

Press Release

For Immediate Release

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Singapore-listed GP Industries announces 2023/2024 final results with significant improvement in operating earnings

Gold Peak Technology Group Limited's (stock code: 40) 85.59% subsidiary, the Singapore-listed GP Industries Limited, today announced its unaudited consolidated results for the six months ended 30 September 2024.

Summary of results of GP Industries

- GP Industries' operating earnings improved significantly

- GP Industries' revenue increased 1.1% to S\$570.5 million
- Primary Battery Business revenue increased 9.9% to S\$420.1 million
- Branded Acoustics Business revenue increased 14.1% to S\$87.2 million
- Nickel Metal Hydride Rechargeable Battery Manufacturing Business was excluded after the completion of distribution in specie of GP Energy Tech Limited in January 2024
- Gross profit margin improved from 27.4% to 29.7%
- Profit before finance costs and share of results of associates increased 53.9% to S\$37.8 million
- Profit attributable to equity holders of GP Industries increased 62.9% to S\$14.5 million
- Basic earnings per GP Industries share increased 62.5% to 2.99 Singapore cents
- Interim dividend of 1.5 Singapore cents per GP Industries ordinary share, increased 50%
- Improve GP Industries Group's net assets by S\$34.5 million including issuance of Perpetual Bonds

Review of Results

For the first half year ("1H") ended 30 September 2024 ("1HFY2025"), GP Industries' revenue increased by S\$6.3 million or 1.1% to S\$570.5 million, compared to the revenue reported for the first half last year ("1HFY2024"). The increment was mainly due to a 0.6% and 3.0% increase in revenue of the Battery Business and the Audio Business, respectively. In terms of geographical markets, sales to the Americas and Asia increased while sales to Europe decreased.

Gold Peak Technology Group Limited

金山科技工業有限公司

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During 1HFY2025, GP Industries has enhanced factory efficiency, implemented strict cost control measures and monitored the optimal level and timing of commodities purchases. As a result, GP Industries' gross profit margin increased from 27.4% in 1HFY2024 to 29.7% in 1HFY2025 and achieved an increase in gross profit for 1HFY2025 from S\$154.3 million to S\$169.4 million.

Other operating income increased by 17.6% from S\$12.8 million to S\$15.1 million. During 1HFY2025, GP Industries reported a gain on de-registration of a dormant Malaysia Battery subsidiary of S\$2.0 million and fair value gain on financial assets at fair value through profit or loss of S\$2.1 million, mainly representing the unquoted equity shares of GP Energy Tech Limited. GP Industries did not have such one-off gain in 1HFY2024.

Distribution costs increased by S\$2.0 million or 2.9% to S\$71.8 million, due mainly to increase global shipping cost in 1HFY2025 and was in line with the increase in sales volume for 1HFY2025 especially sales to the Americas.

GP Industries continued to implement operational efficiency enhancement and expense control measures since 1HFY2024. GP Industries' administrative expenses remained at approximately the same level as 1HFY2024.

Other operating expenses for 1HFY2025 increased to S\$2.0 million, compared to S\$1.6 million for 1HFY2024. The increase in 1HFY2025 was due mainly to property, plant and equipment write-off for 1HFY2025 related to some aged production lines being upgraded to new production line in the Battery Business.

GP Industries' operating earnings have improved significantly during 1HFY2025. GP Industries' profit before finance costs and share of results of associate ("PBFCRA") for 1HFY2025 increased by 53.9% to S\$37.8 million, compared to S\$24.6 million for 1HFY2024. The adjusted PBFCRA, calculated by adding back the "Other Operating Expenses" and deducting "Other Operating Income" from PBFCRA, increased by 85.7% to S\$24.7 million for 1HFY2025, as compared to S\$13.3 million in 1HFY2024, reflecting a substantial improvement in the operating results before other operating items in 1HFY2025 as compared to 1HFY2024.

