VTech Holdings Limited

FY2025 Annual Results Announcement

14 May 2025

Financial Review

Financial Highlights

For the year ended 31 March

(US$ M)	2025	2024	Change
Revenue	**2,177.2**	2,145.7	*1.5%*
Gross Profit	**686.8**	634.9	*8.2%*
Gross Profit Margin %	**31.5%**	29.6%	*1.9% pts*
Operating Profit	**188.7**	196.2	*-3.8%*
Operating Profit Margin %	**8.7%**	9.1%	*-0.4% pts*
Profit Attributable to Shareholders of the Company	**156.8**	166.6	*-5.9%*
Net Profit Margin %	**7.2%**	7.8%	*-0.6% pts*
Basic Earnings per Share (US cents)	**62.0**	66.0	*-6.1%*
Dividend per Share (US cents)			
• Interim	**17.0**	17.0	
• Final	**44.0**	48.0	
• Total dividend for the year	**61.0**	65.0	*-6.2%*

Revenue by Region

For the year ended 31 March

(US$ M)	2025	%	2024	Change
North America	893.1	41.0	922.6	*-3.2%*
Europe	960.7	44.1	888.3	*8.2%*
Asia Pacific	300.9	13.8	317.7	*-5.3%*
Other Regions	22.5	1.1	17.1	*31.6%*
Total	2,177.2	100.0	2,145.7	*1.5%*

Working Capital

(US$ M)	31/03/25	31/03/24
Stocks	**360.8**	348.0
Stocks Turnover Days	**106 days**	101 days
Trade Debtors	**267.8**	224.6
Trade Debtors Turnover Days	**56 days**	60 days

Liquidity Position

(US$ M)	31/03/25	31/03/24
Deposits and Cash	335.6	322.1
Total Borrowings	-	-
Net Cash Position	335.6	322.1

Costs

Costs

- Gross profit margin rose to 31.5%
- Positive factors:
  - Cost of materials lower as material prices declined
  - Positive change in product mix
  - Gross profit contribution from Gigaset

Costs (continued)

- Negative developments:
  - Direct labour costs and manufacturing overheads rose on workforce expansion following integration of Gigaset factory in Germany
  - Production and inventory levels were raised to optimise capacity utilisation, further increasing direct labour costs and manufacturing overheads
  - Higher freight rates and tariff costs, which offset the effect of Renminbi depreciation and productivity improvements

Impact of US Tariffs

- VTech has been diversifying its manufacturing footprint globally since 2018:
  - 2018: Muar, Malaysia
  - 2020: Penang, Malaysia
  - 2021: Tecate, Mexico
  - 2024: Bocholt, Germany

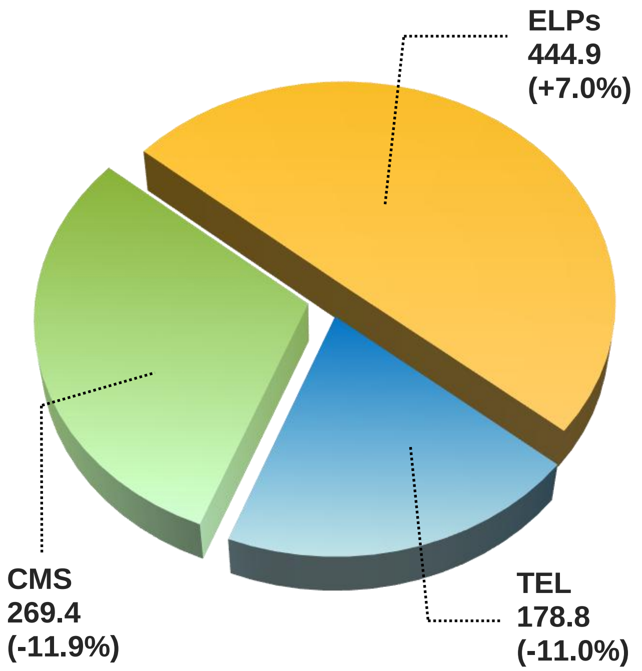
- Accelerating relocation of production of US bound products away from China, which began with CMS in 2018, TEL products in 2020 and now ELPs

- Aim to complete production transfer within 2026

Operations Review

North America

Revenue by Product Line (US$ million)



