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PLAYMATES TOYS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 869)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Highlights

For the six months ended 30 June	2025 HK\$'000	2024 HK\$'000
Revenue	185,514	445,141
Gross profit	79,360	249,447
Operating (loss)/profit	(45,293)	68,435
(Loss)/Profit before income tax	(15,517)	117,420
Income tax expense	(10,093)	(25,962)
(Loss)/Profit attributable to owners of the Company	(25,610)	91,458
(Loss)/Earnings per share	HK cents	HK cents
- Basic	(2.17)	7.75
- Diluted	(2.17)	7.75
Interim dividend per share	1.00	2.00

Playmates Toys worldwide turnover during the first half of 2025 was HK\$186 million (same period in 2024: HK\$445 million), representing a decline of 58% compared to the prior year period. The unfavourable comparison was driven by: (i) the anticipated decline in *Godzilla x Kong* product shipments as we lapped the *Godzilla x Kong: The New Empire* movie release in March 2024, (ii) moderating demand for our *Teenage Mutant Ninja Turtles* (“TMNT”) products in the absence of any tentpole entertainment event for the TMNT brand, and (iii) some disruption in shipments to the U.S. market in April amidst escalating trade tensions.

Gross profit ratio on toy sales was 43% (same period in 2024: 56%). Lower gross profit margin in the first half of 2025 reflected: (i) payment of tariffs in effect for goods entering the U.S. starting in Q2 2025, (ii) higher product development and tooling costs as a percentage of sales, in preparation for new product launches in the second half of 2025, and (iii) higher clearance costs of discontinuing products. Operating expenses declined by 49% compared to prior year, reflecting lower variable costs, partially offset by higher media production expenses as a percentage of sales, in preparation for upcoming new brand launches. Administration expenses increased 7% compared to the prior year period.

The group reported an operating loss of HK\$45 million during the first half of 2025 (same period in 2024: operating profit of HK\$68 million). Other net income during the current year period included a HK\$9 million net unrealized and realized gain on our listed equities investment position (same period in 2024: HK\$21 million) and HK\$21 million in interest income (same period in 2024: HK\$30 million). Net loss attributable to shareholders during the first half of 2025 was HK\$25.6 million (same period in 2024: net profit of HK\$91.5 million).

Although we expected 2025 to be a transition year for us, the first half of 2025 proved to be exceptionally challenging in large part due to global trade dynamics. As trade negotiations continue, tariff rates may be further adjusted in the second half of 2025, which would reintroduce uncertainty in our operating environment. The currently effective tariffs will continue to negatively pressure our profitability, partially offset by selective pricing adjustments that will become effective in Q3 2025. We are carefully assessing sourcing alternatives as the global trade situation develops. We are also closely monitoring consumer spending patterns as the overall toy industry adapts to the latest trade dynamics.

Brand Overview

Teenage Mutant Ninja Turtles (“TMNT”)

Paramount Pictures and Nickelodeon Movies are developing a 4-season series that will serve as a “bridge” between *Teenage Mutant Ninja Turtles: Mutant Mayhem* and its sequel, slated to release in 2027. Season 1 of the spinoff series, titled *Tales of The Teenage Mutant Ninja Turtles*, was released on Paramount+ in August 2024, followed by Netflix in January 2025 in the U.S. and other major markets around the world throughout 2025. Seasons 2 to 4 of the series are scheduled to debut on Paramount+ this Fall and run through Spring 2027. Both the movie sequel and the Paramount+ series will be produced by Seth Rogen’s Point Grey Pictures. We are actively developing new products to coincide with the upcoming content.

Power Rangers

We have recently entered into a global license agreement with Hasbro, a leading toy and game company, to produce and distribute *Power Rangers* toys. We are developing an extensive kid-targeted *Mighty Morphin Power Rangers: Re-Ignition* toy line, including action figures, collectibles, combinable Zords and roleplay accessories. This debut will be supported by new and enhanced content on YouTube, Netflix and other entertainment channels, all designed to engage a new generation of kids in the *Power Rangers* story. We have begun initial shipments and are seeing encouraging early consumer feedback. Distribution will continue to expand throughout the Fall.

Godzilla x Kong

The *Godzilla x Kong Monsterverse* franchise continues to sustain consumer engagement in a non-movie year, following the successful release of *Godzilla x Kong: The New Empire* in March 2024. As the global master toy licensee, we continue to develop extensions to our product line to include characters from across the *MonsterVerse* movies and TV shows.

