

CREATIVE TECHNOLOGY LTD

FIRST HALF YEAR ENDED 31 DECEMBER 2024 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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UNAUDITED RESULTS FOR THE FIRST HALF YEAR ENDED 31 DECEMBER 2024

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	GROUP		
	Half year ended		
	31 December		
	2024	2023	% change
	US\$'000	US\$'000	+ / (-)
Sales, net	37,384	31,793	18
Cost of goods sold	(27,159)	(22,177)	22
Gross profit	10,225	9,616	6
Expenses:			
Selling, general and administrative	(11,585)	(10,793)	7
Research and development	(4,985)	(4,755)	5
Total expenses	(16,570)	(15,548)	7
Interest income	221	703	(69)
Other income	7	268	(97)
Other gains, net	96	1,014	(91)
Interest expense on lease liabilities	(59)	(98)	(40)
Loss before income tax	(6,080)	(4,045)	50
Income tax expense	(21)	(13)	62
Net loss	(6,101)	(4,058)	50
Attributable to:			
Equity holders of the Company	(6,069)	(4,072)	49
Non-controlling interests	(32)	14	n.m.
Loss per share attributable to equity holders of the Company			
- Basic (US\$ per share)	(0.09)	(0.06)	50
- Diluted (US\$ per share)	(0.09)	(0.06)	50

n.m. - not meaningful

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP		
	Half year ended		
	31 December		
	2024	2023	% change
	US\$'000	US\$'000	+ / (-)
Net loss	(6,101)	(4,058)	50
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	139	198	(30)
Total comprehensive loss for the period	<u>(5,962)</u>	<u>(3,860)</u>	54
Attributable to:			
Shareholders of the Company	(5,930)	(3,874)	53
Non-controlling interests	(32)	14	n.m.
Total comprehensive loss for the period	<u>(5,962)</u>	<u>(3,860)</u>	54

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31 December 2024 US\$'000	30 June 2024 US\$'000	31 December 2024 US\$'000	30 June 2024 US\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	32,924	42,122	24,914	34,802
Trade receivables	5,733	3,748	51	50
Amounts due from subsidiaries	-	-	25,954	18,278
Inventories	18,299	21,139	224	-
Other current assets	1,794	2,232	399	199
	58,750	69,241	51,542	53,329
Non-current assets:				
Financial assets at fair value through profit or loss (FVPL)	350	1,515	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	9,830	7,112	-	-
Amounts due from subsidiaries	-	-	9,262	8,156
Investments in subsidiaries	-	-	11,307	11,307
Property and equipment	68	79	34	47
Right-of-use assets (ROU)	1,448	1,987	1,241	1,784
Other non-current assets	131	130	-	-
	11,827	10,823	21,844	21,294
Total assets	70,577	80,064	73,386	74,623
LIABILITIES				
Current liabilities:				
Trade payables	3,858	7,058	53	51
Amounts due to subsidiaries	-	-	5,097	5,038
Other creditors, accrued liabilities and provisions	11,982	11,702	4,156	4,432
Contract liabilities	77	77	-	-
Lease liabilities	1,034	1,237	897	1,072
Current income tax liabilities	-	19	-	-
	16,951	20,093	10,203	10,593
Non-current liabilities:				
Amounts due to subsidiaries	-	-	50,413	50,384
Lease liabilities	324	825	259	811
Deferred income tax liabilities	8,535	8,709	-	-
	8,859	9,534	50,672	51,195
Total liabilities	25,810	29,627	60,875	61,788
NET ASSETS	44,767	50,437	12,511	12,835
EQUITY				
Share capital	49,040	49,040	49,040	49,040
Treasury shares	(16,035)	(16,035)	(16,035)	(16,035)
Fair value reserve	2,063	1,924	-	-
Other reserves	42,539	42,247	30,192	29,900
Accumulated losses	(33,201)	(27,132)	(50,686)	(50,070)
	44,406	50,044	12,511	12,835
Non-controlling interests	361	393	-	-
Total equity	44,767	50,437	12,511	12,835