- **Revenue decreased 3.2% to US$893.1 million, 41.0% of Group revenue, VTech's second largest market**
- **Higher sales of ELPs offset by declines in TEL products and CMS**
- **ELPs revenue** increased 7.0% to US$444.9 million
  - Sales rose in both US and Canada as toy market stabilised, boosted by revitalised sales and marketing strategy in US
  - Higher sales of standalone and platform products for both brands
  - Strengthened leadership in electronic learning toys from infancy through toddler to preschool in US, and regained No. 1 in infant, toddler and preschool toys in Canada

North America (continued)

- **Standalone products:**
  - **LeapFrog:** Higher sales of infant, toddler and preschool products, eco-friendly toys, Magic Adventures series offset lower sales of LeapLand Adventures
  - **VTech:** Increased sales of preschool products, Kidi line and KidiZoom cameras offset lower sales of infant and toddler products, Go! Go! Smart family of products, Switch & Go Dinos and Marble Rush
- **Platform products:**
  - **LeapFrog:** Rising sales of children’s educational tablets, interactive reading systems and Magic Adventures Globe, but LeapFrog Academy subscriptions declined
  - **VTech:** Higher sales of Touch & Learn Activity Desk and KidiZoom Smartwatch offset decline for KidiBuzz

North America (continued)

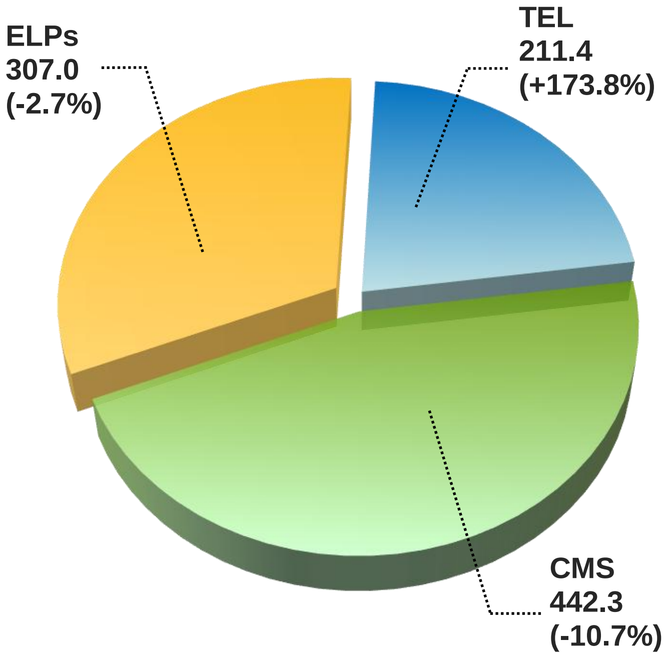
- **TEL products** revenue fell 11.0% to US$178.8 million
- Sales declined in all three categories
- **Residential phones:** Lower sales; VTech remained No. 1 US cordless phone brand
- **Commercial phones and smartphones:** Sales decreased as higher sales of hotel phones and headsets offset by declines for SIP phones
- **Other telecommunication products:** Sales decreased as lower sales of baby monitors and CareLine offset modest growth in IADs

North America (continued)

- **CMS** revenue decreased 11.9% to US$269.4 million, as declines in professional audio equipment, solid-state lighting and IoT products offset growth in industrial products
- **Professional audio equipment:** Lower sales of power amplifiers, audio mixers and professional loudspeakers
- **Solid-state lighting:** Sales declined on fall in projects
- **IoT products:** Customer experienced financial issue, offsetting gains from new orders for smart basketball hoop game consoles
- **Industrial products**: Sales contribution from new customer in smart water leakage detectors offset decline in PCBA for coin and note recognition machines

vtech | Europe

Revenue by Product Line (US$ million)



- **Revenue increased 8.2% to US$960.7 million, 44.1% of Group revenue, now VTech's largest market**
- **Higher sales of TEL products offset declines for ELPs and CMS**
- **ELPs revenue** fell 2.7% to US$307.0 million
  - Lower sales of standalone and platform products
  - Sales declines in France, Germany and the Benelux countries, offsetting growth in UK, Spain and Italy
  - Remained No. 1 manufacturer of infant and toddler toys in France, UK, Germany, Spain, Belgium and Netherlands

Europe (continued)