Winx

Following the celebration of its 20th anniversary last year, Italian entertainment group Rainbow has announced the highly anticipated CGI reboot, *Winx Club: The Magic Is Back*, set to premiere on Netflix in October 2025. We will debut an all-new fashion doll and role-play toy line in the U.S. and select international markets this Fall, with distribution expanding in Spring 2026.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2025

	Note	Unaudited Six months ended 30 June		
		2025 US\$'000 (Note 11)	2025 HK\$'000	2024 HK\$'000
Revenue	3	23,784	185,514	445,141
Cost of sales		(13,609)	(106,154)	(195,694)
Gross profit		10,175	79,360	249,447
Marketing and licensing expenses		(6,104)	(47,609)	(91,651)
Selling and distribution expenses		(2,004)	(15,629)	(31,725)
Administration expenses		(7,873)	(61,415)	(57,636)
Operating (loss)/profit		(5,806)	(45,293)	68,435
Other net income	4	3,938	30,718	50,822
Finance costs		(121)	(942)	(1,837)
(Loss)/Profit before income tax	5	(1,989)	(15,517)	117,420
Income tax expense	6	(1,294)	(10,093)	(25,962)
(Loss)/Profit for the period and total comprehensive income for the period attributable to owners of the Company		(3,283)	(25,610)	91,458
		<i>US cents</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss)/Earnings per share	8			
Basic		(0.28)	(2.17)	7.75
Diluted		(0.28)	(2.17)	7.75

Condensed Consolidated Statement of Financial Position

As at 30 June 2025

		Unaudited 30 June 2025 US\$'000 (Note 11)	Unaudited 30 June 2025 HK\$'000	Audited 31 December 2024 HK\$'000
Non-current assets				
Property, plant and equipment		532	4,148	666
Right-of-use assets		738	5,756	9,996
Deferred tax assets		3,865	30,150	32,665
		5,135	40,054	43,327
Current assets				
Inventories		4,437	34,608	27,654
Trade receivables	9	5,697	44,435	136,670
Deposits paid, other receivables and prepayments		8,345	65,094	64,633
Tax recoverable		2,827	22,050	22,050
Financial assets at fair value through profit or loss		10,903	85,044	87,473
Cash and deposits with banks		131,895	1,028,781	1,043,325
		164,104	1,280,012	1,381,805
Current liabilities				
Trade payables	10	5,950	46,407	19,372
Deposits received, other payables and accrued charges		12,287	95,844	122,330
Provisions		5,488	42,805	55,074
Lease liabilities		859	6,700	9,433
Taxation payable		2,837	22,126	14,547
		27,421	213,882	220,756
Net current assets		136,683	1,066,130	1,161,049
Total assets less current liabilities		141,818	1,106,184	1,204,376
Non-current liabilities				
Lease liabilities		-	-	1,924
Long service payment liabilities		181	1,412	1,330
		181	1,412	3,254
Net assets		141,637	1,104,772	1,201,122
Equity				
Share capital		1,513	11,800	11,800
Shares held for share award plan		(215)	(1,680)	-
Reserves		140,339	1,094,652	1,189,322
Total equity		141,637	1,104,772	1,201,122

Notes to the Condensed Consolidated Financial Information

1. Basis of preparation and accounting policies

This condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated financial information should be read in conjunction with the 2024 annual financial statements.

The accounting policies used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December 2024.

2. Changes in accounting policies

The HKICPA has issued a number of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period. None of these amendments have had a material effect on the Group’s results and financial position for the current or prior periods. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Revenue and segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group’s senior executive management for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. Based on the internal reports reviewed by the senior executive management of the Group that are used to make strategic decision, the only operating segment of the Group is design, development, marketing and distribution of toys and family entertainment activity products. No separate analysis of the reportable segment profit/loss before income tax, reportable segment assets and reportable segment liabilities by operating segment are presented.

Revenue represented sales of toys and was recognised at the point in time when customers obtain the control of the goods.

3.1 Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue and (ii) the Group's property, plant and equipment and right-of-use assets ("specified non-current assets"). The geographical location of revenue is based on the country in which the customer is located. The geographical location of the specified non-current assets is based on the physical location of the property, plant and equipment and right-of-use assets.

	Revenue		Specified non-current assets	
	Six months ended 30 June		30 June	31 December
	2025	2024	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong (place of domicile)	-	388	2,339	4,491
Americas				
- U.S.A.	131,459	309,454	3,596	5,572
- Others	20,217	25,826	-	-
Europe	31,351	90,536	3,969	599
Asia Pacific other than Hong Kong	2,487	18,549	-	-
Others	-	388	-	-
	185,514	444,753	7,565	6,171
	185,514	445,141	9,904	10,662

3.2 Major customers

The Group's customer base includes three (2024: two) customers with whom transactions exceeded 10% of the Group's total revenue. Revenue from sales to these customers amounted to approximately HK\$56,572,000, HK\$51,054,000 and HK\$24,014,000 (2024: HK\$157,994,000 and HK\$102,552,000) respectively.

