

Press Release

For Immediate Release

14 November 2023, Hong Kong



Singapore-listed GP Industries announces 2023/2024 interim results

Gold Peak Technology Group Limited's (stock code: 40) 85.59% subsidiary, the Singapore-listed GP Industries Limited, announced its unaudited interim results for the six months ended 30 September 2023 ("1HFY2024").

Summary of results of GP Industries

| | <i>(For the six months ended 30 September)</i> | | % of change |
|--|--|------------------|-------------|
| | 2023 | 2022 | |
| Revenue | S\$564.2 million | S\$595.5 million | - 5.3% |
| Profit attributable to equity holders of GP Industries | S\$8.90 million | S\$19.80 million | - 55.1% |

Review of Results

For the first half year ("1H") ended 30 September 2023 ("1HFY2024"), GP Industries' revenue decreased by S\$31.3 million or 5.3% to S\$564.2 million, compared to the revenue reported for the first half last year ("1HFY2023"). The decline was mainly due to a 5.5% and 4.3% decrease in revenue of the Batteries Business and the Electronics and Acoustics Business, respectively. In terms of geographical markets, sales to Europe and Asia decreased while sales to the Americas increased.

During 1HFY2024, GP Industries has enhanced its product mix, implemented stricter cost control measures and monitored the optimal level and timing of commodities purchases. As a result, GP Industries' gross profit margin increased from 25.5% in 1HFY2023 to 27.4% in 1HFY2024.

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The improved profit margin outweighed the decrease in revenue and achieved an increase in gross profit for 1HFY2024 by 1.8% to S\$154.3 million.

Other operating income for 1HFY2024 decreased by 68.7% from S\$40.9 million to S\$12.8 million, compared to 1HFY2023. During 1HFY2023, GP Industries reported a gain on disposal of S\$12.4 million for its entire 29.28% equity interests in STL Technology Co., Ltd, an indirectly held associate of GP Industries, and a gain on disposal of S\$10.6 million for its entire 100% equity interests in Huizhou Modern Battery Limited, an indirectly wholly owned subsidiary of GP Industries, after relocating its rechargeable battery manufacturing facilities. GP Industries did not have such one-off disposal gains in 1HFY2024.

Distribution costs decreased by S\$3.2 million or 4.4% to S\$69.8 million due mainly to reduced global shipping cost in 1HFY2024 and was in line with the drop in sales volume for 1HFY2024.

During 1HFY2024, GP Industries has also actively implemented operational efficiency enhancement and expense control measures. GP Industries' administrative expenses decreased by 11.8% to S\$70.9 million, compared to S\$80.4 million in 1HFY2023. The decline in 1HFY2024 was due mainly to a drop in staff cost after GP Industries' headcount reduction, salary reduction for senior management and a reduction in rental expense and back-office expense after the completion of efficiency enhancement procedures.

Other operating expenses decreased to S\$1.6 million, compared to S\$10.0 million for 1HFY2023. The decrease in 1HFY2024 was due mainly to non-recurring charges recorded in 1HFY2023, which included a S\$3.3 million cumulative translation deficit charged to profit or loss upon de-registration of a subsidiary of the Batteries Business and a S\$3.0 million adjustment to the estimated compensation receivable in relation to the disposal of the old GP Electronics (Huizhou) Co., Ltd.'s factory of the Electronics and Acoustics Business.

GP Industries' profit before finance costs and share of results of associate ("PBF CRA") for 1HFY2024 decreased to S\$24.6 million, compared to S\$29.2 million for 1HFY2023. The adjusted PBF CRA, calculated by adding back the "Other Operating Expenses" and

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deducting “Other Operating Income” from PBF CRA, was a profit of S\$13.3 million for 1HFY2024 and a loss of S\$1.6 million for 1HFY2023, reflecting a substantial improvement in the operating results before other operating items of GP Industries in 1HFY2024 as compared to 1HFY2023.

Finance costs for 1HFY2024 was S\$16.7 million, an increase of S\$4.3 million or 34.3% from S\$12.4 million reported for 1HFY2023, due mainly to rapidly increasing global interest rates.

Share of results of associates for 1HFY2024 increased by S\$2.1 million to S\$11.8 million. The increase was due mainly to the share of the land disposal gain from Changzhou Lithium Batteries Limited (“CZLB”) though partly offset by decrease in operating results of GP Industries’ associates including Meiloon Industrial Co., Ltd. (“Meiloon”), Wisefull Technology Limited (“Wisefull”).

Total profit attributable to equity holders of GP Industries decreased to S\$8.9 million for 1HFY2024, as compared to S\$19.8 million for 1HFY2023.

