

# CREATIVE TECHNOLOGY LTD

## SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 JUNE 2024 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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**UNAUDITED RESULTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 JUNE 2024**

**CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT**

	GROUP			GROUP		
	Six months ended			Financial year ended		
	2024	2023	% change	2024	2023	% change
US\$'000	US\$'000	+ / (-)	US\$'000	US\$'000	+ / (-)	
Sales, net	30,986	28,025	11	62,779	56,236	12
Cost of goods sold	(21,588)	(20,015)	8	(43,765)	(42,312)	3
<b>Gross profit</b>	<b>9,398</b>	<b>8,010</b>	17	<b>19,014</b>	<b>13,924</b>	37
Expenses:						
Selling, general and administrative	(10,453)	(9,232)	13	(21,246)	(20,793)	2
Research and development	(4,936)	(5,037)	(2)	(9,691)	(14,334)	(32)
<b>Total expenses</b>	<b>(15,389)</b>	<b>(14,269)</b>	8	<b>(30,937)</b>	<b>(35,127)</b>	(12)
Interest income	457	891	(49)	1,160	1,458	(20)
Other income	9	24	(63)	277	54	n.m.
Other (losses) gains, net	(1,074)	(672)	60	(60)	3,214	n.m.
Interest expense on lease liabilities	(77)	(22)	n.m.	(175)	(72)	n.m.
<b>Loss before income tax</b>	<b>(6,676)</b>	<b>(6,038)</b>	11	<b>(10,721)</b>	<b>(16,549)</b>	(35)
Income tax expense	(85)	(74)	15	(98)	(140)	(30)
<b>Net loss</b>	<b>(6,761)</b>	<b>(6,112)</b>	11	<b>(10,819)</b>	<b>(16,689)</b>	(35)
<b>Attributable to:</b>						
Equity holders of the Company	(6,754)	(6,119)	10	(10,826)	(16,710)	(35)
Non-controlling interests	(7)	7	n.m.	7	21	(67)
	<b>(6,761)</b>	<b>(6,112)</b>		<b>(10,819)</b>	<b>(16,689)</b>	
Loss per share attributable to equity holders of the Company						
- Basic (US\$ per share)	(0.10)	(0.09)	11	(0.15)	(0.24)	(38)
- Diluted (US\$ per share)	(0.10)	(0.09)	11	(0.15)	(0.24)	(38)

n.m. - not meaningful

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>GROUP</b>			<b>GROUP</b>		
	<b>Six months ended</b>			<b>Financial year ended</b>		
	<b>2024</b>	<b>2023</b>	<b>% change</b>	<b>2024</b>	<b>2023</b>	<b>% change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / (-)</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / (-)</b>
Net loss	(6,761)	(6,112)	11	(10,819)	(16,689)	(35)
Other comprehensive income (loss):						
Items that will not be reclassified subsequently to profit or loss:						
Financial assets at fair value through other comprehensive income ("Financial assets at FVOCI"):						
Fair value loss	<u>127</u>	<u>(545)</u>	n.m.	<u>325</u>	<u>(644)</u>	n.m.
Total comprehensive loss for the period/year	<u><u>(6,634)</u></u>	<u><u>(6,657)</u></u>	(0)	<u><u>(10,494)</u></u>	<u><u>(17,333)</u></u>	(39)
Attributable to:						
Shareholders of the Company	(6,627)	(6,664)	(1)	(10,501)	(17,354)	(39)
Non-controlling interests	(7)	7	n.m.	7	21	(67)
Total comprehensive loss for the period/year	<u><u>(6,634)</u></u>	<u><u>(6,657)</u></u>	(0)	<u><u>(10,494)</u></u>	<u><u>(17,333)</u></u>	(39)

## CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	<u>Group</u>		<u>Company</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and cash equivalents	42,122	56,320	34,802	49,134
Trade receivables	3,748	3,004	50	17
Amounts due from subsidiaries	-	-	18,278	13,979
Inventories	21,139	18,433	-	50
Other current assets	2,232	1,825	199	461
	<b><u>69,241</u></b>	<b><u>79,582</u></b>	<b><u>53,329</u></b>	<b><u>63,641</u></b>
<b>Non-current assets:</b>				
Financial assets at fair value through profit or loss (FVPL)	1,515	1,444	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	7,112	6,787	-	-
Amounts due from subsidiaries	-	-	8,156	7,778
Investments in subsidiaries	-	-	11,307	11,557
Property and equipment	79	111	47	68
Right-of-use assets (ROU)	1,987	3,109	1,784	2,870
Other non-current assets	130	134	-	-
	<b><u>10,823</u></b>	<b><u>11,585</u></b>	<b><u>21,294</u></b>	<b><u>22,273</u></b>
<b>Total assets</b>	<b><u>80,064</u></b>	<b><u>91,167</u></b>	<b><u>74,623</u></b>	<b><u>85,914</u></b>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities:</b>				
Trade payables	7,058	6,582	51	16
Amounts due to subsidiaries	-	-	5,038	5,083
Other creditors, accrued liabilities and provisions	11,702	12,443	4,432	5,354
Contract liabilities	77	133	-	-
Lease liabilities	1,237	1,255	1,072	1,026
Current income tax liabilities	19	18	-	-
	<b><u>20,093</u></b>	<b><u>20,431</u></b>	<b><u>10,593</u></b>	<b><u>11,479</u></b>
<b>Non-current liabilities:</b>				
Amounts due to subsidiaries	-	-	50,384	50,556
Lease liabilities	825	1,941	811	1,884
Deferred income tax liabilities	8,709	8,717	-	-
	<b><u>9,534</u></b>	<b><u>10,658</u></b>	<b><u>51,195</u></b>	<b><u>52,440</u></b>
<b>Total liabilities</b>	<b><u>29,627</u></b>	<b><u>31,089</u></b>	<b><u>61,788</u></b>	<b><u>63,919</u></b>
<b>NET ASSETS</b>	<b><u>50,437</u></b>	<b><u>60,078</u></b>	<b><u>12,835</u></b>	<b><u>21,995</u></b>
<b><u>EQUITY</u></b>				
Share capital	49,040	49,040	49,040	49,040
Treasury shares	(16,035)	(16,035)	(16,035)	(16,035)
Fair value reserve	1,924	1,599	-	-
Other reserves	42,247	42,586	29,900	29,047
Accumulated losses	(27,132)	(17,498)	(50,070)	(40,057)
	50,044	59,692	12,835	21,995
Non-controlling interests	393	386	-	-
<b>Total equity</b>	<b><u>50,437</u></b>	<b><u>60,078</u></b>	<b><u>12,835</u></b>	<b><u>21,995</u></b>

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>GROUP</b>	
	<b>Financial year ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities:</b>		
Net loss	(10,819)	(16,689)
Adjustments for:		
Income tax expense	98	140
Depreciation	1,436	2,066
Employee share-based expense	853	399
Gain on disposal of property and equipment	-	(3)
Right-of-use assets written off	-	484
Fair value (gain) loss on financial assets at FVPL	(71)	64
Currency translation loss (gain)	186	(487)
Interest income	(1,160)	(1,458)
Interest expense on lease liabilities	175	72
	(9,302)	(15,412)
Changes in working capital		
Trade receivables	(744)	(190)
Inventories	(2,706)	2,321
Other assets and receivables	(575)	1,034
Trade payables	476	530
Accrued liabilities and provisions	(741)	(1,692)
Contract liabilities	(56)	(28)
Cash used in operations	(13,648)	(13,437)
Interest received	1,332	1,284
Income tax refunded (paid)	17	(13)
<b>Net cash used in operating activities</b>	<b>(12,299)</b>	<b>(12,166)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(48)	(80)
Proceeds from sale of property and equipment	-	3
Purchase of financial assets at FVOCI	-	(100)
Purchase of financial assets at FVPL	-	(1,000)
<b>Net cash used in investing activities</b>	<b>(48)</b>	<b>(1,177)</b>
<b>Cash flows from financing activities:</b>		
Repayment of lease liabilities	(1,358)	(2,409)
Interest paid on lease liabilities	(175)	(72)
<b>Net cash used in financing activities</b>	<b>(1,533)</b>	<b>(2,481)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(13,880)</b>	<b>(15,824)</b>
Cash and cash equivalents at beginning of financial year	56,320	71,294
Effects of currency translation on cash and cash equivalents	(318)	850
<b>Cash and cash equivalents at end of the financial year</b>	<b>42,122</b>	<b>56,320</b>

## CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

### Statements of Changes in Equity of the Group

	Share Capital US\$'000	Treasury Shares US\$'000	Fair Value Reserve US\$'000	Other Reserves US\$'000	Retained Earnings (Accumulated Losses) US\$'000	Total US\$'000	Non- controlling Interests US\$'000	Total Equity US\$'000
<b>FY2024</b>								
Balance at 1 July 2023	49,040	(16,035)	1,599	42,586	(17,498)	59,692	386	60,078
(Loss) income for the year	-	-	-	-	(10,826)	(10,826)	7	(10,819)
Other comprehensive income for the year	-	-	325	-	-	325	-	325
<b>Total comprehensive income (loss) for the year</b>	-	-	325	-	(10,826)	(10,501)	7	(10,494)
Employee share-based expense	-	-	-	853	-	853	-	853
Transfer upon liquidation of subsidiary	-	-	-	(1,192)	1,192	-	-	-
<b>Total transactions with owners, recognised directly in equity</b>	-	-	-	(339)	1,192	853	-	853
<b>Balance at 30 June 2024</b>	<b>49,040</b>	<b>(16,035)</b>	<b>1,924</b>	<b>42,247</b>	<b>(27,132)</b>	<b>50,044</b>	<b>393</b>	<b>50,437</b>
<b>FY2023</b>								
Balance at 1 July 2022	49,040	(16,035)	2,243	42,187	(788)	76,647	365	77,012
Loss for the year	-	-	-	-	(16,710)	(16,710)	21	(16,689)
Other comprehensive loss for the year	-	-	(644)	-	-	(644)	-	(644)
<b>Total comprehensive (loss) income for the year</b>	-	-	(644)	-	(16,710)	(17,354)	21	(17,333)
Employee share-based expense	-	-	-	399	-	399	-	399
<b>Total transactions with owners, recognised directly in equity</b>	-	-	-	399	-	399	-	399
<b>Balance at 30 June 2023</b>	<b>49,040</b>	<b>(16,035)</b>	<b>1,599</b>	<b>42,586</b>	<b>(17,498)</b>	<b>59,692</b>	<b>386</b>	<b>60,078</b>

### Statements of Changes in Equity of the Company

	Share Capital US\$'000	Treasury Shares US\$'000	Other Reserves US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
<b>FY2024</b>					
Balance at 1 July 2023	49,040	(16,035)	29,047	(40,057)	21,995
Total comprehensive loss for the year	-	-	-	(10,013)	(10,013)
Employee share-based expense	-	-	853	-	853
<b>Balance at 30 June 2024</b>	<b>49,040</b>	<b>(16,035)</b>	<b>29,900</b>	<b>(50,070)</b>	<b>12,835</b>
<b>FY2023</b>					
Balance at 1 July 2022	49,040	(16,035)	28,648	(24,682)	36,971
Total comprehensive loss for the year	-	-	-	(15,375)	(15,375)
Employee share-based expense	-	-	399	-	399
<b>Balance at 30 June 2023</b>	<b>49,040</b>	<b>(16,035)</b>	<b>29,047</b>	<b>(40,057)</b>	<b>21,995</b>

## CHANGES IN THE COMPANY'S SHARE CAPITAL

### Issued and paid up capital

As at 30 June 2024, the Company's issued and paid up capital excluding treasury shares comprises 70,396,649 (30 June 2023: 70,396,649) ordinary shares.