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	Half year ended 31 December	
	2024	2023
	US\$'000	US\$'000
Cash flows from operating activities:		
Net loss	(6,101)	(4,058)
Adjustments for:		
Income tax expense	21	13
Depreciation	703	713
Employee share-based expenses	292	163
Loss on property and equipment written-off	1	-
Fair value gain on financial assets at FVPL	(11)	-
Currency translation gain	(122)	(833)
Interest income	(221)	(703)
Interest expense on lease liabilities	59	98
	<u>(5,379)</u>	<u>(4,607)</u>
 Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Trade receivables	(1,985)	(790)
Inventories	2,840	1,474
Other assets and receivables	418	(196)
Trade payables	(3,200)	(1,247)
Accrued liabilities and provisions	280	142
Contract liabilities	-	(33)
Cash used in operations	<u>(7,026)</u>	<u>(5,257)</u>
Interest received	240	741
Income tax refunded	14	24
Net cash used in operating activities	<u>(6,772)</u>	<u>(4,492)</u>
 Cash flows from investing activities:		
Purchase of property and equipment	(20)	(18)
Purchase of financial assets at FVOCI	(1,403)	-
Net cash used in investing activities	<u>(1,423)</u>	<u>(18)</u>
 Cash flows from financing activities:		
Principal payment of lease liabilities	(856)	(741)
Interest paid on lease liabilities	(59)	(98)
Net cash used in financing activities	<u>(915)</u>	<u>(839)</u>
 Net decrease in cash and cash equivalents	(9,110)	(5,349)
Cash and cash equivalents at beginning of financial year	42,122	56,320
Effects of currency translation on cash and cash equivalents	(88)	1,079
Cash and cash equivalents at end of the period	<u>32,924</u>	<u>52,050</u>

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	Accumulated Losses US\$'000	Total US\$'000	Non- controlling Interests US\$'000	Total Equity US\$'000
FY2025								
Balance at 1 July 2024	49,040	(16,035)	1,924	42,247	(27,132)	50,044	393	50,437
Loss for the period	-	-	-	-	(6,069)	(6,069)	(32)	(6,101)
Other comprehensive income for the period	-	-	139	-	-	139	-	139
Total comprehensive income (loss) for the period	-	-	139	-	(6,069)	(5,930)	(32)	(5,962)
Employee share-based expense	-	-	-	292	-	292	-	292
Total transactions with owners, recognised directly in equity	-	-	-	292	-	292	-	292
Balance at 31 December 2024	49,040	(16,035)	2,063	42,539	(33,201)	44,406	361	44,767
FY2024								
Balance at 1 July 2023	49,040	(16,035)	1,599	42,586	(17,498)	59,692	386	60,078
Loss for the period	-	-	-	-	(4,072)	(4,072)	14	(4,058)
Other comprehensive income for the period	-	-	198	-	-	198	-	198
Total comprehensive loss for the period	-	-	198	-	(4,072)	(3,874)	14	(3,860)
Employee share-based expense	-	-	-	163	-	163	-	163
Total transactions with owners, recognised directly in equity	-	-	-	163	-	163	-	163
Balance at 31 December 2023	49,040	(16,035)	1,797	42,749	(21,570)	55,981	400	56,381

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
FY2025					
Balance at 1 July 2024	49,040	(16,035)	29,900	(50,070)	12,835
Total comprehensive loss for the period	-	-	-	(616)	(616)
Employee share-based expense	-	-	292	-	292
Balance at 31 December 2024	49,040	(16,035)	30,192	(50,686)	12,511
FY2023					
Balance at 1 July 2023	49,040	(16,035)	29,047	(40,057)	21,995
Total comprehensive loss for the period	-	-	-	(411)	(411)
Employee share-based expense	-	-	163	-	163
Balance at 31 December 2023	49,040	(16,035)	29,210	(40,468)	21,747

CHANGES IN THE COMPANY'S SHARE CAPITAL

Issued and paid up capital

As at 31 December 2024, the Company's issued and paid up capital excluding treasury shares comprises 70,396,649 (30 June 2024: 70,396,649) ordinary shares.

