Debtors, deposits and prepayments of US$564.5 million (31 March 2026: US$351.8 million, 30 September 2025: US$505.5 million) include trade debtors of US$460.1 million (31 March 2026: US$257.7 million, 30 September 2025: US$429.0 million).

An ageing analysis of trade debtors, based on the invoice date and net of allowance, is as follows:

	30 September 2026	31 March 2026
	(Unaudited)	(Audited)
	US$ million	US$ million
0-30 days	**274.0**	157.6
31-60 days	**131.1**	66.1
61-90 days	**42.6**	26.5
>90 days	**12.4**	7.5
Total	**460.1**	257.7

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

Creditors and accruals of US$690.7 million (31 March 2026: US$466.8 million, 30 September 2025: US$585.8 million) include trade creditors of US$364.7 million (31 March 2026: US$230.7 million, 30 September 2025: US$287.6 million).

An ageing analysis of trade creditors by invoice date is as follows:

	30 September 2026 (Unaudited) US$ million	31 March 2026 (Audited) US$ million
0-30 days	**106.5**	108.4
31-60 days	**92.7**	39.7
61-90 days	**77.8**	45.1
>90 days	**87.7**	37.5
Total	**364.7**	230.7

INTERIM DIVIDEND

The board of Directors (the "Board") has declared an interim dividend (the "Interim Dividend") of US17.0 cents per ordinary share in respect of the six months ended 30 September 2026, payable on 18 December 2026 to the shareholders whose names appear on the register of members of the Company as at the close of business on 9 December 2026.

The Interim 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 9 December 2026.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on 9 December 2026, on which no transfer of shares will be effected.

In order to qualify for the Interim Dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the share registrars of the Company for registration no later than 4:30 p.m. (the local time of the relevant share registrar) on 8 December 2026.

The principal share registrar of the Company is Appleby Global Corporate Services (Bermuda) Limited of Canon's Court, 22 Victoria Street, PO Box HM 1179, Hamilton HM EX, Bermuda and the branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

CHAIRMAN'S STATEMENT

VTech reported higher revenue in the first half of the financial year 2027. The stabilisation of US tariff policy and good sell-through of new products led to a rebound in sales of electronic learning products (ELPs), while restocking by customers resulted in more orders for contract manufacturing services (CMS). These offset a decrease for telecommunication (TEL) products. Europe and Asia Pacific reported growth, which compensated for declines in North America and Other Regions. Profit attributable to shareholders of the Company declined, however, as costs rose.

Results and Dividend

Group revenue for the six months ended 30 September 2026 rose by 5.6% to US$1,046.9 million, from US$991.1 million in the corresponding period last year. Higher sales in Europe and Asia Pacific offset lower sales in North America and Other Regions.

Profit attributable to shareholders of the Company decreased by 12.9% to US$65.1 million. The decrease in profit was attributable to a decline in the Group's gross profit, as there was an increase in cost of sales. Cost of materials, direct labour costs, manufacturing overheads and freight charges rose during the period. Higher Group effective tax rate also contributed to the lower profit. These factors offset the positive impact of lower tariffs imposed on the Group's US-bound products.

Basic earnings per share decreased by 12.9% to US25.7 cents, compared to US29.5 cents in the same period of the previous financial year.

The Board of Directors has declared an interim dividend of US17.0 cents per ordinary share, unchanged from the interim dividend declared in the first half of the financial year 2026.

Costs

The Group's gross profit margin in the first six months of the financial year 2027 was 30.1%, against 31.9% in the same period of the previous financial year. Rising materials prices pushed cost of materials higher. Strong demand from the AI (artificial intelligence) industry resulted in shortages and significantly higher prices for many electronic components. The continuing conflict in the Middle East has led to higher prices for oil and many commodities. This in turn has translated into higher prices for plastics and other components, as well as a rise in freight charges. Appreciation of the Renminbi, meanwhile, contributed to higher direct labour costs and manufacturing overheads. These cost increases offset the positive impact of lower tariffs on US-bound products.