As at 30 June 2024, the Company's issued and paid up share capital was US\$49.04 million (31 December 2023: US\$49.04 million).

### Employee share options plan

The Company did not issue any treasury shares under the Creative Share Option Scheme (2019) in the second half year of FY2024 (second half year of FY2023: Nil).

As at 30 June 2024, there were 4,554,000 unissued ordinary shares under the options granted to eligible employees and directors (30 June 2023: 1,256,000).

### Treasury shares

As at 30 June 2024, the Company held 4,603,351 (30 June 2023: 4,603,351) treasury shares against 70,396,649 (30 June 2023: 70,396,649) issued ordinary shares excluding treasury shares.

The movement of treasury shares for the period is as follows:

	<b>Half year ended</b>	
	<b>30 June</b>	
	<b>2024</b>	<b>2023</b>
Balance at beginning and end of period	<u>4,603,351</u>	<u>4,603,351</u>

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2023.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the most recent audited financial statements as at 30 June 2023, except for the mandatory adoption of new standards effective as of 1 July 2023. The adoption of the new standards has no significant impact on the financial statements.

### 2. BREAKDOWN OF SALES

	<b>GROUP</b>		
	<b>Financial year ended 30 June 2024 US\$'000</b>	<b>Financial year ended 30 June 2023 US\$'000</b>	<b>% change + / (-)</b>
<b><u>First Half Year</u></b>			
(a) Sales	31,793	28,211	13%
(b) Net loss	(4,058)	(10,577)	(62%)
<b><u>Second Half Year</u></b>			
(a) Sales	30,986	28,025	11%
(b) Net loss	(6,761)	(6,112)	11%

### 3. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after accounting for:

	<b>GROUP</b>			
	<b>Six months ended 30 June</b>		<b>Financial year ended 30 June</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b><u>Income</u></b>				
Grant income	9	24	277	54
<b><u>Expenses</u></b>				
(Write-off/write-down) write-back for inventory obsolescence	(40)	169	308	235
Depreciation	(723)	(901)	(1,436)	(2,066)
Fair value gain (loss) on financial assets at FVPL	71	(8)	71	(64)
Foreign exchange (loss) gain	(1,176)	(638)	(211)	461

#### 4. INCOME TAX

Tax credit (expense) attributable to profit is made up of:

	<b>GROUP</b>			
	<b>Six months ended</b>		<b>Financial year ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Current income tax	(29)	(20)	13	(33)
Deferred income tax - under provision in prior financial years	(56)	(54)	(111)	(107)
	<u>(85)</u>	<u>(74)</u>	<u>(98)</u>	<u>(140)</u>

#### 5. DIVIDENDS

No dividends have been recommended in the second half year of FY2024 and no dividends were recommended or declared for the same period last year.

#### 6. NET ASSETS VALUE

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Net asset value per ordinary share	0.72	0.85	0.18	0.31

#### 7. FAIR VALUE MEASUREMENTS

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	<b>US\$'000</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Group</b>				
<b>30 June 2024</b>				
Financial assets at FVPL	-	1,165	350	1,515
Financial assets at FVOCI	1,358	5,654	100	7,112
	<u>1,358</u>	<u>6,819</u>	<u>450</u>	<u>8,627</u>
<b>30 June 2023</b>				
Financial assets at FVPL	-	1,000	444	1,444
Financial assets at FVOCI	1,033	5,654	100	6,787
	<u>1,033</u>	<u>6,654</u>	<u>544</u>	<u>8,231</u>

Fair values for listed equity securities are determined using quoted market prices at the balance sheet date. These instruments are included in Level 1.

