



Press Release

For Immediate Release

21 June 2024, Hong Kong

Gold Peak announces 2023/2024 final results

Gold Peak Technology Group Limited (*SEHK: 40*) today announced its audited consolidated results of the Company and its subsidiaries for the year ended 31 March 2024.

FINANCIAL HIGHLIGHTS

- Revenue for FY2024 was HK\$6,476 million, a 1.6% decrease
- Gross profit margin increased from 26.6% to 28.5%
- Profit before finance costs and share of results of associates for FY2024 was HK\$327.1 million (FY2023: HK\$167.6 million)
- Loss attributable to owners of the Company for FY2024 was HK\$367.3 million (FY2023: Profit of HK\$36.9 million)
- Excluding the share of results (including impairment loss) of XIC Innovation, profit attributable to owners of the Company for FY2024 was HK\$41.4 million
- Loss per share for FY2024 was 40.1 Hong Kong cents (FY2023: Earnings per share: 4.0 Hong Kong cents)
- The Board proposed payment of a final dividend of 1 HK cent per share

BUSINESS REVIEW

During the financial year which ended on 31 March 2024 ("FY2024"), revenue of the Group declined by 1.6%, or HK\$105 million, to HK\$6,476 million when compared to the last financial year which ended on 31 March 2023 ("FY2023"). The decline was mainly due to a 1.7%, or HK\$83

million, decline in revenue reported by Batteries Business when compared to FY2023. In terms of geographical markets, the sales decline is mainly contributed by Europe and Asia.

Gross profit margin increased from 26.6% in FY2023 to 28.5% in FY2024, as the Group continued to enhance its product mix, implemented strict cost control measures and further optimized the level and timing of commodities purchases.

Distribution costs increased by 2.0% or HK\$16.2 million to HK\$845.7 million. The effect of reduced global shipping cost in FY2024 and the drop in sales volume was offset by increased advertising and promotion expenses to further improve brand awareness. Administrative expenses decreased by HK\$54.3 million or 6.3% to HK\$812.1 million due mainly to a reduction in staff cost from the Group's cost reduction efforts, which included headcount reduction, salary reduction for senior management, a reduction in rental expense and back-office expenses.

Other operating income decreased by HK\$112.7 million to HK\$150.7 million in FY2024 due mainly to the one-off disposal gain reported in FY2023 from GP Industries Group's disposal of shareholding in STL Technology Co., Ltd ("STL") from 29.28% to 15.14%, a fair value gain on the remaining 15.14% interest in STL after disposal, and a gain from disposal of Huizhou Modern Battery Limited ("Modern Battery"), a wholly-owned subsidiary of GP Industries. Other operating income for FY2024 mainly included reversal of impairment loss on interest in an associate amounting to HK\$45.4 million and a HK\$32.8 million government grant to support technology development.

Other operating expenses decreased by HK\$141.4 million to HK\$9.4 million in FY2024. The decrease in FY2024 was contributed by the one-off impairment loss charged for the property, plant and equipment of Lithium rechargeable business and the closure relocation costs for Shenzhen and Huizhou factories in China incurred in FY2023.

The Group's operating earnings improved significantly during FY2024. The Group's profit before finance costs and share of results of associates for FY2024 is HK\$327.1 million as compared to the HK\$167.6 million reported for FY2023. The operating profit enhancement is mainly attributable to improved gross profit margin and effective cost control measures.

The Group's share of attributable loss (including impairment loss) of XIC Innovation for FY2024 is HK\$408.7 million in total as compared to the Group's share of attributable profit of XIC Innovation of HK\$17.8 million for FY2023.

Loss attributable to owners of the Company for FY2024 is HK\$367.3 million as compared to profit attributable to owners of the Company of HK\$36.9 million for FY2023.

Excluding the share of attributable loss (including impairment loss) of XIC Innovation, the Group's profit attributable to owners of the Company for FY2024 was HK\$41.4 million.

Batteries Business

- Revenue of the Batteries Business for FY2024 was S\$840.9 million, dropped by 3.4%.
- Sales of primary batteries and rechargeable batteries decreased by 1.1% and 15.1%, respectively. In geographical terms, sales to the Americas, Europe and Asia decreased by 4.4%, 5.2% and 3.0% respectively.
- Gross profit margin of the Batteries Business increased from 21.2% in FY2023 to 24.2%. The improvement was due mainly to lower cost of some commodities, improvement in product mix and the strengthening of the United States dollars ("US dollars") against the Chinese Renminbi.
- During FY2024, GP Industries Group reversed an impairment loss of S\$7.8 million related to the 40%-owned AZ Limited and share of the land disposal gain amounting to S\$4.0 million from Changzhou Lithium Batteries Limited ("CZLB"), which is an indirect associate of GP Industries.
- During FY2023, GP Industries Group recognized a one-off gain from disposal of interest in STL amounting to S\$4.3 million, a fair value gain related to interest in STL amounting to S\$8.2 million and gain from disposal of Modern Battery amounting to S\$10.6 million.
- Despite the increase in gross profit margin of Batteries Business, the land disposal gain from CZLB and reversal of AZ Limited's impairment during FY2024, the gain from disposal of STL and Modern Battery in FY2023 contributed to the decrease in profit contribution from the Batteries Business in FY2024.