- **Standalone products:**
  - Growth in LeapFrog brand offset by decline for VTech
  - **LeapFrog:** Higher sales of infant and toddler products, boosted by the launch of Magic Adventures Binoculars. Sales of eco-friendly toys stable. These offset declines for preschool products and LeapLand Adventures
  - **VTech:** Higher sales of infant, toddler and preschool products, as well as Kidi line. These gains insufficient to offset lower sales of Toot! Toot! family of products, KidiZoom cameras, Marble Rush, electronic learning aids and Switch & Go Dinos
- **Platform products:**
  - Growth in LeapFrog offset by decline for VTech
  - **LeapFrog**: Higher sales of Magic Adventure Globe. Sales of interactive reading systems stable
  - **VTech**: Lower sales of children's educational tablets, KidiZoom Smartwatch, KidiCom range and Touch & Learn Activity Desk

Europe (continued)

- **TEL products** revenue increased 173.8% to US$211.4 million with growth in all product categories
- **Residential phones:** Growth driven by Gigaset revenue contribution and increased sales of VTech branded phones in UK
- **Commercial phones and smartphones:** Higher sales on consolidation of Gigaset revenue, comprising mainly sales of multicell DECT system and smartphones. Hotel phones grew on new markets and distribution; SIP phones sales declined
- **Other telecommunication products:** Higher sales as growth in baby monitors offset declines in CAT-iq handsets and CareLine

Europe (continued)

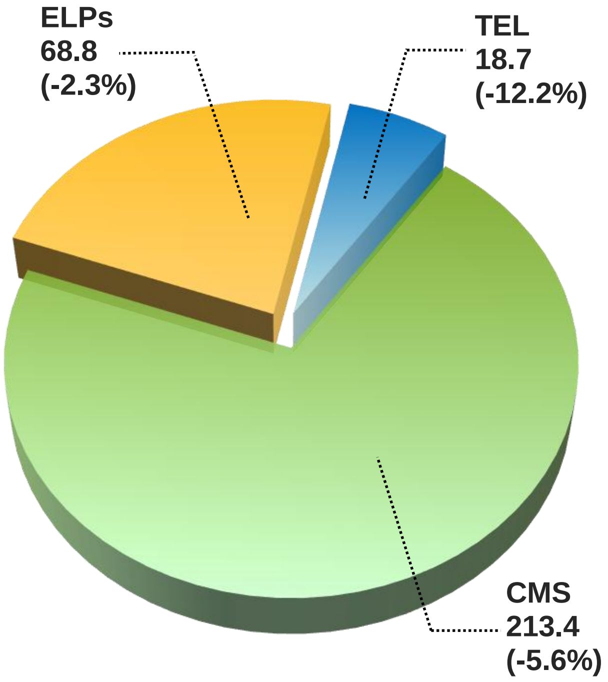
- **CMS** revenue fell by 10.7% to US$442.3 million
- Lower sales of professional audio equipment, hearables, communication products and smart energy storage systems offset higher sales of IoT products and automotive products
- Sales of home appliances and medical and health products stable
  - **Professional audio equipment:** Sales of home audio interface products declined on weak market demand and unsuccessful product launch by customer
  - **Hearables:** Sales decreased as customer lost market share

Europe (continued)

- **Communication products:** Lower orders for wireless routers on inventory overstocking
- **Smart energy storage systems:** Impacted by removal of Swedish government subsidies and higher competition
- **IoT products:** More orders for internet connected thermostats and air-conditioning controls as customer sells directly to businesses
- **Automotive products:** Sales increased as VTech gained market share in EV chargers

Asia Pacific

Revenue by Product Line (US$ million)



- **Revenue fell 5.3% to US$300.9 million, 13.8% of Group revenue**
- **Sales of all three product lines declined**
- **ELPs** revenue decreased 2.3% to US$68.8 million
- Sales declined in Australia, Hong Kong and South Korea, offsetting growth in China
  - **Australia:** Slight sales decline as increase for VTech brand offset by decrease for LeapFrog
  - **Hong Kong:** Lower sales to a key customer
  - **South Korea:** Sales affected by underperformance of distributor
  - **China:** Growth in online sales offset decline in offline channels

Asia Pacific (continued)

