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VTech Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 303)

PROFIT WARNING

This announcement is made by VTech Holdings Limited (“VTech” or the “Company”, together with its subsidiaries, the “Group”) pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board of Directors (the “Board”) of the Company wishes to inform shareholders of the Company and potential investors that the Group expects to report a 35% to 40% decrease in profit attributable to shareholders of the Company for the six months ended 30 September 2021, as compared with the reported profit of US\$123.6 million for the corresponding period in 2020.

The Board considers that the decline in profit is mainly due to a drop in gross profit margin arising from the following factors:

- Significant increase in costs due to:
 - increases in material prices owing to severe worldwide shortages, especially electronic components and plastic materials;
 - a drastic increase in freight costs owing to container shortages; and
 - an appreciation of Renminbi.
- Decreases in sales of electronic learning products and telecommunication products as a result of:
 - severe shortages in certain key electronic components, in particular semiconductors; and
 - supply chain disruption due to container shortages causing a delay in shipments of products to the Group’s customers.

Despite the above, the Group’s financial position remains strong.

The information contained in this announcement represents a preliminary assessment based on the information available to the Board as at the date hereof and such information has not been reviewed by the independent auditor of the Company. The Company is still in the process of collecting information and has not finalized its accounts, nor has it begun to prepare its interim results, which are subject to further review and assessment by the Audit Committee, the Board and the independent auditor of the Company. Therefore, the Group's interim results for the six months ended 30 September 2021 may be different from the information set out in this announcement. Shareholders and potential investors of the Company are advised to refer to the Group's interim results announcement which will be published in November 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 21 September 2021

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 of the Company is Mr. William WONG Yee Lai. The Independent Non-executive Directors of the Company are Dr. William FUNG Kwok Lun, Professor KO Ping Keung, Dr. Patrick WANG Shui Chung and Mr. WONG Kai Man.

www.vtech.com/en/investors/