Segment Results

North America

Group revenue in North America decreased by 6.1% to US$374.1 million in the first six months of the financial year 2027. Higher sales of ELPs were insufficient to offset declines for TEL products and CMS. North America was VTech's second largest market, accounting for 35.7% of Group revenue.

ELPs revenue in this region rose by 10.4% to US$184.3 million, with growth in both the US and Canada. Standalone and platform products reported sales increases. This was driven by the stabilisation of US tariff policy and good sell-through of new products.

In the corresponding period of the financial year 2026, VTech temporarily halted its US shipments for several weeks owing to the substantial tariff increases on Chinese imports, while US retailers delayed their store sets for the Autumn season. As the tariff policy has stabilised, shipments have returned to normal, with store sets and promotional plans for the upcoming holiday seasons proceeding on time. As a result, sales in the US have rebounded. Good sell-through of new products also contributed to the rising sales, in both the US and Canada. During the first nine months of the calendar year 2026, the Group gained market share in Canada where it remains the number one manufacturer of infant, toddler and preschool toys[1]. In the US, VTech retained its leadership in electronic learning toys from infancy through toddler to preschool[2].

Standalone products saw sales increase in the infant, toddler and preschool categories. A number of new products have achieved especially good sell-through. This is notably the case for *Toy Story 5* and *Bluey* licensed products, the new VTech Kitten Quest™ handheld device that offers virtual pet adventure games (called Kitty Life™ in certain markets), as well as the latest addition to the popular Kidi Star™ musical toy line, Kidi Star Rockstar Guitar™ (called Kidi Guitar Superstar in certain markets).

Growth in platform products was mainly driven by higher sales of LeapMove™ and the interactive reading system. At LeapFrog, sales of LeapMove increased as it gained broader retailer support in the second year since its launch. An expanded software library including new licensed games and a new two-player module have added to the product's attraction. Sales of the interactive reading system trended higher, driven by growth of the LeapStart® interactive reading system. Magic Adventures® Globe, in contrast, saw a decline. Sales of VTech branded platform products were down due to declines for KidiZoom® Smartwatch, while sales of Touch & Learn Activity Desk™ were flat. Subscriptions to LeapFrog Academy™ remained stable.

Once again, the VTech and LeapFrog brands won prestigious awards from magazines, retailers and toy industry experts during the six months under review. In the US, Kidi Star Rockstar Guitar made both Walmart's "2026 Top Toys List" and Target's "2026 Bullseye's Top Toys List". VTech's Kidi Star DJ Mixer™ Pro and LeapFrog's LeapMove, Scoop & Learn Ice Cream Parlor™ and My Best Pal Scout™ were named TOTY (Toy of the Year) finalists in the respective categories by The Toy Foundation. In Canada, Kidi Star Rockstar Guitar and Count On Me Self-Checkout™ were both included in Walmart Canada's "2026 Top Toys List". Four VTech and two LeapFrog ELPs were also named in the "2026 Good Housekeeping Best Toy Awards" in the US.

TEL products revenue in North America fell by 21.5% to US$66.6 million. This was attributable to lower sales of residential phones, commercial phones and other telecommunication products.

In residential phones, sales were lower as the market continued to contract. Despite this, the Group introduced several new products, including the AT&T branded BL108, DL72X79 and EL1121 models. In the first six months of the financial year 2027, VTech remained the number one cordless phone brand in the US market[3].

Sales of commercial phones also decreased, as higher sales of SIP (Session Initiation Protocol) phones and hotel phones were insufficient to offset declines in headsets and multi-line analogue phones. SIP phones reported growth during the period, led by a good performance of the Snom D8 series of desktop phones. Sales of hotel phones also grew, owing to higher orders received during the period. In contrast, headsets recorded a sales decline during the period due to lower orders from an ODM (Original Design Manufacturing) customer, while multi-line analogue phones reached the end of their product life cycle.