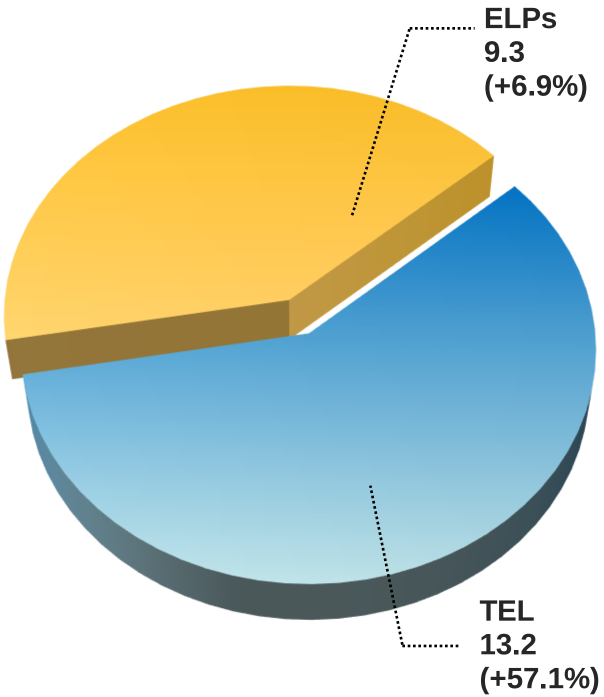
- **TEL products** revenue decreased 12.2% to US$18.7 million, owing to lower sales in Australia and Japan
  - **Australia:** Sales declined on lower sales of residential phones and baby monitors
  - **Japan:** Sales affected by reduced orders for residential phones from an ODM customer

Asia Pacific (continued)

- **CMS** revenue decreased 5.6% to US$213.4 million
- Lower sales of professional audio equipment, communication products, as well as medical and health products
  - **Professional audio equipment:** Affected by slowdown in the market for DJ equipment
  - **Communication products:** Orders of marine radios fell as customer continued to transfer production in-house
  - **Medical and health products:** Lower sales of diagnostic ultrasound systems as customer lost market share in China
- Sales contributions from new Chinese customers in home appliances (cooking robots) and IoT products (smart rings)

Other Regions

Revenue by Product Line (US$ million)



- **Revenue rose 31.6% to US$22.5 million, 1.1% of Group revenue**
- **Higher sales of ELPs and TEL products**
- **ELPs** revenue increased 6.9% to US$9.3 million. Growth in Latin America and the Middle East offset decline in Africa
- **TEL products** revenue rose 57.1% to US$13.2 million. Growth in Latin America and the Middle East offset decrease in Africa
- **CMS** revenue immaterial

Outlook

vtech

Outlook

- As 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
- Accelerating relocation of production of US bound products to Malaysia, Mexico and Germany to mitigate tariff effects
- In US, some tariff costs to be passed on through higher prices
- Focus on expanding sales in emerging markets

Outlook

- Group revenue now forecast to decline in FY2026 due to volatile US tariff situation and negative economic outlook
- Gross profit margin projected to be largely stable:
  - Cost of materials likely to remain little changed
  - Labour costs and manufacturing overheads predicted to be higher
  - Logistics costs expected to rise
  - These cost increases, along with increased tariff costs, will be offset by higher prices, more favourable product mix and stronger European currencies

Outlook

ELPs

- Revenue expected to decline due to US tariff policy
- Targeting growth in global market share
- **Standalone products:** Expansion of core learning category, licensed products portfolio and Kidi line
- **Platform products:** Brand-new motion-based learning platform, revamped interactive reading system and new generation of Touch & Learn Activity Desk

Outlook

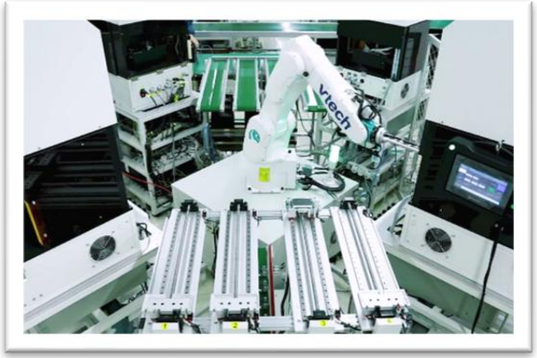
TEL Products

- Sales forecast to grow on Gigaset synergies and expansion in Eastern Europe
- **Residential phones:** New DECT phones targeting high-end segment
- **Commercial phones and smartphones:** New Gigaset single cell DECT phones, and smartphones for government bodies and institutions
- **Other telecommunication products:** Leadership in baby monitors to be strengthened by new AI models

Outlook

CMS

- Revenue projected to decrease on weak global economy and rising geopolitical uncertainty
- Helping affected customers transfer production to Malaysia and Mexico, where the roll-out of i4.0 will raise productivity
- Further expansion of facilities in Muar, Malaysia
- Building on recent success in acquiring customers in China and offering more design support



Q&A

Thank You