4. Other net income

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net gain/(loss) on financial assets at fair value through profit or loss		
- unrealised	10,148	17,303
- realised	(1,139)	3,439
Interest income	21,149	29,811
Dividend income	237	240
Others	323	29
	30,718	50,822

5. (Loss)/Profit before income tax

(Loss)/Profit before income tax is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Cost of inventories sold	90,999	184,619
Product development and tooling costs	14,946	10,638
Royalties expenses	25,849	58,936
Directors' and staff remunerations	35,357	34,143
Depreciation		
- property, plant and equipment	294	256
- right-of-use assets	4,240	4,240
Interest expenses on lease liabilities	236	460
Net exchange loss/(gain)	398	(540)

6. Income tax expense

No Hong Kong profits tax has been provided as the Group companies which are subject to Hong Kong profits tax either incurred tax losses or have tax losses brought forward to set off assessable profit for the year. Overseas taxation of overseas subsidiaries is provided in accordance with the applicable tax laws.

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Current tax expense		
Hong Kong profits tax	-	5,732
Overseas taxation	7,578	12,897
	7,578	18,629
Deferred taxation		
Origination and reversal of temporary differences	2,515	7,333
Income tax expense	10,093	25,962

The Group's cumulative unrecognised tax losses as of 30 June 2025 amounted to HK\$66,159,000 (31 December 2024: HK\$11,071,000). These tax losses do not expire under respective tax legislation.

7. Dividends

7.1 Dividends attributable to the interim period

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Interim dividend of HK cent 1 per share (2024: HK cents 2)	11,800	23,614
Less: dividend for shares held in trust under share award plan (<i>Note(i)</i>)	(30)	-
	<u>11,770</u>	<u>23,614</u>

At a meeting held on 15 August 2025, the board of directors has resolved to pay an interim dividend of HK cent 1 per share to be paid on 19 September 2025 to shareholders whose names appear on the Company's Register of Members on 2 September 2025.

The interim dividends declared after the end of the reporting period have not been recognised as liabilities in this condensed consolidated financial information for the six months ended 30 June 2025.

Note:

- (i) Shares acquired and held in trust by the Trustee of the Share Award Plan of the Company are recorded as "shares held for share award plan" as a reduction under equity. The dividends for shares held in trust under the Share Award Plan were deducted from the total dividends.

7.2 Dividends attributable to the previous financial year and paid during the interim period

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Dividends in respect of the previous financial year and paid during the interim period:		
Second interim dividend of HK cents 3 per share (2024: HK cents 3)	35,400	35,421
Special interim dividend of HK cents 3 per share (2024: HK cents 3)	35,400	35,421
	<u>70,800</u>	<u>70,842</u>

8. (Loss)/Earnings per share

The calculation of (loss)/basic earnings per share is based on the loss attributable to owners of the Company of HK\$25,610,000 (2024: profit of HK\$91,458,000) and the weighted average number of ordinary shares of 1,178,657,000 shares (2024: 1,180,700,000 shares) in issue during the period excluding any ordinary shares purchased by the Company held for share award plan.

Diluted loss per share for the six months ended 30 June 2025 equals to the basic loss per share as (i) the potential ordinary shares on exercise of share options and (ii) the potential ordinary shares deemed to be issued under the share award plan are anti-dilutive. Therefore they were not included in the calculation of diluted loss per share.

Diluted earnings per share for the six months ended 30 June 2024 equals to the basic earnings per share as the potential ordinary share on exercise of share options are anti-dilutive and therefore were not included in the calculation of diluted earnings per share.

9. Trade receivables

	30 June 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	83,688	175,517
<u>Less: Allowance for customer concession</u>	(39,253)	(38,847)
	44,435	136,670

The Group grants credits to retail customers to facilitate the sale of slow moving merchandise held by such customers. Such allowance for customer concession is arrived at by using available contemporary and historical information to evaluate the exposure.

The normal trade terms with customers are letters of credit at sight or usance or on open accounts with credit term in the range of 60 to 90 days (2024: 60 to 90 days). The following is an aging analysis of trade receivables based on the invoice date at the end of the reporting period:

	30 June 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 60 days	37,981	89,307
61 – 90 days	5,334	35,777
91 – 180 days	557	8,294
<u>Over 180 days</u>	563	3,292
	44,435	136,670

10. Trade payables

The following is an aging analysis of trade payables based on the invoice date at the end of the reporting period:

	30 June	31 December
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	42,590	17,955
31 – 60 days	1,758	1,389
Over 60 days	2,059	28
	<hr/> 46,407	<hr/> 19,372

11. US dollar equivalents

These are shown for reference only and have been arrived at based on the exchange rate of HK\$7.8 to US\$1 ruling at 30 June 2025.

