

FOR IMMEDIATE RELEASE

VTech Announces FY2026 Annual Results
Higher gross profit margin despite lower revenue and profit

- Group revenue declined 6.9% to US\$2,027.5 million
- Gross profit margin improved from 31.5% to 32.7%
- Profit attributable to shareholders of the Company decreased 14.5% to US\$134.1 million
- Final dividend of US36.0 cents per ordinary share, which brings the full-year dividend to US53.0 cents per ordinary share, representing a dividend payout ratio of 100%
- Strong financial position with net cash and no bank borrowing

Hong Kong, 21 May 2026 – VTech Holdings Limited (HKSE: 303) today announced its results for the year ended 31 March 2026.

“VTech reported a decrease in revenue in the financial year 2026. Changes in US tariff policies and depressed consumer sentiment, driven by geopolitical uncertainty, resulted in lower revenue across electronic learning products, telecommunication products and contract manufacturing services. Consequently, despite continued improvements in the gross profit margin, Group profit declined,” said Mr. Allan Wong, Chairman and Group CEO of VTech Holdings Limited.

Results and Dividend

Group revenue for the year ended 31 March 2026 decreased by 6.9% to US\$2,027.5 million, from US\$2,177.2 million in the previous financial year. Sales were lower in all regions.

Profit attributable to shareholders of the Company decreased by 14.5% to US\$134.1 million. The decline in profit was mainly due to the lower revenue, an increase in

total operating expenses as a percentage of Group revenue and a higher Group effective tax rate.

Basic earnings per share decreased by 14.7% to US52.9 cents, compared to US62.0 cents in the financial year 2025.

The Board of Directors has proposed a final dividend of US36.0 cents per ordinary share, providing a full-year dividend of US53.0 cents per ordinary share, a 13.1% decrease from the US61.0 cents declared in the previous financial year. This represents a dividend payout ratio of 100%.

Costs

The Group's gross profit margin in the financial year 2026 rose to 32.7%, as compared with 31.5% in the financial year 2025. This was mainly attributable to lower cost of materials, as material prices decreased. A more favourable product mix, increases in product prices, the strength of European currencies against the US dollar and lower freight charges also contributed to the improvement in margin. The gains were partially offset by additional tariffs imposed on the US-bound products and higher direct labour costs as a percentage of Group revenue.

Segment Results

North America

Group revenue in North America decreased by 9.1% to US\$811.6 million in the financial year 2026, as sales of electronic learning products (ELPs), telecommunication (TEL) products and contract manufacturing services (CMS) all declined. North America was VTech's second largest market, accounting for 40.0% of Group revenue.

ELPs revenue in North America fell by 12.7% to US\$388.5 million. This was mainly driven by sales declines in the US following the change in US tariff policy. The new tariffs caused a temporary suspension of shipment to the US for several weeks and induced the Group to raise prices for most of its US-bound products, while retailers delayed store sets for the Autumn season. These developments negatively affected orders and in-store sales in the first half of the financial year 2026. Matters improved in the second half, however, with US sales essentially flat as compared with the

comparable six-month period of the previous financial year. In the calendar year 2025, the Group—comprising the VTech and LeapFrog brands—retained its leadership in electronic learning toys from infancy through toddler to preschool in the US¹. In Canada, despite a sales decline in the financial year 2026, the Group maintained its position as the largest manufacturer of infant, toddler and preschool toys².

Standalone products saw sales decrease, with declines across all key product categories. This was mainly due to the lower shipment to the US in the first half of the financial year 2026 following the change in US tariff policy. Core learning products and key product lines all posted sales decreases, for both the VTech and LeapFrog brands. Despite this, seven VTech and LeapFrog products ranked among the top 20 best-selling infant and toddler toys in the US during the calendar year 2025. Notably, VTech's First Steps[®] Baby Walker and LeapFrog's Learning Friends 100 Words Book[™] claimed the second and the fifth position respectively.