As at 31 December 2024, the Company's issued and paid up share capital was US\$49.04 million (30 June 2024: 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 first half year of FY2025 (first half year of FY2024: Nil).

As at 31 December 2024, there were 4,065,000 unissued ordinary shares under the options granted to eligible employees and directors (31 December 2023: 4,581,000).

Treasury shares

As at 31 December 2024, the Company held 4,603,351 (31 December 2023: 4,603,351) treasury shares against 70,396,649 (31 December 2023: 70,396,649) issued ordinary shares excluding treasury shares.

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

	Half year ended 31 December	
	2024	2023
Balance at beginning of period	4,603,351	4,603,351
Issued for employee share options plan	-	-
Balance at 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 31 December 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 annual financial statements for the year ended 30 June 2024.

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 2024, except for the mandatory adoption of new standards effective as of 1 July 2024. The adoption of the new standards has no significant impact on the financial statements.

2. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after accounting for:

	GROUP	
	Six months ended	
	31 December	
	2024	2023
	US\$'000	US\$'000
Grant income	7	268
Write-back for inventory obsolescence	569	348
Depreciation	(703)	(713)
Foreign exchange (loss) gain	(27)	965

3. INCOME TAX

Tax expense attributable to profit is made up of:

	GROUP	
	Six months ended	
	31 December	
	2024	2023
	US\$'000	US\$'000
Current income tax	34	42
Deferred income tax - under provision in prior financial years	(55)	(55)
	(21)	(13)

4. DIVIDENDS

No dividends have been recommended in the first half year of FY2025 and no dividends were recommended or declared for the same period last year.

5. NET ASSETS VALUE

	GROUP		COMPANY	
	31 December 2024 US\$	30 June 2024 US\$	31 December 2024 US\$	30 June 2024 US\$
Net asset value per ordinary share	0.64	0.72	0.18	0.18

6. 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).

<u>Group</u>	US\$'000			
	Level 1	Level 2	Level 3	Total
31 December 2024				
Financial assets at FVPL	-	-	350	350
Financial assets at FVOCI	1,497	8,233	100	9,830
	<u>1,497</u>	<u>8,233</u>	<u>450</u>	<u>10,180</u>
30 June 2024				
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>

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.

7. FINANCIAL INSTRUMENTS BY CATEGORY

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

	GROUP	
	31 December 2024 US\$'000	30 June 2024 US\$'000
Financial assets, at FVPL	350	1,515
Financial assets, at FVOCI	9,830	7,112
Financial assets, at amortised cost	39,462	46,907
Financial liabilities, at amortised cost	15,875	19,739

8. GROUP BORROWINGS

	GROUP	
	31 December 2024 US\$'000	30 June 2024 US\$'000
Amount repayable:		
<u>In one year or less, or on demand</u>		
Secured	1,034	1,237
Unsecured	-	-
	<u>1,034</u>	<u>1,237</u>
<u>After one year</u>		
Secured	324	825
Unsecured	-	-
	<u>324</u>	<u>825</u>
Total	<u>1,358</u>	<u>2,062</u>