Fair values for unlisted equity securities determined by reference to the last transacted price are included in Level 2.

Fair values for unlisted equity securities and fund investments determined using net asset values which approximate the fair value of the investments are included in Level 3.

## 8. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amount of the different categories of financial instruments are as follows:

	<b>GROUP</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Financial assets, at FVPL	1,515	1,444
Financial assets, at FVOCI	7,112	6,787
Financial assets, at amortised cost	46,907	60,192
Financial liabilities, at amortised cost	19,739	20,942

## 9. GROUP BORROWINGS

	<b>GROUP</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
<b>Amount repayable:</b>		
<u>In one year or less, or on demand</u>		
Secured	1,237	1,255
Unsecured	-	-
	<u>1,237</u>	<u>1,255</u>
<u>After one year</u>		
Secured	825	1,941
Unsecured	-	-
	<u>825</u>	<u>1,941</u>
Total	<u><u>2,062</u></u>	<u><u>3,196</u></u>

Secured borrowings relate to lease liabilities which are secured over right-of-use assets.

## 10. SHARE CAPITAL AND TREASURY SHARES

	<b>Number of ordinary shares</b>		<b>Amount</b>	
	<b>Issued share capital '000</b>	<b>Treasury shares '000</b>	<b>Share capital US\$'000</b>	<b>Treasury shares US\$'000</b>
<b><u>Group and Company</u></b>				
<b>30 June 2024</b>				
Beginning and end of period	<u>75,000</u>	<u>(4,603)</u>	<u>49,040</u>	<u>(16,035)</u>
<b>30 June 2023</b>				
Beginning and end of period	<u>75,000</u>	<u>(4,603)</u>	<u>49,040</u>	<u>(16,035)</u>

## 11. SEGMENTAL REPORTING

	ASIA PACIFIC US\$'000	THE AMERICAS US\$'000	EUROPE US\$'000	TOTAL US\$'000
<b>GROUP</b>				
<b>2024</b>				
<b>Sales</b>	22,274	17,485	23,020	62,779
<b>(Loss) profit after total expenses</b>	(10,933)	123	(1,113)	(11,923)
Interest income	1,158	2	-	1,160
Other income	277	-	-	277
Other (losses) gains, net	(178)	(14)	132	(60)
Interest expense on lease liabilities	(171)	(3)	(1)	(175)
(Loss) profit before income tax	(9,847)	108	(982)	(10,721)
Income tax expense	(28)	-	(70)	(98)
<b>Net (loss) profit</b>	(9,875)	108	(1,052)	(10,819)
<b>Other segment items</b>				
Additions to property and equipment	47	-	1	48
Additions to ROU assets	-	26	-	26
Depreciation	1,349	34	53	1,436
Fair value gain on financial assets at FVPL	71	-	-	71
<b>Segment assets</b>	62,017	7,566	10,481	80,064
<b>Segment liabilities</b>	16,681	1,124	11,822	29,627
	ASIA PACIFIC US\$'000	THE AMERICAS US\$'000	EUROPE US\$'000	TOTAL US\$'000
<b>GROUP</b>				
<b>2023</b>				
<b>Sales</b>	20,139	16,125	19,972	56,236
<b>(Loss) profit after total expenses</b>	(18,261)	80	(3,022)	(21,203)
Interest income	1,458	-	-	1,458
Other income	54	-	-	54
Other gains (losses), net	3,624	(185)	(225)	3,214
Interest expense on lease liabilities	(60)	(9)	(3)	(72)
Loss before income tax	(13,185)	(114)	(3,250)	(16,549)
Income tax expense	(18)	(45)	(77)	(140)
<b>Net loss</b>	(13,203)	(159)	(3,327)	(16,689)
<b>Other segment items</b>				
Additions to property and equipment	80	-	-	80
Depreciation	1,879	110	77	2,066
Fair value loss on financial assets at FVPL	(64)	-	-	(64)
<b>Segment assets</b>	76,015	5,290	9,862	91,167
<b>Segment liabilities</b>	17,960	1,206	11,923	31,089