Platform products sales grew, driven by new product launches. The LeapFrog brand was boosted by the launch of the exciting new motion-based learning system LeapMove[™], which performed well during the holiday seasons. This offset lower sales of children's educational tablets. Sales of Magic Adventures[®] Globe and the interactive reading system, meanwhile, held steady. By contrast, VTech branded platform products reported a sales decline, mainly because of lower sales of KidiZoom[®] Smartwatch and Touch & Learn Activity Desk[™]. Subscriptions to LeapFrog Academy[™] were stable.

The Group gained eight awards from trusted parenting websites, toy industry experts, toy advisory boards and major retailers in North America during the financial year 2026. In the US, LeapMove made both Walmart's "2025 Top Toys List" and Target's "2025 Bullseye's Top Toys List". VTech's Bluey Road Trip Playset and Get Growing Tractor & Mower Ride-On[™] were named TOTY (Toy of the Year) finalists by The Toy Association, and there were awards from Good Housekeeping for Get Growing Tractor & Mower Ride-On and VTech Baby[®] 4-in-1 Steps & Stages Activity Center[™]. In Canada, VTech Baby 4-in-1 Steps & Stages Activity Center and VTech Baby Explore & Move With Puppy[™] were included in the Walmart and Toys"R"Us

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 2025

² Circana, LLC, Retail Tracking Service, January – December 2025

“2025 Top Toys” lists, respectively.

TEL products revenue in North America fell by 9.7% to US\$161.5 million in the financial year 2026. Sales of all three categories declined.

Sales of residential phones fell amid the ongoing contraction of the US market. Despite these headwinds, the Group continued to introduce new products and retain its popularity with consumers. The AT&T DLP73290 residential phone saw particularly strong sales throughout the financial year 2026, complemented by a good reception for the new AT&T BL108 cordless phone, which hit US shelves in March 2026. Consequently, the Group—comprising the AT&T and VTech brands—remained the number one cordless phone brand in the US in the financial year 2026³.

Commercial phone revenue also experienced a decline, as higher sales of hotel phones were insufficient to offset weakness in SIP (Session Initiation Protocol) phones, multi-line analogue phones and headsets. Growth in the hotel phone category was driven by increasing sales of the “Next Gen” product line. SIP phones, however, recorded fewer sales owing to decreased orders from a customer, though the new Snom D8 series of SIP desktop phones launched successfully in the US and was well received by the market. Multi-line analogue phones posted a decline as the products reached the end of their life cycle, while headset sales were lower due to reduced orders from a customer.

Other telecommunication products reported a sales decrease, as higher sales of IoT (Internet of Things) products were offset by lower sales of baby monitors and CareLine[®] residential phones. IoT products posted higher sales of thermostats for hotel channels. However, this was offset by lower sales of baby monitors due to increasing competition. In addition, CareLine residential phones experienced lower orders owing to weak end-user demand. During the financial year 2026, VTech maintained its position as the number one baby monitor brand in the US and Canada⁴. In the US, VTech was accorded a “Women’s Choice Award 2025 - 9 out of 10 Customer Recommended Baby Monitors”.

CMS revenue in North America decreased by 2.9% to US\$261.6 million in the financial year 2026, as lower sales of professional audio equipment and industrial

³ Circana, LLC, Retail Tracking Service, Cordless Phone, Dollars and Units, April 2025 – March 2026

⁴ Circana, LLC, Retail Tracking Service, US & CA, Baby Monitors, Units, April 2025 – March 2026

products offset higher sales of IoT products. Professional audio equipment recorded a slight sales decline as orders of audio mixers from a major customer fell. Sales of industrial products also decreased, as there were fewer orders for smart water leakage detectors. This offset higher orders for PCBA (printed circuit board assembly) for vending machines as more employees returned to office-based working. In contrast, IoT products saw sales grow, driven by rising orders for smart basketball hoop game consoles, which have been well received by consumers and are now being sold by major US retailers. Sales of solid-state lighting remained stable.