[1] Circana, LLC, Retail Tracking Service, January – September 2026

[2] 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 nine months ended September 2026

[3] Circana, LLC, Retail Tracking Service, US, Cordless Phone, Dollars and Units, April – September 2026

Other telecommunication products also experienced a sales decline as the Group's baby monitors faced keen competition in the lower-end market segment, while in the higher-end segment a new product launch was delayed. During the first six months of the financial year 2027, VTech maintained its position as the number one baby monitor brand in the US[4] and Canada[5]. In April 2026, VTech baby monitors were named as "9 out of 10 Customer Recommended" products in the "Women's Choice Award 2026" in the US. In addition, VTech brand was recognised as the most trusted baby monitor brand in the "BrandSpark Most Trusted Awards 2026".

CMS revenue in North America declined by 15.9% to US$123.2 million, mainly due to lower sales of professional audio equipment, industrial products and IoT (Internet-of-Things) products.

In professional audio equipment, sales of professional loudspeakers declined as a key customer experienced excess inventory of a major product. Industrial products were adversely affected by component shortages, which constrained orders for PCBA (printed circuit board assembly) for vending machines. Sales of IoT products also decreased as the Group's customer delayed a new product launch, resulting in lower orders for smart basketball hoop game consoles. These declines more than offset modest growth in solid-state lighting and communication products.

During the six months under review, VTech's manufacturing facility in Tecate, Mexico continued to attract new orders, providing a solid foundation for its future expansion.

Europe

Group revenue in Europe rose by 15.4% to US$495.1 million in the first six months of the financial year 2027, as all product lines reported growth. Europe remained VTech's largest market, accounting for 47.3% of Group revenue.

ELPs revenue in Europe rose by 1.6% to US$146.9 million. Standalone products saw sales increase, while platform products recorded a decline. Growth in standalone products was driven by new product launches. Sales increased in the UK, Spain and the Netherlands, offsetting declines in France and Germany. In the first nine months of the calendar year 2026, VTech remained the number one infant and toddler toys manufacturer in France, the UK, Germany, Spain, the Netherlands and Belgium[6].

Standalone products saw VTech sales move higher, driven by infant, toddler and preschool products, the Kidi line, Marble Rush and the eco-friendly toys. Kitty Life, Kidi Guitar Superstar and the core learning products featuring popular children's characters such as *Toy Story 5* and *Bluey* sold particularly well. This offset declines in electronic learning aids, KidiZoom cameras and Switch & Go Dinos®. LeapFrog sales experienced a decline, as infant, toddler and preschool products, the Magic Adventures line and eco-friendly toys recorded sales decreases.

In platform products, sales decreased as higher sales of LeapFrog products were insufficient to offset lower sales of the VTech brand. The growth at LeapFrog came from rising sales of LeapMove and the Magic Adventures Globe. Sales of the interactive reading systems, by contrast, recorded a decline. For VTech, sales of KidiZoom Smartwatch, children's educational tablets and KidiCom® all saw declines, while sales of Touch & Learn Activity Desk were stable.

[4] Circana, LLC, Retail Tracking Service, US, Baby Monitors, Units, April – September 2026

[5] Circana, LLC, Retail Tracking Service, CA, Baby Monitors, Dollars and Units, April – September 2026

[6] Circana, LLC, Retail Tracking Service, January – September 2026

During the first six months of the financial year 2027, the Group gained recognition in the "Grand Prix du Jouet 2026" awards given by France's *La Revue du Jouet* magazine for Kitty Life and Kidi Guitar Superstar. In Spain, Kidi Guitar Superstar, LeapMove and VTech's Up & Down Activity Town™ were named "Best Toy of the Year 2026" in the respective categories by the Spanish Association of Toy Manufacturers. The Dutch Toy Association also honoured Kidi Guitar Superstar as its "Toy of the Year" in the Electronics category, and there was a "Toy of the Year 2026" award in the Early Learning Toys category from the Belgian Toy Federation for VTech's *Super caisse enregistreuse Magic'scan* (called Count On Me Self-Checkout in the North American market).

Revenue from TEL products in Europe increased by 6.7% to US$112.2 million in the first six months of the financial year 2027, as higher sales of commercial phones and smartphones, as well as other telecommunication products offset lower sales of residential phones.

