Press Release

For Immediate Release

24 June 2025, Hong Kong

Gold Peak announces 2024/2025 final results with significantly improved operating earnings

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 2025.

Key Highlights - The Group's operating earnings improved significantly

- Revenue increased by 5.8% to HK$6,851.3 million
- Gross profit margin improved 96 basis points to 29.4%
- Profit before finance costs and share of results of associates increased by 9.9% to HK$359.5 million
- Profit attributable to equity holders of the Company is HK$30.4 million
- Basic earnings per share is 2.9 HK cents.
- Gearing ratio at 0.98
- The Board proposed payment of a final dividend of 1.0 HK cent per share
- Total ordinary dividend for the year of 2.5 HK cents per share, representing 86.2% payout ratio

Review of Results

For FY2025, the Group generated a revenue of HK$6,851.3 million, increased by HK$374.9 million when compared to the last financial year ended 31 March 2024 ("FY2024"). The revenue from Battery Business, Rechargeable Battery Business and Branded Acoustics Business increased by 6.8%, 18.5% and 7.0% respectively. In terms of geographical markets, the sales to Americas and Asia increased while sales to Europe decreased.

Gross profit margin increased from 28.5% in FY2024 to 29.4% in FY2025, as the Group enhanced its product mix, implemented stricter cost control measures and closely monitored the optimal level and timing of commodities purchases.

Selling and distribution expenses increased by HK$20.1 million, or 2.4%, to HK$865.9 million when compared to FY2024, mainly due to the increase in advertising and promotion expense to further improve the brand awareness in the Battery Business. Administrative expenses increased by HK$43.8 million or 5.4% to HK$855.9 million when compared to FY2024, due to an increase in running costs and research and development expenses for new generation rechargeable batteries, which were partially offset by cost savings resulting from operational efficiency enhancements and expense control measures since FY2024.

Other income and other gains in FY2025 was HK$124.2 million, mainly included government grants of HK$45.6 million (FY2024: HK$32.8 million), product development and tooling income of HK$18.3 million (FY2024: HK$19.6 million), a one-off gain on de-registration of a dormant Malaysia battery subsidiary of HK$11.6 million (FY2024: nil), interest income of HK$9.3 million (FY2024: HK$15.8 million) and exchange gain of HK$19.2 million (FY2024: HK$9.2 million).

Other expenses and other losses in FY2025 was HK$58.9 million, mainly included a provision for the Group’s internal restructuring of HK$25.0 million and property, plant and equipment written-off of HK$22.1 million, mainly related to the write-off of Zhongyin (Ningbo) Battery Co Ltd’s aging machinery and equipment.

The Group’s profit before finance costs and share of results of associates for FY2025 increased by 9.9% to HK$359.5 million when compared to FY2024 and the operating profit enhancement is mainly attributable to the improved gross profit margin.

Upon the completion of distribution in specie for the Rechargeable Manufacturing Business by GP Industries Limited to its shareholders in January 2024, GP Energy Tech Limited (“GP Energy Tech”), now directly held under Gold Peak Technology Group Limited, is focusing its expertise and resources towards the business-to-business sector, with a strategic emphasis on delivering unparalleled battery solutions for critical applications, especially in the rapidly expanding data centre market. This business is classified as a new reportable and operating segment, “Rechargeable Battery Business” in our accounts disclosure to give investors a clearer understanding of its performance for FY2025.

The Group's total share of attributable loss and impairment loss of XIC Innovation Limited ("XIC Innovation", together with its subsidiaries "XIC Group") for FY2024 was HK$408.7 million. The Group has no such loss in FY2025 after the reclassification of XIC Innovation was classified as equity instruments at fair value through other comprehensive income ("OCI") as at 31 March 2024 and any change in the related fair value will not affect the profit or loss of the Group since then.

Profit attributable to equity holders of the Company for FY2025 was HK$30.4 million. The Board has proposed a final dividend of 1.0 HK cent per share which, together with the interim dividend of 1.5 HK cents per share, will bring the full-year dividend to 2.5 HK cents per share (FY2024: 1.0 HK cent per share), representing a payout ratio of 86.2% for FY2025.