Orders at the Group's facility in Tecate in Mexico grew significantly, as more US customers moved their production from China to Mexico. During the financial year 2026, VTech CMS earned three prestigious awards from its US customers in recognition of its outstanding service. These accolades were a "2025 Supplier of the Year" and a "Best Partner Award – Electronics Category" from customers in the professional audio equipment sector, as well as a "2025 Great Operations Partner" award from a solid-state lighting customer.

Europe

Group revenue in Europe decreased by 6.3% to US\$899.9 million in the financial year 2026, as higher sales of ELPs and TEL products were offset by declines for CMS. Europe was VTech's largest market, accounting for 44.4% of Group revenue.

ELPs revenue in Europe grew by 1.5% to US\$311.7 million, as higher sales of platform products offset lower sales of standalone products. Geographically, sales rose in France, Spain, the Netherlands and Italy, offsetting declines in the UK and Germany. In the calendar year 2025, the Group retained its position as the largest infant and toddler toys manufacturer in France, the UK, Germany, Spain, the Netherlands and Belgium⁵.

In the standalone category, sales of LeapFrog were higher, led by infant products, the Magic Adventures line and eco-friendly toys. VTech saw lower sales, as an increase in preschool products, electronic learning aids and the Kidi[®] line failed to offset declines in infant and toddler products, KidiZoom cameras, Switch & Go Dinos[®], Marble Rush[®] and eco-friendly toys.

⁵ Circana, LLC, Retail Tracking Service, January – December 2025

Platform products saw higher sales, with growth in LeapFrog products offsetting a decline for VTech. The increase at LeapFrog was driven by the launch of LeapMove, higher sales of the interactive reading system and Magic Adventures Globe. For VTech, sales of KidiZoom Smartwatch, children’s educational tablets, Touch & Learn Activity Desk and KidiCom™ all declined.

The Group continued to win accolades across the continent during the financial year 2026. LeapMove and Story’Clock - Ma conteuse-réveil (Sleep & Wake Storyteller™) were both named in France’s “Grands Prix du Jouet 2025”, with LeapMove also bagging an “Approuvé par les Familles 2026” (Approved by Families Award 2026). Music’Kid dello Zecchino d’Oro (Let’s Record! Music Player™) won “Best Toy – Infant” at the “Gioco per Sempre AWARDS 2025” (Play Forever Toys Award 2025) in Italy, while 3-in-1 Mow & Grow Tractor was named “Best Toy of the Year 2025” by the Spanish Association of Toy Manufacturers. In the UK, LeapMove and LeapStart® Reading Buddies Starter Set were award winners in the “Independent Toy Awards”, while 3-in-1 Mow & Grow Tractor and LeapStart Reading Buddies were both a “Gold Winner” in the “MadeForMums Toy Awards 2025”.

Revenue from TEL products in Europe increased by 6.0% to US\$224.1 million in the financial year 2026. Sales of residential phones, commercial phones and smartphones increased, while those of other telecommunication products posted a decline.

In residential phones, growth was mainly driven by increasing sales of the Gigaset product lines. The launch of new Gigaset models, including entry-level products such as the AD100, Basic 100 and Essential 300 series boosted growth. These were joined by the Comfort 600 SIM which offers consumers the convenience of a home phone without the need for a landline. Sales performed especially well in Germany, France, Italy and Spain. As a result, Gigaset increased its market share and retained its leadership position in the DECT (Digital Enhanced Cordless Telecommunications) phone market in Europe⁶.