The growth in commercial phones and smartphones was attributable to increased sales to major customers, rising sales of smartphones and hotel phones, as well as new product launches. Higher sales of commercial phones were driven by the major customers' continued transfer of their IP (Internet Protocol) phone and headset production to Gigaset's facilities in Germany. Gigaset's DECT (Digital Enhanced Cordless Telecommunications) systems also saw sales growth, driven by higher sales of both single-cell and multi-cell products. Increasing sales of Gigaset's new smartphones for seniors, as well as the launch of the GX30 and GX50 5G models, contributed to growth in smartphones. Hotel phones benefited from broadening of the distribution network, as the Group signed up more distributors. During the period, Snom branded SIP phones were strengthened by the expansion of the D8 series, with the launch of the new D895M model featuring a cordless DECT receiver, a high-resolution 8-inch touch colour display and built-in Wi-Fi for wireless network connectivity.

Growth in other telecommunication products was driven by higher sales of baby monitors as sales in the UK, Germany, France and Italy increased, which offset a decline in CAT-iq (Cordless Advanced Technology—internet and quality) handsets due to lower orders from ODM customers. During the period under review, the Group's baby monitors and baby care products won five "Gold Awards" in the "Dadsnet Awards 2026". The VTech RM7567HD Baby Monitor was named Best Baby Monitor in the Nursery category while the LeapFrog LF5817HD Baby Monitor was Innovation of the Year in the Special Awards category.

In residential phones, sales decreased as the market continued to contract and the growth in the entry-level products was insufficient to offset lower sales of higher-end models. During the period under review, Gigaset increased market share and maintained its number one position in the DECT phone market in Europe[7].

CMS revenue in Europe increased by 31.7% to US$236.0 million, driven by higher sales of professional audio equipment, hearables, medical and health products, communication products and smart energy storage systems. These gains more than offset declines in IoT and automotive products, while sales of home appliances remained stable.

In professional audio equipment, growth was driven by the addition of a new customer and increased orders for audio mixers, as an existing customer expanded its sales in China. Hearables sales rose on customer restocking and new product launches. Medical and health products also recorded growth, with higher sales of hearing aids following increased marketing activities by the customer, while orders for hair removal products rose as the customer increased sales to a major brand.

Communication products benefited from higher orders for Wi-Fi routers as the customer replenished inventory and the Group won additional business from competitors. Sales of smart energy storage systems also increased as the customer expanded into new markets.

[7] GfK Retail and Technology UK Limited. Based on period April – September 2026

In contrast, IoT products declined as component shortages affected orders for internet-connected thermostats and air-conditioning controls, while sales of smart meters remained stable. Automotive products recorded lower sales, mainly due to reduced orders for EV (electric vehicle) chargers amid intensifying competition from suppliers in China. Sales of home appliances, comprising PCBA for washing machines, were stable.

During the period under review, VTech CMS received the "RMM (Risk Mitigation of Manufacturing) Excellence Award 2026" from a hearables customer in recognition of its efforts in successfully facilitating the transfer of production to the Group's facilities in Muar, Malaysia.

Asia Pacific

Group revenue in Asia Pacific grew by 9.9% to US$165.3 million in the first six months of the financial year 2027. Increases were recorded for all three product lines. The region represented 15.8% of Group revenue.

Revenue from ELPs in Asia Pacific increased by 21.0% to US$40.4 million, led by growth in Australia and China. Australia saw good sell-through of core learning products, while new product launches and broader retailer support for LeapMove further supported growth. Among the new products, Kitty Life and Kidi Star Rockstar Guitar sold especially well. In the first nine months of the calendar year 2026, VTech maintained its position as the number one manufacturer of electronic learning toys from infancy through toddler to preschool in the country[8]. In China, growth was driven by stronger sales across both online and offline channels, with the latter boosted primarily by a key retailer. Performance was further supported by good sell-through of Kitty Life, as well as the new *Anpanman* and *Peppa Pig* licensed products. During the period, the Group's ELPs gained a "2026 Environmental Sustainability Award" in the Hi Awards in China, while Anpanman Build-a-Slice Pizza Cart made the "Brain Health and Development Star Product List" in "2026 CBME (Children Baby and Maternity Products Industry Expo) Awards".

