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PLAYMATES TOYS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 869)

PROFIT WARNING

This announcement is made by Playmates Toys Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (“**Board**”) wishes to inform shareholders of the Company and investors that based on a preliminary assessment of the financial results for the year ended 31 December 2022, the Group’s revenue and operating profit are expected to be HK\$504 million and HK\$34.5 million respectively, as compared to revenue and operating profit of approximately HK\$625 million and HK\$37.8 million respectively for the year ended 31 December 2021. The Group is expected to report a profit before tax of HK\$15 million for the year ended 31 December 2022, as compared to a profit before tax of HK\$32 million in 2021. The decrease in profit before tax was mainly attributable to:

- (1) a net unrealised loss of approximately HK\$29.8 million of the Group’s treasury investment in listed equity securities for the year ended 31 December 2022 as compared to a net unrealised loss of HK\$8.8 million in 2021. The values of the Group’s treasury investment were negatively affected by the decline in global financial markets in 2022; and
- (2) decrease in revenue in 2022 driven by: (i) an anticipated decline in *Godzilla vs. Kong* product sales, lapping the movie release in 2021, and (ii) a slowdown in sales of our other product lines during the second half of 2022 as macroeconomic headwinds increased throughout the year.

The Company is in the process of preparing the financial statements of the Group for the year ended 31 December 2022. The information contained in this announcement is only a preliminary assessment by the Board and is not based on any figures or information audited or reviewed by the Company’s auditors. The Company is planning to announce the Group’s financial results for the year ended 31 December 2022 on 10 March 2023.

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

On behalf of the Board
Ng Ka Yan
Company Secretary

Hong Kong, 24 February 2023

As at the date hereof, the Board comprises the following directors:

Mr. Chan Kwong Fai, Michael (*Chairman*), Mr. Chan Kong Keung, Stephen (*Executive Director*), Mr. Chow Yu Chun, Alexander (*Independent Non-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*)