Sales of commercial phones and smartphones also increased. This resulted from higher orders from a customer, as well as rising sales of Snom branded SIP phones and Gigaset smartphones. An existing customer has relocated its IP (Internet Protocol) phone production to Gigaset’s facilities in Germany to capitalise on the Group’s highly automated manufacturing and bolster supply chain resilience. This

⁶ GfK Retail and Technology UK Limited, EU7, April 2025 – March 2026

helped drive Gigaset commercial phone sales higher. It was augmented by the launch of Gigaset's single cell DECT systems and Comfort 500HX for the home and small office market. Snom branded SIP phones also reported growth, driven by the expansion of its single-cell DECT portfolio, catering to small and medium sized enterprises and start-ups. Meanwhile, Gigaset smartphones saw the introduction of several new models. These included the GS6 series that is designed for institutions with strong security and privacy requirements, alongside the GL695 and GL795 models that are specially designed for the elderly. During the financial year 2026, the Gigaset R700H protect PRO business phone was named "Product of the Year" (Category: IP Phones and Conference Solutions) in the *connect professional* "Readers' Choice 2025" awards.

Sales of other telecommunication products in Europe decreased in the financial year 2026. Both baby monitors and CAT-iq (Cordless Advanced Technology—internet and quality) handsets posted sales decreases. Sales of baby monitors fell mainly because of lower sales in the UK market. The decline in CAT-iq handsets resulted from lower orders from customers. During the financial year 2026, the Group's baby monitors and soothers won a large number of awards in the UK, collectively receiving nine awards in the "MadeForMums Tech Awards 2025" and "Dadsnet Awards 2025".

CMS revenue in Europe decreased by 17.7% to US\$364.1 million as lower sales of hearables, home appliances, IoT products, automotive products and smart energy storage systems offset increases for professional audio equipment and communication products, while sales of medical and health products were stable. Sales of hearables decreased significantly. Market demand has fallen since the end of the COVID pandemic and in addition to facing keen competition, the customer's outsourcing strategy has become more focused on ODM (original design manufacturing) services, negatively impacting CMS revenue. Fewer orders for PCBA for washing machines resulted in lower sales of home appliances.

Despite stable demand for smart meters, sales of IoT products declined as orders for internet connected thermostat and air-conditioning controls were affected by a customer's over-inventory as it faced more competition. Automotive products sales trended lower, as orders for electric vehicle chargers declined. Sales of smart energy storage systems were negatively affected by the removal of subsidies by the Swedish government. By contrast, new product launches and market share gains by customers drove professional audio equipment sales higher, while

communication products benefitted from higher orders for Wi-Fi routers following new product launches and a reduction in customer inventory. Medical and health products sales were stable, as lower orders for hair removal products were balanced by rising orders for hearing aids.

During the financial year 2026, VTech CMS won four supplier awards in Europe. The professional audio equipment category saw an “Excellence in Manufacturing & Quality 2025” award, a “Strategic Partner Award 2025” and a “Golden Slider 2025” award, while the Group also earned a “25 Years Partnership Award 2025” from a hearables customer.

Asia Pacific

Group revenue in Asia Pacific fell by 2.1% to US\$294.7 million in the financial year 2026, as declines for TEL products and CMS offset growth in ELPs. The region accounted for 14.5% of Group revenue.

Revenue from ELPs in Asia Pacific rose by 4.9% to US\$72.2 million, with increases in Australia and China. In Australia, the launch of LeapMove and increased marketing efforts drove LeapFrog and VTech sales higher. In the calendar year 2025, VTech maintained its position as the largest manufacturer of electronic learning toys from infancy through toddler to preschool in the country⁷. In China, the Go! Go! Smart Wheels[®] line, eco-friendly toys and role-playing toys sold especially well.

In Australia, the Group’s ELPs gained 10 awards in total, with LeapMove winning both “Overall Product of the Year” and “Electronic Product of the Year” from the Australian Toy Association, alongside awards for Peek & Play Learning House, Toot-Toot Drivers Bluey Road Trip Set, Toot-Toot Drivers Learn & Go Train Set and Create & Explore Musical Activity Desk. LeapMove also made the K-Zone and Total Girl Magazines “2025 Toy Awards” together with three other VTech ELPs. In China, VTech won a “25th Anniversary Enterprise Award” given by CBME (Children Baby and Maternity Products Industry Expo), while two VTech products, Tap-a-Peg Wooden Truck[™] and My First Motorized Train Set[™] won awards from the China Toy & Juvenile Products Association.