TEL products revenue in Asia Pacific rose by 10.1% to US$9.8 million, with higher sales in Australia and Hong Kong. In Australia, the Group launched its V-Care Premium AI enabled baby monitors during the period, which have been well-received by consumers.

CMS revenue in Asia Pacific grew by 6.5% to US$115.1 million. Higher sales of professional audio equipment more than offset a decline in communication products, while sales of medical and health products remained stable.

Growth in professional audio equipment was led by DJ equipment and wireless transmission receiver systems. Communication products declined due to lower orders for marine radios, as a Japanese customer continued to shift production back in-house to benefit from the weaker Japanese yen.

In August 2026, CMS opened a new Robotics Innovation Lab in Shenzhen, China, to support customers, technology partners and VTech's R&D (research and development) teams in developing manufacturing know-how for robotics-related products. During the period, the Group also upgraded its metal factory to meet rising demand from global customers for high-precision metal components.

Other Regions

Group revenue in Other Regions, comprising Latin America, the Middle East and Africa, decreased by 7.5% to US$12.4 million in the first six months of the financial year 2027. Sales of both ELPs and TEL products were lower. Other Regions accounted for 1.2% of Group revenue.

ELPs revenue in Other Regions decreased by 11.3% to US$7.1 million. Growth in the Middle East was insufficient to compensate for declines in Latin America and Africa.

[8] 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 calendar year ended September 2026

TEL products revenue in Other Regions fell by 1.9% to US$5.3 million. Sales decreased in Latin America and Africa, offsetting growth in the Middle East.

CMS revenue in Other Regions was immaterial in the first six months of the financial year 2027.

Outlook

The Group is on track to achieve revenue growth for the full financial year 2027. This view is supported by the more stable US tariff situation, good momentum for the Group's ELPs and continued signs of improving demand from CMS customers. These positive factors will be augmented by a sales pick-up for TEL products in the second half, when a pipeline of new products is shipped and rolled out globally.

Gross profit margin, however, is forecast to decline year-on-year as cost of materials and freight charges are expected to remain high for the duration of the financial year. The factors behind this remain unchanged. Strong demand for components from the AI industry, coupled with the ongoing Middle East conflict, continues to drive up prices for electronic components, oil, plastics and other commodities. With the Renminbi forecast to remain strong against the US dollar, direct labour costs and manufacturing overheads are also anticipated to rise year-on-year.

ELPs are expected to post higher revenue for the full financial year 2027, as the positive momentum in North America and Asia Pacific carries through into the second half, with revenue in Europe forecast to be broadly stable. Sales of standalone products are expected to be boosted by the strengthened portfolio of licensed products, including characters such as *Toy Story 5*, *Bluey*, *Paw Patrol* and *Spidey and his Amazing Friends*. Core learning products, Kitten Quest and the Kidi Star line are also forecast to continue their good performance. Platform products will be supported by sustained growth in LeapMove sales, as it secures broader retailer support globally and continues to gain momentum with its new two-player module and expanded software library.

TEL products revenue is now forecast to be stable for the full financial year 2027. Weaker-than-expected residential phone markets in both the US and Europe, alongside delayed new product launches in the first half, have negatively impacted full-year performance. Nonetheless, sales are expected to recover in the second half as the new products reach the shelves.

In residential phones, a new range of LTE (Long Term Evolution) home devices, bringing the convenience of a home phone to consumers without the need for a landline, will be introduced in the US market in the final quarter of the financial year 2027. For commercial phones, CrewPTT, a new push-to-talk solution that will broaden Gigaset's multi-cell DECT system offering, is being shipped across Europe from November this year. This will be joined by new Wi-Fi phones and Gigaset branded headsets that will begin shipping in the first quarter of the calendar year 2027. In smartphones, the GX30 and GX50 models are gaining traction, while the category will benefit from the launch of a new smartphone for children. This is currently under development and scheduled to be launched in the fourth quarter of the financial year 2027. Other telecommunication products will see the global roll out of V-Care Premium from November this year, the AI enabled baby monitor that hit the shelves in Australia in the first half of the financial year 2027.