Business Review of GP Industries

(for the six months ended 30 September 2023)

GP Industries has three main business segments – Batteries Business, Electronics and Acoustics Business and Other Industrial Investments. For 1HFY2024, GP Industries recorded a revenue of S\$564.2 million, of which approximately 77.8% was contributed by the Batteries Business, while Electronics and Acoustics Business contributed the remaining 22.2%.

Batteries Business

The revenue of the Batteries Business for 1HFY2024 was S\$438.9 million, a decrease of 5.5% as compared to that of 1HFY2023. Sales of primary batteries and rechargeable batteries decreased by 3.8% and 14.6%, respectively. In geographical terms, sales to Asia

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and Europe decreased by 5.9% and 8.0%, respectively, while sales to the Americas increased slightly by 1.7%.

Gross profit margin of the Batteries Business improved to 23.4% when compared to 20.7% for 1HFY2023. The improvement was due mainly to lower cost for some commodities, improvement in product mix and the strengthening of the United States dollars (“US dollars”) against the Chinese Renminbi (“RMB”).

Electronics and Acoustics Business

KEF GP Group Limited (“KGG”), a wholly-owned subsidiary of GP Industries, was incorporated in the last financial year ended 31 March 2023 to act as the intermediate holding company for GP Industries Group’s principal subsidiaries in the Electronics and Acoustics Business. Under the new holding structure, KGG and its subsidiaries (“KGG Group”) will better reflect the synergies and mutually reinforcing relationships of the principal subsidiaries of the Electronics and Acoustics Business in research and development, product design, manufacturing, branding, marketing and sales activities.

The revenue of the KGG Group for 1HFY2024 was S\$125.3 million, a 4.3% decline when compared to the S\$130.9 million revenue reported in 1HFY2023.

Revenue of the branded acoustics business in 1HFY2024 decreased by 13.1%. Sales of KEF products decreased by 14.2%, with sales declined in the Asian and European markets while sales to the Americas markets remained stable. The Celestion brand professional speaker driver business reported an 8.7% revenue decline in 1HFY2024, due to a decrease in sales to Europe and Americas while sales to Asia increased.

Revenue of the professional audio manufacturing business increased by 13.7% due mainly to a 20.1% sales increase to the Americas.

Gross profit margin of the KGG Group for 1HFY2024 decreased slightly to 41.1%, a decline of 1.4% when compared with 1HFY2023. Despite a more favorable RMB exchange rate, the decrease in gross profit margin of KGG Group was adversely affected by revenue drop of the branded acoustics business which has a higher gross profit margin

compared to professional audio manufacturing business. This also contributed to a drop in profitability of the Electronics and Acoustics Business in 1HFY2024.

Other Industrial Investments

This business segment mainly includes GP Industries' investments in Meiloon, XIC Innovation Limited, Shinwa Industries (H.K.) Limited and Wisefull. The drop in the contribution before taxation of Other Industrial Investments from S\$10.2 million for 1HFY2023 to S\$4.3 million for 1HFY2024 was due mainly to the decrease in the share of results of Meiloon and Wisefull for 1HFY2024.

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 repeated interest rate hikes during 1HFY2024. It may adversely affect consumer spending on electronic and acoustics products. Also, demand for our battery products may be affected when the major overseas customers continue to optimize their inventory level and reduce their inventories."

"High interest rates are expected to significantly increase GP Industries' finance costs. We may explore funding some of our future expansions by other sources of financing, when appropriate, in order to reduce GP Industries' bank borrowing and finance costs."

"Recent strengthening of the US dollars against RMB, if it continues, may reduce some of GP Industries' cost pressure and provide more flexibility for us to price our products and optimize our production capacity."

"Disruption to global shipping services is improving but shortages of electronics components are expected to continue posing challenges to GP Industries in optimizing its inventory level and in reducing its working capital requirements for fulfilling its delivery commitments."

"With a strong product program and new experience centres in Tokyo and London to be opened in the second half of the financial year ending 31 March 2024 ("FY2024"), demand for KEF consumer speakers is expected to gradually strengthen. Demand for Celestion

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professional speaker drivers and professional audio manufacturing businesses is expected to benefit from strong consumer reception for public performance events and the ending of inventory adjustments at the trade level.”

“No significant ‘Other Operating Income or Expenses’ related to disposal of non-core assets is expected for FY2024.”

“Upon completion of the proposed distribution in-specie for the Nickel Metal Hydride rechargeable batteries manufacturing business to the shareholders of GP Industries, which is expected to be completed in the second half of FY2024, GP Industries’ Batteries Business will focus on manufacturing consumer batteries and marketing its own GP brand products for the global consumer market.” Lo is also Chairman and Chief Executive of Gold Peak.

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