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

9. SHARE CAPITAL AND TREASURY SHARES

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

10. SEGMENTAL REPORTING

	ASIA PACIFIC US\$'000	THE AMERICAS US\$'000	EUROPE US\$'000	TOTAL US\$'000
GROUP				
1 July 2024 to 31 December 2024				
Sales	13,447	9,646	14,291	37,384
(Loss) profit after total expenses	(8,135)	729	1,061	(6,345)
Interest income	220	1	-	221
Other income	7	-	-	7
Other gains (losses), net	203	(11)	(96)	96
Interest expense on lease liabilities	(58)	-	(1)	(59)
(Loss) profit before income tax	(7,763)	719	964	(6,080)
Income tax expense	-	(6)	(15)	(21)
Net (loss) profit	(7,763)	713	949	(6,101)
Other segment items				
Additions to property and equipment	19	1	-	20
Depreciation	(663)	(14)	(26)	(703)
Segment assets	52,288	7,209	11,080	70,577
Segment liabilities	12,542	1,308	11,960	25,810
GROUP				
1 July 2023 to 31 December 2023				
Sales	10,801	8,806	12,186	31,793
(Loss) profit after total expenses	(7,916)	722	1,262	(5,932)
Interest income	702	1	-	703
Other income	268	-	-	268
Other gains (losses), net	1,103	(3)	(86)	1,014
Interest expense on lease liabilities	(96)	(2)	-	(98)
(Loss) profit before income tax	(5,939)	718	1,176	(4,045)
Income tax (expense) credit	-	1	(14)	(13)
Net (loss) profit	(5,939)	719	1,162	(4,058)
Other segment items				
Additions to property and equipment	18	-	-	18
Depreciation	(671)	(17)	(25)	(713)
Segment assets	70,472	6,763	8,795	86,030
Segment liabilities	15,813	1,389	12,447	29,649

Summary of net sales by country:

	GROUP	
	31 December 2024	31 December 2023
	US\$'000	US\$'000
Singapore	9,659	7,530
United States of America	9,646	8,806
Ireland	14,291	12,186
Other countries	3,788	3,271
	<u>37,384</u>	<u>31,793</u>

Summary of net sales by product category:

	GROUP	
	31 December 2024	31 December 2023
	US\$'000	US\$'000
Audio, speakers and headphones	35,034	30,177
Personal digital entertainment	2,349	1,613
Other products	1	3
	<u>37,384</u>	<u>31,793</u>

Summary of property and equipment by country:

	GROUP	
	31 December 2024	31 December 2023
	US\$'000	US\$'000
Singapore	64	91
United States of America	1	1
Other countries	3	2
	<u>68</u>	<u>94</u>

Summary of ROU assets by country:

	GROUP	
	31 December 2024	31 December 2023
	US\$'000	US\$'000
Singapore	1,241	2,327
Other countries	207	260
	<u>1,448</u>	<u>2,587</u>

OTHER INFORMATION

11. AUDIT

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

12. AUDITORS' REPORT

Not applicable.

13. REVIEW OF GROUP PERFORMANCE

CONSOLIDATED INCOME STATEMENT

Summary of Results

Net sales for the first half year of FY2025 increased by 18% compared to the first half year of FY2024.

Gross profit margin was 27% for the first half year of FY2025 compared to 30% in the same period of FY2024.

Operating loss was US\$6.3 million for the first half year of FY2025 compared to US\$5.9 million for the same period of FY2024. Operating loss for the first half year of FY2025 included severance charges of US\$0.9 million. Excluding the severance charges of US\$0.9 million, operating loss was US\$5.4 million for the first half year of FY2025, an improvement of US\$0.5 million over the same period of FY2024.

Net loss for the first half year of FY2025 was US\$6.1 million. Excluding severance charges, net loss was US\$5.2 million for the first half year of FY2025 compared to US\$4.1 million for the first half year of FY2024. The lower net loss for the first half year of FY2024 was due to foreign exchange gain of US\$1.0 million for the period.

Net Sales

Net sales for the first half year of FY2025 increased by 18% compared to the first half year of FY2024. The increase was due mainly to higher revenue from new speaker products.

Gross Profit

Gross profit margin for the first half year of FY2025 was 27% compared to 30% in the same period of FY2024. The cost of goods sold in the first half year of FY2025 included US\$0.1 million in employee severance charges. The decrease in gross profit margin was due to an increased proportion of retail sales in the first half year of FY2025, which typically yields a lower margin compared to online sales, as well as competitive price reduction on certain product models.