FINANCIAL ANALYSIS

The toy business is inherently seasonal in nature. As a result, a disproportionately high balance of trade receivables is typically generated during the peak selling season in the second half of the year. Consistent with usual trade practices, a significant portion of the trade receivables is collected in the final weeks of the fourth quarter and in the first quarter of the subsequent year, resulting in a seasonal demand for working capital during the peak selling season. As at 30 June 2025, trade receivables were HK\$44,435,000 (31 December 2024: HK\$136,670,000) and inventories were HK\$34,608,000 (31 December 2024: HK\$27,654,000).

The Group's current ratio, calculated as the ratio of current assets to current liabilities, was 6.0 at 30 June 2025 compared to 6.3 at 31 December 2024.

The Group maintains a level of cash that is necessary and sufficient to serve recurring operations as well as further growth and developmental needs. As at 30 June 2025, the Group's cash and deposits with banks were HK\$1,028,781,000 (31 December 2024: HK\$1,043,325,000), of which HK\$1,011,981,000 (31 December 2024: HK\$990,049,000) was denominated in United States dollar and the remaining balance was mainly denominated in Hong Kong dollar.

As at 30 June 2025, the Group's treasury investment in listed equities amounted to HK\$85,044,000 (31 December 2024: HK\$87,473,000) representing 6.4% of the total assets of the Group (31 December 2024: 6.1%). This comprised HK\$9,701,000 of equities listed in Hong Kong (31 December 2024: HK\$10,728,000) and HK\$75,343,000 of equities listed overseas (31 December 2024: HK\$76,745,000). None of the individual securities positions held by the Group had a market value that exceeded 1.3% of the total assets of the Group. The top 10 listed securities in aggregate represented 6.3% of the total assets of the Group and included NVIDIA Corporation (NVDA.US), Amazon.com, Inc. (AMZN.US), The Walt Disney Company (DIS.US), Netflix, Inc. (NFLX.US), Microsoft Corporation (MSFT.US), Alphabet Inc. (GOOG.US), The Goldman Sachs Group, Inc (GS.US), Tencent Holdings Limited (700.HK), Apple Inc. (AAPL.US) and Alibaba Group Holding Ltd (9988.HK).

The Group is exposed to foreign currency risk primarily through sales that are denominated in United States dollar. The Group does not hedge its foreign currency risks, as the rate of exchange between Hong Kong dollar and the United States dollar is controlled within a tight range. Long-term changes in foreign exchange rates would have an impact on consolidated earnings.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period, the Trustee of the Share Award Plan, pursuant to the terms of the rules and the trust deed of the Share Award Plan, purchased on the open market a total of 3,000,000 shares of the Company at a total consideration of approximately HK\$1,680,000 to satisfy the Share Awards to be vested in the subsequent period. Other than the aforesaid, neither the Company nor any of its subsidiaries has redeemed, purchased or sold any of the Company's shares and the Company did not have any treasury shares during the period.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all the applicable code provisions (“**Code Provisions**”) of Part 2 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the six months ended 30 June 2025, except the followings:

The Code Provision C.2.1 provides that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The Company does not have a designated chief

executive. The Board oversees the management, businesses, strategy and financial performance of the Group. The day-to-day business of the Group is handled by the executive directors collectively. The executive directors supported by the senior executives are delegated with the responsibilities of running the business operations and making operational and business decisions of the Group. The Board considers that this structure is adequate to ensure an effective management and control of the Group's businesses and operations. The structure outlined above will be reviewed regularly to ensure that sound corporate governance is in place.

Further information of the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ending 31 December 2025. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated financial information for the six months ended 30 June 2025.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 1 September 2025 to 2 September 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be qualified for the declared dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Investors Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 29 August 2025. The interim dividend will be paid on 19 September 2025 to the shareholders on the Register of Members of the Company on 2 September 2025.

On behalf of the Board
Chan Kwong Fai, Michael
Chairman

Hong Kong, 15 August 2025

As at the date hereof, the board of directors of the Company comprises the following directors:

Mr. Chan Kwong Fai, Michael (*Chairman*), Ms. Chan, Helen (*Executive Director*), Mr. Chan Kong Keung, Stephen (*Executive Director*), Mr. Ip Shu Wing, Charles (*Independent Non-executive Director*), Mr. Lam Wai Hon, Ambrose (*Independent Non-executive Director*), Mr. Tran Vi-hang William (*Executive Director*) and Mr. Yu Hon To, David (*Independent Non-executive Director*)