Business Review

Battery Business

The revenue of the Battery Business including sales of primary batteries and GP branded batteries for FY2025 was HK$4,838.6 million, an increase of 6.8% when compared to FY2024, mainly contributed by increased demand for cylindrical battery and coin button cell products in FY2025. In geographical terms, sales to Americas and Asia increased by 21.2% and 7.9% respectively, while sales to Europe decreased by 4.8%.

Gross profit margin of the Battery Business increased from 24.6% in FY2024 to 25.0% in FY2025. The improvement of gross profit margin was due mainly to lower costs of some commodities, improvement in product mix and better factories utilization.

During FY2025, the Group recognized a one-off gain on de-registration of a dormant Malaysia battery subsidiary of HK$11.6 million. During FY2024, the Group reversed an impairment loss of HK$45.3 million related to the 40%-owned AZ Limited, and share of the land disposal gain amounted to HK$23.3 million from Changzhou Lithium Batteries Limited, which is an indirect associate of the Group.

The increase in revenue and gross profit of Battery Business contributed to the profit enhancement of this business in FY2025.

Rechargeable Battery Business

The revenue of the Rechargeable Battery Business represents the sales of rechargeable batteries, excluding GP branded rechargeable batteries. The revenue for FY2025 was HK$432.4 million, an increase of 18.5% when compared to FY2024. The increase in sales of the Rechargeable Battery Business was mainly attributed to a rise in demand from industrial customers. In geographical terms, sales to Americas, Europe and Asia increased by 55.4%, 13.0% and 14.4% respectively.

Gross profit margin of the Rechargeable Battery Business increased from 15.0% in FY2024 to 17.2% in FY2025, mainly due to enhanced operational efficiency and lower material costs from RMB depreciation.

The increase in revenue and enhanced operational efficiency of the Rechargeable Battery Business contributed to the increase in profitability of the business segment in FY2025.

Audio Business

The revenue of the Audio Business for FY2025 was HK$1,580.3 million, at par with the revenue reported in FY2024.

KEF's sales increased by 7.0% in FY2025, with increase in sales to Americas and Asia by 12.3% and 5.0%, respectively. The Celestion brand professional speaker driver business reported a 7.2% revenue improvement, as a result of a 10.4%, 5.6% and a 7.1% increase in sales to the Americas, Europe and Asia respectively. The professional audio manufacturing business reported a 13.4% decline in revenue for FY2025, mainly due to soft demand on some of the professional audio products for certain customers and more production capacity was deployed to KEF and Celestion brand products. Profit margin improved due to stable component prices with improved product mix, improved factory efficiency and more favorable RMB exchange rate. Sales in major geographical markets, including a 10.2% and 48.9% decrease to the Americas and Europe, respectively while sales to Asia increased by 19.0%.

Gross profit margin of the Audio Business for FY2025 increased to 45.0%, an increase of 300 basis points when compared with FY2024. The increase of gross profit margin is mainly contributed by better product mix and higher sales of branded acoustics products, which can generate a higher profit margin. The increase in revenue and enhancement of product mix contributed to the increase in profitability of the Audio Business in FY2025.

Other Industrial Investments

This business segment mainly includes the Group's investments in Meiloon Industrial Co., Ltd. ("Meiloon"), Shinwa Industries (H.K.) Limited and Wisefull Technology Limited ("Wisefull"). Excluding the share of attributable loss and impairment loss of XIC Innovation for FY2024, the profit contribution from these investments increased from HK$34.1 million for FY2024 to HK$44.7 million for FY2025, due mainly to the improvement in the share of results of Meiloon and Wisefull for FY2025.

The Company's 39.13% indirect equity interest in XIC Innovation as at 31 March 2024 of HK$267.8 million was classified as equity instruments at fair value through OCI and since then, any fair value changes of XIC Group will be recognised in OCI and will not affect the profit or loss of the Group.

Based on the valuation report prepared by an independent external valuer, the carrying amount of the Company's interest in XIC Innovation as at 31 March 2025 was fully impaired, 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 HK$267.8 million was recognized in OCI of the Group during FY2025.