Net Loss

Net loss for the first half year of FY2025 was US\$6.1 million compared to US\$4.1 million in the first half year of FY2024. Net loss for the first half year of FY2025 includes employee severance charges of US\$0.9 million, interest income of US\$0.2 million and other gains (net) of US\$0.1 million. Of the US\$0.9 million employee severance charges, US\$0.1 million was charged to cost of goods sold, US\$0.2 million to selling, general and administrative expenses and US\$0.6 million to research and development expenses. Net loss for the first half year of FY2024 includes interest income of US\$0.7 million, grant income of US\$0.3 million and other gains (net) of US\$1.0 million.

Selling, general and administrative expenses in the first half year of FY2025 increased by 7% compared to the first half year of FY2024. Excluding employee severance charges, selling, general and administrative expenses in the first half year of FY2025 increased by 6% compared to the first half year of FY2024. The increase was due mainly to higher sales and marketing expenses in line with the growth in sales.

Research and development expenses in the first half year of FY2025 increased by 5% compared to the first half year of FY2024. Excluding the employee severance charges in the first half year of FY2025, research and development

expenses in the first half year of FY2025 decreased by 8% compared to the first half year of FY2024 due mainly to lower payroll and related expenses in line with lower headcounts.

Other gains (net) for the first half year of FY2024 amounted to US\$1.0 million, primarily due to foreign exchange gain of US\$1.0 million. In contrast, other gains (net) for the first half year of FY2025 was not material.

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. Cash and cash equivalents were held mainly in US dollar and Singapore dollar, with the balance mainly in Euro, British Pound and Japanese Yen. The exchange loss in the first half year of FY2025 was due mainly to the depreciation of Euro and British Pound against the US dollar, offset partially by appreciation of Singapore dollar against US dollar. The exchange gain in the first half year of FY2024 was due mainly to the appreciation of Singapore dollar, Euro, British Pound and Japanese Yen against the US dollar.

BALANCE SHEETS

The decrease in cash and cash equivalents was due mainly to net cash used in operating activities (see below). The increase in trade receivables and decrease in inventories was due mainly to higher level of sales towards the end of the first half year of FY2025. The decrease in trade payables was due mainly to lower purchases towards the end of the first half year of FY2025. The increase in financial assets at FVOCI was due mainly to transfers from financial assets at FVPL to financial assets at FVOCI, as well as additional investments in the first half year of FY2025.

CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash used in operating activities was US\$6.8 million in the first half year of FY2025 and US\$4.5 million in the first half year of FY2024. Net cash used in operating activities in the first half year of FY2025 and FY2024 was due mainly to the operating loss for each period, increases in trade receivables and decreases in trade payables, offset partially by decreases in inventories in each period.

Net cash used in investing activities of US\$1.4 million in the first half year of FY2025 (first half year of FY2024: not material) was due mainly to additional investments in financial assets at FVOCI.

Net cash used in financing activities of US\$0.9 million in the first half year of FY2025 (first half year of FY2024: US\$0.8 million) was due mainly to payment of lease and interest on lease liabilities.

14. VARIANCE FROM PROSPECT STATEMENT

There is no significant variance in operating performance of the Group from the previous prospect statement.

15. PROSPECTS

The global market remains challenging with much uncertainty over the import tariffs announced by the U.S. on certain countries and potential retaliatory measures from these countries. These may increase inflationary pressures and affect consumer demand though the extent is difficult to predict, adding further uncertainty to the macroeconomic environment.

However, the introduction of a broad range of new products including speaker products such as Pebble Nova and Sound Blaster GS5, as well as audio products such as Sound Blaster G8 in the first half year of FY2025, positions the company to drive revenue growth in the second half year of FY2025.

For the second half year of FY2025, the Group expects to increase revenue from the current level, an improvement in operating results and to report a lower operating loss for the period.

16. INTERESTED PERSON TRANSACTIONS

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

17. 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).

BY ORDER OF THE BOARD

NG KEH LONG
COMPANY SECRETARY
7 February 2025

CONFIRMATION BY THE BOARD

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 31 December 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dr Tan Jok Tin
Executive Chairman

Ng Kai Wa
Vice Chairman