CMS revenue is forecast to grow for the full financial year 2027, despite the continuing challenge of material shortages. Customers are restocking inventory and launching new products, while the Group is securing more orders for its design support services and continuing to expand its ODM business.

To meet growing demand for manufacturing outside China, including near-shore manufacturing for the US market, the Group is expanding its production capacity. The new building in Muar, Malaysia is on track for completion in mid-2027, while capacity at the Tecate, Mexico facility is expected to double by the end of the financial year 2027.

VTech possesses considerable competitive strengths that position us to thrive in an increasingly dynamic global landscape. Our trusted brands, underpinned by relentless product innovation, continue to drive market share gains and geographic expansion. This momentum is further reinforced by operational excellence and a strategically diversified global manufacturing footprint. Along with a robust balance sheet, VTech stands ready to capitalise on emerging growth opportunities as industry consolidation accelerates amid geopolitical uncertainty and elevated interest rates.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

	Six months ended 30 September		
	2026	2025	Change
	US$ million	US$ million	US$ million
Revenue	**1,046.9**	991.1	(55.8)
Gross profit	**315.2**	315.8	(0.6)
Gross profit margin	**30.1%**	31.9%	
Other net income	**1.0**	1.1	(0.1)
Total operating expenses	**(233.7)**	(224.0)	(9.7)
Total operating expenses as a percentage of revenue	**22.3%**	22.6%	
Operating profit	**82.5**	92.9	(10.4)
Operating profit margin	**7.9%**	9.4%	
Net finance expense	**(0.4)**	(1.6)	1.2
Share of results of an associate	**(0.3)**	-	(0.3)
Profit before taxation	**81.8**	91.3	(9.5)
Taxation	**(16.7)**	(16.6)	(0.1)
Effective tax rate	**20.4%**	18.2%	
Profit for the period and attributable to shareholders of the Company	**65.1**	74.7	(9.6)

Revenue

Group revenue for the six months ended 30 September 2026 increased by 5.6% to US$1,046.9 million as compared with the same period of the previous financial year of US$991.1 million. The increase in revenue was driven by the higher sales in Europe and Asia Pacific, which offset the lower sales in North America and Other Regions.

	Six months ended 30 September 2026		Six months ended 30 September 2025		Increase / (decrease)	
	US$ million	**%**	US$ million	%	US$ million	%
North America	**374.1**	**35.7%**	398.3	40.2%	(24.2)	(6.1%)
Europe	**495.1**	**47.3%**	429.0	43.3%	66.1	15.4%
Asia Pacific	**165.3**	**15.8%**	150.4	15.2%	14.9	9.9%
Other Regions	**12.4**	**1.2%**	13.4	1.3%	(1.0)	(7.5%)
	1,046.9	**100.0%**	991.1	100.0%	55.8	5.6%

Gross Profit/Margin

Gross profit for the six months ended 30 September 2026 was US$315.2 million, a decrease of US$0.6 million or 0.2% compared with the same period last year. Gross profit margin for the period also reduced from 31.9% to 30.1%.

The decrease in gross profit margin was mainly attributable to the higher cost of materials arising from the increase in material prices, higher direct labour costs and manufacturing overheads driven by the appreciation of Renminbi against the US dollar, as well as the higher freight charges compared with the same period last year. These offset the lower tariffs imposed on the goods imported into the United States.

Operating Profit/Margin

Operating profit for the six months ended 30 September 2026 was US$82.5 million, a decrease of US$10.4 million or 11.2% compared with the same period last year. Operating profit margin also reduced from 9.4% to 7.9%. These were mainly due to the lower gross profit margin compared with the same period last year.

Total operating expenses increased from US$224.0 million to US$233.7 million compared with the same period last year. Total operating expenses as a percentage of Group revenue, however, reduced from 22.6% to 22.3%.