Summary of net sales by country:

	<b>GROUP</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Singapore	15,771	13,427
United States of America	17,485	16,125
Ireland	23,020	19,972
Other countries	6,503	6,712
	<u>62,779</u>	<u>56,236</u>

Summary of net sales by product category:

	<b>GROUP</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Audio, speakers and headphones	59,360	53,662
Personal digital entertainment	3,416	2,328
Other products	3	246
	<u>62,779</u>	<u>56,236</u>

Summary of property and equipment by country:

	<b>GROUP</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Singapore	75	106
United States of America	-	2
Other countries	4	3
	<u>79</u>	<u>111</u>

Summary of ROU assets by country:

	<b>GROUP</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Singapore	1,784	2,870
Other countries	203	239
	<u>1,987</u>	<u>3,109</u>

## **OTHER INFORMATION**

### **12. AUDIT**

The figures have not been audited or reviewed by our auditors.

### **13. AUDITORS' REPORT**

Not applicable.

### **14. REVIEW OF GROUP PERFORMANCE**

#### **CONSOLIDATED INCOME STATEMENT**

##### **Net Sales**

Net sales for FY2024 and the second half year of FY2024 increased by 12% and 11% compared to FY2023 and the second half year of FY2023. The increase was due mainly to higher revenue from new products launched.

Growth in revenue in FY2024 was across all regions. Net sales in Asia Pacific, the Americas and Europe regions increased by 11%, 8% and 15% respectively, compared to FY2023.

##### **Gross Profit**

Gross profit margin for FY2024 and the second half year of FY2024 was 30% compared to 25% for FY2023 and 29% for the second half year of FY2023. Despite the challenging business environment, the Group was able to achieve gross profit margin of 30% for FY2024 with higher gross profit margin contributions from newly launched products. The lower gross profit margin for FY2023 was due to the low gross profit margin in the first half year of FY2023 resulting from the difficult business environment during that period.

##### **Net Loss**

Net loss in FY2024 was US\$10.8 million compared to US\$16.7 million in FY2023. Net loss in FY2024 includes interest income of US\$1.2 million and grant income of US\$0.3 million. Net loss in FY2023 includes employee severance payment of US\$3.0 million in a restructuring exercise the Group undertook in December 2022, write-off of right-of-use assets of US\$0.5 million pertaining to unoccupied office space after the restructuring exercise, interest income of US\$1.5 million and other gains (net) of US\$3.2 million.

Net loss for the second half year of FY2024 was US\$6.8 million compared to US\$6.1 million in the second half year of FY2023. Net loss for the second half year of FY2024 includes interest income of US\$0.5 million and other losses (net) of US\$1.1 million. Net loss for the second half year of FY2023 includes interest income of US\$0.9 million and other losses (net) of US\$0.7 million.

Selling, general and administrative expenses for FY2024 was comparable to FY2023. Selling, general and administrative expenses for the second half year of FY2024 increased by 13% compared to the second half year of FY2023, the increase was due mainly to higher level of sales and marketing expenses.

Research and development expenses for FY2024 decreased by 32% compared to FY2023. The decrease in FY2024 was due mainly to lower payroll and related expenses in line with the lower headcounts after the restructuring exercise in December 2022. Research and development expenses for the second half year of FY2024 was comparable to the second half year of FY2023.

Other gains (net) of US\$3.2 million in FY2023 were due mainly to gain on sale of intellectual property assets of US\$3.2 million and foreign exchange gain of US\$0.5 million, partially offset by US\$0.5 million write-offs of right-of-use assets. Other losses (net) were immaterial in FY2024.