⁷ 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 2025

TEL products revenue in Asia Pacific decreased by 7.0% to US\$17.4 million owing to lower sales in Australia and Japan. In Australia, sales declined because of lower sales of baby monitors. In Japan, sales were affected by reduced orders for residential phones from an ODM customer.

CMS revenue in Asia Pacific decreased by 3.9% to US\$205.1 million, with lower sales of professional audio equipment, medical and health products and communication products. Although sales of DJ equipment were stable, professional audio equipment sales were down as orders for microphones for KOLs (key opinion leaders) decreased. In medical and health products, sales of diagnostic ultrasound systems fell as the customer lost market share. Communication products sales were affected by lower orders for marine radios as the customer moved further production back in-house as the Japanese yen continued to depreciate. During the financial year 2026, VTech CMS expanded its customer base in China, leveraging the NPI (New Product Introduction) centre in Shenzhen to attract start-ups and other companies in the Greater Bay Areas.

Other Regions

Group revenue in Other Regions, comprising Latin America, the Middle East and Africa, decreased by 5.3% to US\$21.3 million in the financial year 2026. This was mainly due to lower sales of TEL products, which offset an increase for ELPs. Other Regions accounted for 1.1% of Group revenue.

ELPs revenue in Other Regions increased by 8.6% to US\$10.1 million, as growth in the Middle East and Africa offset a decline in Latin America.

TEL products revenue in Other Regions fell by 15.2% to US\$11.2 million as sales decreased in Latin America, the Middle East and Africa.

CMS revenue in Other Regions was immaterial in the financial year 2026.

50th Anniversary

“This year marks a major milestone: VTech’s 50th anniversary,” Mr Wong noted.

“We began in 1976 as a small start-up employing 40 people in Hong Kong, driven by a passion for electronics. In the decades since, we have been bringing joy and

learning to children around the world with our ELPs, connecting people and businesses through our TEL products, and delivering trusted, high-quality manufacturing services to partners across industries through our CMS. A commitment to continuous innovation has made us a pioneer in many areas, creating the electronic educational toys category and introducing the world's first fully digital 900MHz cordless phone. Equally important, our manufacturing expertise and dedication to service excellence have earned us a distinguished reputation in the EMS industry.”

“The journey has never been easy. Along the way, we have overcome some extraordinary challenges, from global recession and financial crises to the COVID pandemic. Above all, our success is testament to our dedicated employees and the steadfast support of our business partners. We have built a vibrant culture of innovation that empowers talented people to create the innovative products that consumers want, year after year. Looking to the future, with our exceptional team, I am confident VTech will not only grow in the decades ahead but also continue to contribute to the well-being of people around the world.”

Outlook

The US tariff situation appears to have stabilised somewhat, lending more certainty to purchase decisions. The conflict in the Middle East, however, is leading to higher prices of energy and oil-related products, as well as freight rates. The resulting inflation is negatively affecting consumer sentiment. A further deterioration of the situation in the Middle East could increase prices and tighten supply even further. Compounding this, strong demand from the AI (artificial intelligence) industry is leading to serious shortages of certain electronic components.

Despite this challenging picture, Group revenue is expected to grow in the financial year 2027, with sales of ELPs and TEL products forecast to trend higher, and CMS revenue to hold steady year-on-year. Gross profit margin is projected to decline because of surging material costs.

ELPs revenue for the financial year 2027 is projected to increase, driven by solid anticipated performance across both standalone and platform products. The Group boasts a robust product line-up for the calendar year 2026 that has already garnered good support from retailers.