Selling and distribution costs increased from US$142.3 million to US$151.1 million, an increase of 6.2% compared with the same period last year. Selling and distribution costs as a percentage of Group revenue was 14.4%, remained the same as the corresponding period of last financial year.

Administrative and other operating expenses increased from US$40.3 million to US$44.7 million, an increase of 10.9% compared with the same period last year. This included a net exchange loss arising from the Group's global operations in the ordinary course of business of US$1.8 million, as compared with a net exchange loss of US$0.5 million in the same period last year. Administrative and other operating expenses as a percentage of Group revenue also increased from 4.1% to 4.3%.

During the first half of the financial year 2027, the research and development expenses reduced from US$41.4 million to US$37.9 million, a decrease of 8.5% compared with the same period last year. It was mainly attributable to the lower project expenses. Research and development expenses as a percentage of Group revenue also reduced from 4.2% to 3.6%.

Profit Attributable to Shareholders and Earnings per Share

Profit attributable to shareholders of the Company for the six months ended 30 September 2026 was US$65.1 million, a decrease of US$9.6 million or 12.9% compared with the same period last year. Net profit margin also reduced from 7.5% to 6.2%. The lower net profit and net profit margin were mainly attributable to the lower operating profit and operating profit margin.

Basic earnings per share for the six months ended 30 September 2026 were US25.7 cents as compared to US29.5 cents in the first half of the previous financial year.

Dividends

Since the end of the relevant financial period, the Directors have declared an interim dividend of US17.0 cents per share, which is estimated to be US$43.0 million.

Liquidity and Financial Resources

The Group's financial position remained strong and was debt-free. As at 30 September 2026, the Group had deposits and cash of US$138.9 million, a decrease of US$9.0 million as compared to US$147.9 million as of 30 September 2025. The Group's deposits and cash were predominately denominated in US dollars. The decrease in net cash balance was mainly due to the lower opening cash balance compared with the same period last year. This offset the decrease in net cash used in operating activities and the lower dividend payment compared with the same period last year, as well as the receipt of the United States International Emergency Economic Powers Act (IEEPA) tariff refunds in the first half of the financial year. The Group has adequate liquidity to meet its current and future working capital requirements.

As at 30 September 2026, the Group did not have any bank borrowings (31 March 2026: Nil). Accordingly, the gearing ratio is not applicable.

Working Capital

Stocks as of 30 September 2026 were US$515.6 million, increased from US$402.9 million as of 31 March 2026 with turnover days of 128 days. The higher stocks balance was mainly attributable to the seasonality of most of the Group's businesses as well as the early production of the Group's products to better utilise the Group's production capacities. As compared with the same period of last financial year, stocks balance increased by US$64.6 million or 14.3%, and turnover days also increased from 138 days to 154 days. The higher stocks balance was mainly attributable to the stock-up of raw materials to mitigate the impacts of supply constraints and rising material prices, as well as the higher demand of the Group's products in the second half of the financial year compared with the same period last year.

Trade debtors as of 30 September 2026 were US$460.1 million, increased from US$257.7 million as of 31 March 2026 with turnover days of 60 days. The higher trade debtors balance was mainly due to the seasonal nature of most of the Group's businesses. As compared with the same period last year, trade debtors balance increased by US$31.1 million or 7.2%, and turnover days also increased from 60 days to 65 days, which were mainly attributable to the higher revenue.

Trade creditors as of 30 September 2026 were US$364.7 million, increased from US$230.7 million as of 31 March 2026 with turnover days of 90 days. As compared to the corresponding period of last financial year, trade creditors balance increased by US$77.1 million or 26.8%, and turnover days increased from 97 days to 99 days. The higher trade creditors balance was mainly attributable to increase in purchases in the second quarter of the financial year compared with the same period last year.

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 and Contingencies

For the six months ended 30 September 2026, the Group invested US$18.2 million in the purchase of tangible assets including machinery and equipment, leasehold improvements, office equipment, improvement of manufacturing working environment, as well as construction in progress.

All of these capital expenditures were financed from internal resources.

As of 30 September 2026, the Group had no material contingencies.