Other losses (net) of US\$1.1 million in the second half year of FY2024 were due mainly to exchange loss. Other losses (net) of US\$0.7 million in the second half year of FY2023 were due mainly to exchange loss of US\$0.6 million.

The functional currency of the Company and its subsidiaries is predominantly the US dollar and accordingly, gains and losses resulting from the translation of monetary assets and liabilities denominated in currencies other than the US dollar are reflected in the determination of net income (loss). The exchange differences were due mainly to the cash and cash equivalent balances held by the Group. Other than US dollar, cash and cash equivalents were held mainly in Singapore dollar, Euro, British Pound and Japanese Yen. The exchange loss in the second half year of FY2024 was due to the depreciation of these currencies against US dollar. The exchange loss in FY2024 was due mainly to the depreciation of Japanese Yen and Euro against US dollar, offset partially by an appreciation of Singapore dollar against US dollar. The exchange loss in the second half year of FY2023 was due mainly to the depreciation of Singapore dollar and Japanese Yen against US dollar, offset partially by an appreciation of British Pound and Euro against US dollar. The exchange gain in FY2023 was due mainly to the appreciation of Singapore dollar against US dollar in the first half year of FY2023.

### **BALANCE SHEETS**

The decrease in cash and cash equivalents in FY2024 was due mainly to net cash used in operating activities (see below). The increase in trade receivables was due mainly to higher level of sales. The increase in inventory balance was due mainly to higher level of inventory purchases in the last quarter of FY2024 to build up inventories to cushion the effects of supply chain disruptions. The decrease in right-of-use assets was due mainly to depreciation expense for the year. The decrease in lease liabilities was due mainly to lease payments.

### **CONSOLIDATED STATEMENT OF CASH FLOWS**

Net cash used in operating activities of US\$12.3 million in FY2024 was due mainly to operating loss for the financial year and increase in inventories. Net cash used in operating activities of US\$12.2 million in FY2023 was due mainly to operating loss for the financial year.

Net cash used in investing activities was not material in FY2024 (FY2023: US\$1.2 million).

Net cash used in financing activities of US\$1.5 million in FY2024 (FY2023: US\$2.5 million) was due mainly to repayment of lease and interest on lease liabilities.

## **15. VARIANCE FROM PROSPECT STATEMENT**

There is no significant variance in the operating performance of the Group in the second half year of FY2024 as compared to the prospect statement disclosed in the announcement of results for the first half year of FY2024.

## **16. PROSPECTS**

The market continues to be challenging worldwide. The middle class consumer continues to be squeezed by inflation. As a result, consumption patterns are shifting rapidly to the mass market segment. In the second half of FY2024, the sales quantities in some categories of products are growing well in this market segment and are higher than the previous period.

We are well-positioned in the speaker segment of the market as we have over the years built a broad range of speaker products from entry to the premium level. We are seeing growth in both sales quantity and revenue in our speaker business as we build our speaker brands into the premium segment. These brands include the Pebble and Katana. The headphone category, where we are starting at a lower base, will also be an important area of growth for us. We will continue to build on our position in this segment with differentiated and more premium product offerings, such as new products incorporating the MEMs, Super X-Fi and other technologies.

While we focus on revenue growth, we are also taking a critical review of our business and operations. We are taking necessary action to consolidate and lower our cost structure to reach profitability sooner.

With the above efforts, for FY2025 and the first half year of FY2025, the Group expects an improvement in revenue and operating results.

**17. INTERESTED PERSON TRANSACTIONS**

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

**18. CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)**

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

**19. REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER**

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Company confirms that, to the best of our knowledge to date, there is no person occupying a managerial position in the Company, or in any of its principal subsidiaries, who is a relative of a Director or the Chief Executive Officer or a Substantial Shareholder of the Company.

BY ORDER OF THE BOARD

NG KEH LONG  
COMPANY SECRETARY  
23 August 2024