Capital Resource and Liquidity of the Group

During FY2025, the Group has strengthened its capital base by (i) GP Industries issuing perpetual subordinated bonds of an aggregate principal amount of US$11.0 million (HK$85.0 million); (ii) transferring certain portion of industrial complex and vacant land and buildings of the Group's unused factories located in China with carrying amount of HK$420.0 million to investment properties, recognized a revaluation gain net of deferred tax of HK$139.7 million in OCI and (iii) enhancing the earnings with the profit attributable to equity holders of the Company for FY2025 of HK$30.4 million. The total positive effect of these measures on the net assets of the Group for FY2025 was HK$255.1 million.

After netting off the fair value loss through OCI on full impairment of the Company's interest in XIC Innovation of HK$267.8 million from the above-mentioned measure for net assets enhancement, the Group's net assets as at 31 March 2025 was HK$2,138.1 million.

During FY2025, the Group completed a 3-year sustainability-linked loan facility of S$70 million (equivalent to HK$406 million) with Malayan Banking Berhad. At 31 March 2025, the Group's net current liabilities was HK$159.4 million (FY2024: HK$17.5 million). The increase in net current liabilities as at 31 March 2025 was due mainly to the increase in loans repayable within one year after reclassification of non-current loans to current liabilities, and the funding of capital expenditure and repayment of term loans and loan interest with cash and short term borrowings. Taking into consideration the Group's internally generated funds and available banking facilities, the Group has sufficient resources to settle its current liabilities as they fall due.

The Group's gearing ratio, defined as the ratio of the Group's consolidated net bank borrowings to shareholders' funds and non-controlling interests, at 31 March 2025 was 0.98 compared to 1.04 at 31 March 2024. The current ratio, calculated as the ratio of current assets to current liabilities, was 0.96 at 31 March 2025 (FY2024: 1.00).

Outlook

Market Environment

FY2025 has been a year of challenging headwinds, with highly uncertain global macroeconomic conditions and environment challenges, including persistent inflationary pressures, high interest rate and geopolitical uncertainties. Rapidly changing import tariffs of the United States ("U.S."), have negatively impacting global consumer spending and strained the Group's near-term earnings. Despite these pressures, the Group remains resilient, exercising financial prudence while maintaining flexibility, with the aim of maximising shareholder value.

While global economic conditions remain challenging, the Group has demonstrated resilience. Our diversified manufacturing footprint across Southeast Asia enables us to weather the trade disruptions more effectively than competitors heavily reliant on single-country production.

Since early 2025, the U.S. government has announced certain tariffs and relevant new policies affecting various countries as well as industries, thereby creating uncertainties to global trade and the economic development of various countries. The tariff policies have been rapidly evolving and the temporary 90-day tariff reduction from the 145% tariff for importing products from China to the U.S. provides some relief while the U.S. and China trade negotiations continue. The Management assess, based on the current US import tariff policy and the temporary 90-day pause tariff rate, the potential impact of the trade tariff on the Group's performance as manageable, given our diversified capabilities, our growth in non-US markets and our network of manufacturing facilities in the ASEAN and the United Kingdom ("UK"), all with proven export records. In recent years, the Group's direct export to the U.S. from China has averaged approximately 13% of the Group's global revenue. Nevertheless, should there be substantial changes to the U.S. import tariffs for the countries where the Group manufacture products in, the Management will reassess the impact of the new tariffs and make proper announcements if necessary.

GP Energy Tech, the Group's rechargeable battery division, has developed proprietary Nickel-Zinc ("Ni-Zn") battery technology specifically engineered for industrial energy storage applications, representing a strategic expansion into high-growth B2B markets distinct from our traditional consumer battery operations. The convergence of artificial intelligence proliferation and digital infrastructure expansion is driving unprecedented demand across these industrial energy storage applications. Goldman Sachs Research projects global data centre power demand will surge by 50% by 2027 and escalate to 165% by 2030 compared to 2023 levels, with AI workloads representing the primary growth catalyst. AI's share of global data centre power consumption is forecast to nearly double from 14% currently (approximately 8 GW) to 27% by 2027 (approximately 23 GW), creating exponential demand for critical backup power solutions.