Finance costs for 1HFY2025 was S\$15.2 million, a decrease of S\$1.5 million or 8.6% from S\$16.7 million reported for 1HFY2024, due mainly to repayment of bank borrowings during 1HFY2025.

Share of results of associates excluding XIC Innovation Limited ("**XIC Innovation**") for 1HFY2025 decreased by S\$4.6 million to S\$6.4 million. During 1HFY2024, there was a share of the one-off land disposal gain amounted to S\$4.0m from Changzhou Lithium Batteries Ltd.

Total profit attributable to equity holders of GP Industries increased by 62.9% to S\$14.5 million for 1HFY2025, as compared to S\$8.9 million for 1HFY2024.

Business Review of GP Industries

(for the 6 months ended 30 September 2024)

GP Industries has three main business segments – Battery Business, Audio Business and Other Industrial Investments. For 1HFY2025, GP Industries recorded a revenue of S\$570.5 million, of which approximately 77.4% was contributed by the Battery Business, while Audio Business contributed the remaining 22.6%.

Battery Business

The revenue of the Battery Business for 1HFY2025 was S\$441.4 million, a slight increase of 0.6% as compared to that of 1HFY2024. Upon completion of the distribution in specie of the Nickel Metal Hydride rechargeable battery manufacturing business (“DIS”) to the shareholders of GP Industries in January 2024, GP Industries’ revenue from the rechargeable battery business only covers the trading of GP brand rechargeable battery products. During 1HFY2025, the revenue contributed by the primary battery business increased by S\$37.9 million compared to 1HFY2024, which outweighed the drop in revenue from rechargeable battery business of S\$35.1 million after the completion of DIS as compared to 1HFY2024.

In geographical terms, sales to Asia and the Americas increased by 4.8% and 32.3%, respectively, while sales to Europe decreased by 24.5%.

Gross profit margin of the Battery Business for 1HFY2025 improved to 25.3% when compared to 23.4% for 1HFY2024. The improvement in the gross profit margin was due mainly to improvement in factory efficiency and product mix. The increase in gross profit margin of the Battery Business contributed to the increase in profit contribution from the Battery Business for 1HFY2025.

Audio Business

The revenue of the Audio Business was S\$129.1 million, a 3.0% increase when compared to the S\$125.3 million revenue reported for 1HFY2024.

The strong products program, successful dealer and distributor connections, and the opening of new experience centers in Tokyo and London have positively impacted the KEF branded acoustics business. In 1HFY2025, revenue from branded acoustics business increased by 14.1% compared to the same period in FY2024. This growth reflects the effectiveness of the strategic initiatives in enhancing market presence and customer engagement. Sales of KEF products increased by 15.7%, with sales improved in the Americas, Europe and Asia markets. The Celestion brand professional speaker driver business reported a 8.1% revenue increase in 1HFY2025 when compared to 1HFY2024.

Revenue of the professional audio manufacturing business decreased by 14.3% due mainly to the sales decline in the Americas and Europe.

Gross profit margin of the Audio Business for 1HFY2025 increased to 44.8%, an increment of 3.7% when compared with 1HFY2024. The increase in gross profit margin is mainly contributed by the increase in branded acoustics products with higher margin.

Other Industrial Investments

This business segment mainly includes GP Industries' investments in Meiloon Industrial Co., Ltd. ("**Meiloon**"), Shinwa Industries (H.K.) Limited ("**Shinwa**") and Wisefull Technology Limited. The contribution before taxation from this segment increased from S\$4.3 million for 1HFY2024 to S\$5.3 million for 1HFY2025, due mainly to the improvement in the share of results of Meiloon and Shinwa for 1HFY2025.

