



GP Industries Limited  
(Incorporated in the Republic of Singapore)  
Co. Reg. No. 199502128C

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## BUSINESS UPDATE FOR THE NINE-MONTH PERIOD ENDED 31 DECEMBER 2020

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The board of directors (the “**Board**”) of GP Industries Limited (the “**Company**”) and its subsidiaries (the “**Group**”) wishes to provide an overview of the Group’s business performance for the nine-month period which ended on 31 December 2020 (“**3QYTFY2021**”) to our shareholders and potential investors of the Company.

### **Overview of the Group’s business performance**

The Group’s revenue for 3QYTFY2021 amounted to S\$873.9 million, representing a 5.6% increase when compared to the revenue for the nine-month period which ended on 31 December 2019 (“**3QYTFY2020**”). Revenue of the Batteries Business increased by 13.7%, due mainly to a 16.4% increase in sales of primary batteries. Revenue of the Electronics and Acoustics Business decreased by 19.1% despite a year-on-year 16.6% increase in sales of KEF products. Sales of both KEF’s traditional premium loudspeakers and new media products increased. KEF’s new products launched during the three-month period ended 31 December 2020 (“**3QFY2021**”) were very well received in both the American and European markets. Sales of private label professional audio products and Celestion professional speaker drivers decreased by 46.4% and 32.9% respectively, due mainly to cessation of public performances in most major markets amid the COVID-19 pandemic. Revenue of the Automotive Wire Harness Business also decreased by 18.2% during 3QYTFY2021 due mainly to the impact of the pandemic on the automotive market in the US and in Europe.

The Group’s revenue for 3QFY2021 increased by 12.4% when compared to the three-month period ended 31 December 2019, attributable also mainly to increase in sales of GP Batteries products and KEF products.

Gross profit margin for 3QYTFY2021 improved slightly to 27.3% when compared to 26.9% for 3QYTFY2020. A surge in freight rates during 3QFY2021 and increase in brand building activities during 3QYTFY2021 contributed to an increase in distribution costs for 3QYTFY2021 when compared to 3QYTFY2020.

Appreciation of Chinese Renminbi (“**Renminbi**”) against United States (“**US**”) dollar during 3QYTFY2021 contributed to an exchange loss of S\$8.2 million for 3QYTFY2021, compared to an exchange gain of S\$2.3 million for 3QYTFY2020.

Profit for 3QYTFY2020 also included a significant net gain attributable to the disposal of a factory building by the Electronics and Acoustics Business, net of related restructuring cost provision. Excluding such net exceptional gain reported during 3QYTFY2020, profit attributable to the equity holders of the Company for 3QYTFY2021 was at a similar level to that for 3QYTFY2020.

## **Impact of COVID-19**

In early January 2021, two of the Group's battery factories in Malaysia voluntarily suspended their operations for about a week for complete factory cleaning and all employees scanned for COVID-19 after an asymptomatic case was identified among its employees.

Production of Nickel Metal Hydride rechargeable batteries in Malaysia has commenced during 3QFY2021. However, the relocation of production facilities for private label professional audio products to Thailand has yet to be completed.

## **Outlook**

Although the COVID-19 pandemic is still prevalent globally, consumer demand for the Group's batteries and premium loudspeakers remains satisfactory. Availability of vaccines now may lead to the end of the pandemic and may subsequently restart the demand for the Group's professional audio products as music performances resume after social distancing measures are relaxed.

The on-going trade issues between the People's Republic of China ("**China**") and the US, if remain unresolved, will likely continue to have an impact on the Group's businesses. Strengthening of the Renminbi and volatility of raw material prices may affect profitability. Global component supply shortages and insufficient global shipping capacity could also temporarily affect the operation effectiveness and our logistics costs.

On 5 January 2021, the Company announced that the Batteries Business has entered into an agreement to lease certain land and buildings located in Dongguan, China, as a new manufacturing campus. On 31 January 2021, the Company announced that the Group has entered into agreements to dispose of two of its subsidiaries, which owns certain land and buildings in China. The existing batteries manufacturing activities of these two subsidiaries will be transferred either to the new Dongguan campus or to other facilities in Southeast Asia.

The Group will continue its strategy to build its brands, business network and e-Commerce infrastructure and capabilities. The Group will also continue to invest into technology, developing new products and further automating its factories to further enhance the Group's competitiveness.

By Order of the Board

Kelly Kiar Lee Noi  
Company Secretary  
5 February 2021