Sales of standalone products are expected to rebound, fuelled by an expanded range of infant, toddler and preschool offerings. Revenue will be further bolstered by two new additions to the popular Kidi Star™ musical toy line, Rockstar Guitar™ and DJ Mixer Pro™. These will launch alongside a growing portfolio of licensed products featuring popular characters such as *Toy Story*, *Bluey*, *PAW Patrol*, and *Spidey and his Amazing Friends*. Notably, the highly anticipated global launch of LeapFrog's *Toy Story 5 Explore & Learn Lilypad* is expected to deliver good results. Regionally, China will introduce strong line-ups led by a brand-new range featuring the iconic Japanese character *Anpanman*, which is launching alongside three additions to the popular *Peppa Pig* offering. For platform products, sustained growth will be driven by higher sales of the award-winning LeapMove, as it gains broader retailer support and expands its software library, which will feature licensed content and a new two-player module.

TEL product sales are forecast to increase in the financial year 2027, supported by a solid pipeline of new releases. Residential phone sales will benefit from new LTE (long-term evolution) home devices in the US and Europe, while a strengthened Gigaset portfolio is expected to secure further market share gains.

Commercial phones and smartphones will also grow through expanded ranges and product innovation. Key launches include the CrewPTT push-to-talk solution for the multi-cell DECT system, new Wi-Fi phones for the Gigaset Pro range and new Snom SIP desktop models. The next generation of Gigaset smartphones, GX30 and GX50, will add to the momentum. Both models feature rugged designs and replaceable batteries, making them ideal for outdoor and industrial use. Growth will be further supported by the ongoing transfer of the customer's IP phone production to Gigaset's German facilities, alongside upcoming Gigaset headsets currently under development.

Rounding out the TEL products portfolio, innovation continues across the other telecommunication product category, highlighted by the rollout of a new AI-enabled baby monitor in Australia in May 2026 that will reach markets globally over the course of the calendar year 2026.

CMS revenue is projected to remain steady in the financial year 2027, despite ongoing geopolitical uncertainty. Although customers continue to manage operations with lean inventory levels, overall business confidence has shown signs of improvement. Consequently, sales across key product categories, including

professional audio equipment and hearables, are expected to remain broadly stable. Alongside this solid foundation, CMS will continue to develop its ODM business.

To meet future demand, the facility expansion in Muar, Malaysia, remains on track for completion by mid-2027. This will double the Group's existing production capacity in the country. Complementing this, the facility in Tecate, Mexico, is now fully operational. Providing comprehensive turnkey electronic manufacturing services to US customers, it further enhances VTech's geographical diversification.

"While the global landscape remains uncertain, VTech's core strengths continue to provide stability. Our solid balance sheet, diversified manufacturing capabilities, strong brand portfolio and innovative global product offerings form an enduring foundation for long-term success," said Mr Wong.

~ End ~

About VTech

VTech is the global leader in electronic learning products from infancy through toddler and preschool and the world's largest supplier of residential phones. It also provides highly sought-after contract manufacturing services. Its culture of integrity, accountability and innovation guides the company towards a sustainable future.

Established in 1976, VTech has been the pioneer in the electronic learning toy category and its products incorporate advanced educational expertise and cutting-edge innovation. The Group's telecommunication products elevate home and business users' experience through the latest in technology and design. As a leading electronic manufacturing service provider, VTech offers full turnkey services in facilities that are moving towards Industry 4.0 manufacturing.

With a global workforce of approximately 20,000 employees in 19 countries and regions, VTech maintains R&D centres, manufacturing operations and sales subsidiaries across the Americas, Europe and Asia. Its products are sold in over 100 countries and regions, through partnerships with leading retailers, prominent e-commerce companies and distributors worldwide.

Shares of VTech Holdings Limited are listed on The Stock Exchange of Hong Kong Limited (HKSE: 303).

Note: Starting from 22:00, 21 May 2026 (HKT), the webcast of the results announcement can be accessed through VTech website via this link: www.vtech.com/en/investors/results-reports/.

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