Beyond data centres, large-scale energy storage requirements are accelerating across industrial segments, including telecommunications infrastructure, manufacturing facilities, and grid-scale installations. The global industrial battery market is experiencing robust expansion as enterprises prioritize uninterrupted power reliability and grid independence amid increasing energy costs and supply volatility. The safety concerns of lithium-ion batteries, including thermal runaway risks and complex fire suppression requirements, are driving demand for inherently safer alternatives that maintain comparable performance characteristics.

The stringent safety and sustainability requirements of next-generation AI-dedicated facilities align precisely with Ni-Zn battery advantages: inherent non-flammability, high power density competitive with Lithium-ion solutions, and superior end-of-life sustainability. Ni-Zn batteries deliver over 90% recyclability through established recovery processes. This sustainability advantage addresses growing ESG mandates as data centre operators seek environmentally responsible solutions without compromising operational performance.

The Asia-Pacific region represents exceptionally strategic growth opportunities for GP Energy Tech's Ni-Zn battery technology. Major technology enterprises, including Google, Amazon, and regional leaders such as Tencent, are rapidly expanding data centre operations across Southeast Asia, with Malaysia's Johor region emerging as a critical infrastructure hub.

Strategic Initiatives

The Management will proactively monitor the Group's exposure to the tariffs and adjust the short-term and long-term strategies in order to mitigate tariff impacts and adapt to changing macroeconomic conditions. The Management is implementing several strategies including:

- further enhancing production capacity in Southeast Asia to serve the U.S. market
- reserving production capacity in China primarily for European and Asian markets
- optimizing supply chains to minimize tariff exposure while maintaining competitiveness
- increasing focus on emerging markets, particularly in Asia
- continuously monitoring consumer demand trends to adjust product offerings

The Management will continue to monitor developments closely and will adapt strategies as needed, exploring all available options to maintain profitability while remaining responsive to evolving customer needs.

The Group remains committed to focusing on its robust product development pipeline. KEF will continue to expand its global footprint by working more closely with leading retailers in key markets and make best use of KEF's experience centres in key global cities.

The Group has accelerated its strategic expansion through focused investments targeting high-growth industrial markets. In February 2025, Gold Peak announced a landmark US$150 million investment plan in the Johor-Singapore Special Economic Zone (JS-SEZ) to establish a state-of-the-art Nickel-Zinc battery manufacturing facility and advanced R&D centre. This investment positions GP Energy Tech to serve the rapidly expanding Southeast Asian data centre and industrial energy storage markets with locally manufactured solutions.

In March 2025, the Group strengthened its domestic capabilities through a Strategic Cooperation Framework Agreement with the Dongguan Investment Promotion Bureau, establishing Dongguan as our integrated development base for sustainable energy solutions within China's growing industrial energy storage sector. This dual-hub strategy enables optimized market access across Asia-Pacific's most dynamic growth regions.

Building on this manufacturing expansion, GP Energy Tech achieved a significant industry milestone by becoming the first Asian company to join the prestigious Zinc Battery Initiative (ZBI), a program of the International Zinc Association, validating our technological leadership and market positioning within the global sustainable battery ecosystem. The phased investment plan anticipates pilot line production commencing in the latter half of 2025, with full-scale commercial production targeted for 2028, positioning the Group to capitalize on the accelerating industrial energy storage transformation.

Assets Optimization

The Group intends to accelerate divestment of non-core assets, including vacant land and unused factories in China. If property market conditions are unfavorable, the Group will generate rental income before completing disposals. This initiative will strengthen the Group's net asset position, secure de-leveraging targets, and provide additional financial flexibility.

Summary

Commenting on the prospects of the Group, Victor Lo, Chairman and Chief Executive of Gold Peak, said, "While global trading and macroeconomic conditions present challenges, the Group's diversified manufacturing footprint, adaptable supply chain, strong market position, and innovative product development strategy position the Group well to navigate these uncertainties. By implementing targeted measures to mitigate business challenges, focusing on core business growth, and optimizing our asset portfolio, the Group remains confident in delivering long-term value through sustained revenue growth, improved profitability, and increased market share."

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