Employees and Remuneration Policies

As of 30 September 2026, the average number of VTech's employees was around 20,800, compared to 20,440 as of 30 September 2025. Staff related costs for the six months ended 30 September 2026 were approximately US$212.2 million, as compared to approximately US$198.6 million for the same period last year.

Employee salaries are reviewed annually and are competitive with market standards. Adjustments are made based on individual performance, market conditions and the Group's financial performance. Discretionary year-end bonuses are given based on individual and the overall company performance.

In addition to salaries and bonuses, employees receive benefits such as medical insurance, retirement plan, training programs and education support. The Group also operates a share option scheme and a share award scheme, which are subject to achievement of certain targets for the current financial year including corporate and individual performance that the employees are responsible for, with purpose of providing incentives and rewards to the eligible participants who contribute to the success of the Group's operations.

Events after the Reporting Period

Save as disclosed in this announcement, there were no other important events affecting the Company and its subsidiaries after 30 September 2026 and up to the date of this announcement.

CORPORATE GOVERNANCE

The Board and the management of the Company are committed to good corporate governance and the application of the principles including transparency, accountability and independence to achieve sustainable performance of the Company and enhance its value for the shareholders.

The Group also recognises that a comprehensive corporate governance management structure is crucial in helping the Company to implement its strategies and policies effectively and consistently throughout the Group, and safeguard the long-term interests of its shareholders. The Group has also continuously reviewed its policies and procedures to ensure that the Group meets the requirements of the applicable laws and regulations, industry best practices, global trends, and market expectations.

Corporate Governance Practices

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 six months ended 30 September 2026, 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.

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 51 to 90 of the Company's 2026 Annual Report. The Corporate Governance Report explains how the Group applies the principles of good corporate governance as set out in the CG Code.

VTech is also committed to following the Environmental, Social and Governance ("ESG") Reporting Code set out in Appendix C2 to the Listing Rules. A summary of the 2026 Sustainability Report is set out on pages 48 to 50 and pages 91 to 101 of the Company's 2026 Annual Report and details of VTech's ESG performance and reporting are set out in the Company's 2026 Sustainability Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Audit Committee and the Risk Management and Sustainability Committee have the delegated responsibilities from the Board to provide assurance that the Group's risk management and internal control systems are appropriate and effective. Effective risk management plays an integral role in the overall achievement of the Group's strategic objectives which are to ensure the long-term resilience of the Group's business. The Risk Management and Sustainability Committee reviewed the appropriateness and effectiveness of the Group's risk management and internal control systems, and monitored the sustainability performance progress during the six months ended 30 September 2026 and up to the date of this announcement. Details of the Group's risk management and internal control systems were set out in the Risk Management and Sustainability Committee Report on pages 82 to 90 of the Company's 2026 Annual Report.

Furthermore, the Data Security Governance Board reviewed the implementation of the Data Security Policy and monitored the data protection practices of the Group to ensure compliance with the applicable privacy and data protection regulations in the jurisdictions where the Group operated during the six months ended 30 September 2026 and up to the date of this announcement. The Data Security Governance Board has also reviewed the progress of the implementation of data breach preventive measures, system technology enhancements and staff training programme to mitigate the Group's exposure to cybersecurity risks and ensure compliance with applicable industry standards.

Based on the information received from the management (including the Risk Management and Sustainability Committee and the Data Security Governance Board), the external auditor and the Internal Audit Department, the Audit Committee is satisfied that the Group's risk management and internal control systems, and the internal audit function for the six months ended 30 September 2026 and up to the date of this announcement are appropriate and effective.

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 six months ended 30 September 2026.

REVIEW OF INTERIM RESULTS

The Audit Committee reviewed and discussed with the external auditor and senior management of the Company the Group's unaudited Interim Financial Report and unaudited interim results for the six months ended 30 September 2026.

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 six months ended 30 September 2026.

During the six months ended 30 September 2026, 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 271,200 shares of the Company for an aggregate consideration of approximately US$1.9 million.

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

Hong Kong, 12 November 2026

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.