XIC Innovation and its subsidiaries ("**XIC Group**") are continuing its business operations with support from major customers and suppliers and continues to explore the possibility of obtaining new funding from third parties to overcome the financial distress. GP Industries' 39.13% direct equity interest in XIC Innovation as at 31 March 2024 of S\$46.2 million was classified as financial assets at fair value through other comprehensive income. Starting from 1 April 2024, any fair value changes of XIC Group will be recognised in other comprehensive income ("**OCI**") and will not affect the profit or loss of GP Industries.

Based on the valuation report prepared by an independent external valuer ("**XIC Valuation Report**"), the fair value of GP Industries' interest in XIC Innovation as at 30 September 2024 was S\$15.2 million, after considering the additional impairment on certain assets of XIC Group based on updated information obtained up to the date of this results announcement, and a fair value loss of S\$31.0 million was recognized in OCI of GP Industries during 1HFY2025.

The independent external valuer used the asset-based approach, same approach as adopted for the financial year ended 31 March 2024, in the preparation of the XIC Valuation Report. The asset-based approach involves estimating the price at which an orderly transaction would take place in the principal or most advantageous market. The concept of orderly transaction implies that the transaction is not forced, such as forced liquidation or distress sale, which aligns with the current condition of XIC Group.

Capital Resource of GP Industries

During 1HFY2025, GP Industries has strengthened its capital base by (i) issuing perpetual subordinated bonds of an aggregate principal amount of US\$11 million (S\$14.1 million); (ii) transferring certain portion of an industrial complex located in China with carrying amount of S\$7.8 million to investment properties after recognizing a revaluation gain of S\$5.9 million in OCI and (iii) enhancing the earnings with the profit attributable to equity holders of GP Industries for 1HFY2025 of S\$14.5 million. The total positive effect of these measures on net assets of GP Industries for 1HFY2025 was S\$34.5 million.

GP Industries intends to speed up the divestment of another vacant land and buildings of its unused factories in China and generate rental income before the completion of the disposal, which would further strengthen GP Industries' net asset position.

Prospects of GP Industries

Commenting on the prospects of GP Industries, Chairman and Chief Executive Officer, Victor Lo said, “The global economy remains soft with high inflation and high interest rates persisting through 1HFY2025. These economic conditions may negatively impact consumer spending on electronic and acoustics products, potentially leading to slower growth in these sectors. Demand for GP Industries’ battery products is expected to remain stable as major overseas customers’ demand is stabilized following their inventory optimization processes that have been ongoing for the past few years.”

“With the new experience center in London opened in 1HFY2025 and combined with the strong products program, demand for KEF speakers is expected to gradually strengthen. Successful distribution channel expansion will further support this growth, enhancing customer engagement and product availability in the market.”

“Despite the interest rate reductions that began in September 2024, interest rates are expected to remain high throughout the year ending 31 March 2025, leading to significant finance costs which may continue to affect the profitability of GP Industries. GP Industries may explore funding some of its future expansions by other sources of financing, when appropriate, in order to reduce its bank borrowing and finance costs.”

“The future developments of XIC Group, including the results of its restructuring program, the outcome of the winding up petitions and its efforts in obtaining new funding from third parties is uncertain. Management will closely monitor the future developments of XIC Group and make further announcements to keep its shareholders and potential investors informed of any progress, if and when appropriate.”

“GP Industries will further strengthen its capital structure and base and provide sufficient buffer to accommodate any possible adverse financial impact on the liquidity position of GP Industries resulted from the continued challenges in the global economic landscape and any adverse changes in the fair value of the assets of GP Industries by (i) speeding up the divestment of non-core assets including the vacant land and buildings after the relocation of its unused factories and generate rental income before the conclusion of the sale agreements with potential buyers; (ii) implementing continuous cost reduction programs to enhance the financial resilience of GP Industries; and (iii) streamlining the corporate structure and simplify the work flows to increase the profitability of GP Industries.”

“No significant ‘Other Operating Income or Expenses’ related to disposal of non-core assets is expected for the second half year ending 31 March 2025.” Lo is also the Chairman and Chief Executive of Gold Peak.

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