Audio Business

KEF GP Group Limited ("KGG") is the intermediate holding company for the Group's principal subsidiaries in the Audio Business. KGG and its subsidiaries ("KGG Group") better reflect the synergies and mutually reinforcing relationships of the principal subsidiaries of the Audio Business in research, product design and development, manufacturing, branding, marketing and sales activities.

- Revenue of the KGG Group dropped by 3.1% to S\$271.4 million.
- KEF's sales decreased by 6.3% in FY2024, with decrease in sales to Europe and Asia by 11.5% and 14.4%, respectively outweighing the 4.3% increase in sales to the Americas.
- The Celestion brand professional speaker driver business reported a 6.0% revenue decline due to a 22.4% and a 17.6% decrease in sales to the Americas and Europe respectively, and a 7.2% increase in sales to Asia.

- The professional audio manufacturing business reported a 3.7% increase in revenue with increased sales to major geographical markets, including a 5.0% and 27.6% increase to the Americas and Asia respectively, while sales to Europe decreased by 11.4%.
- Gross profit margin of the KGG Group decreased slightly by 1.4% to 42.0%, mainly due to the decrease in sales of branded acoustics products with higher margin.
- Despite the decrease in revenue, the actively implemented operational efficiency enhancement and expense control measures contributed to the increase in profitability of the Audio Business in FY2024.

Other Industrial Investments

Impairment Loss of XIC Innovation

As reported in the Profit Warning Announcement of the Company of 27 May 2024, XIC Innovation and its subsidiaries (“XIC Group”) is currently under financial distress, XIC and certain of its subsidiaries have received winding up petitions filed by a bank to the High Court of Hong Kong, SAR. However, XIC Group is maintaining and continuing its business operations with the support from major customers and suppliers. XIC Innovation is preparing and evaluating its restructuring program and exploring the possibility in obtaining new funding from third parties to provide XIC Group with a way to continue its business operations.

The Group’s share of attributable loss (including impairment loss of HK\$386.3 million) of XIC Innovation for FY2024 is HK\$408.7 million in total as compared to the Group’s share of attributable profit of XIC Innovation of HK\$17.8 million for FY2023. The carrying amount of the Group’s interest in XIC Innovation as at 31 March 2024 was HK\$267.8 million.

The Group’s share of attributable loss (including impairment loss) of XIC Innovation for FY2024 are non-cash and extraordinary in nature and will not have a substantial adverse impact on the Group’s current and future cash flow and daily operations.

As of 31 March 2024, the Company no longer has significant influence over XIC Innovation and hence the Company discontinued the use of the equity method to account for the results of XIC Group. As a result, the Company’s 39.13% indirect equity interest in XIC Innovation will be classified as financial assets at fair value through other comprehensive income as at 31 March 2024.

OUTLOOK

Commenting on the prospects of the Group, Victor Lo, Chairman and Chief Executive of Gold Peak, said, “The global economy may remain soft with high inflation and high interest rate continuing through most of FY2024. It may adversely affect consumer spending on electronic and

acoustics products. Also, demand for the Group's batteries products may be affected when major overseas customers continue to optimize their inventory level."

"High interest rates significantly increase the Group's finance costs. The Group will explore funding some of its future expansions by other sources of financing, when appropriate, in order to reduce its bank borrowing and finance costs."

"Recent strengthening of the US dollars against the Chinese Renminbi, if it continues, may reduce some of the Group's cost pressure and provide more flexibility to price its products and optimize its production capacity."

"Disruption to global shipping services is improving but shortage of certain electronics components is expected to continue, posing challenges to the Group in optimizing its inventory level and in reducing its working capital requirements for fulfilling its delivery commitments."

"With a strong product program, KEF Music Gallery in Tokyo opened in December 2023 and a new experience center in London was opened on 8 June 2024. Demand for KEF consumer speakers is expected to gradually strengthen. Demand for Celestion 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."

"Upon completion of the proposed distribution in-specie for the Nickel Metal Hydride ("NiMH") rechargeable batteries manufacturing business to the shareholders of GP Industries, in January 2024, the Company now directly owns the NiMH rechargeable batteries manufacturing business, with specialty in R&D of the rechargeable energy storage solutions. The Company can now focus more on its growth strategy and enhance access to the equity market. The Batteries Business under GP Industries will focus on manufacturing consumer batteries and marketing GP branded products for the global consumer market."

"The outcome of the future developments of XIC Innovation, including result of its restructuring program, the outcome of the winding up petition and in obtaining new funding from third parties, is uncertain. Management will closely monitor the future developments of XIC Innovation and make further announcements to keep the Company's shareholders and potential investors informed of any progress, if and when appropriate."

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