

# CREATIVE TECHNOLOGY LTD

## FIRST HALF YEAR ENDED 31 DECEMBER 2023 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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**UNAUDITED RESULTS FOR THE FIRST HALF YEAR ENDED 31 DECEMBER 2023**

**CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT**

	<b>GROUP</b>		
	<b>Half year ended 31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>% change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / (-)</b>
Sales, net	31,793	28,211	13
Cost of goods sold	(22,177)	(22,297)	(1)
<b>Gross profit</b>	<b>9,616</b>	<b>5,914</b>	63
Expenses:			
Selling, general and administrative	(10,793)	(11,561)	(7)
Research and development	(4,755)	(9,297)	(49)
<b>Total expenses</b>	<b>(15,548)</b>	<b>(20,858)</b>	(25)
Interest income	703	567	24
Other income	268	30	n.m.
Other gains, net	1,014	3,886	(74)
Interest expense on lease liabilities	(98)	(50)	96
<b>Loss before income tax</b>	<b>(4,045)</b>	<b>(10,511)</b>	(62)
Income tax expense	(13)	(66)	(80)
<b>Net loss</b>	<b>(4,058)</b>	<b>(10,577)</b>	(62)
<b>Attributable to:</b>			
Equity holders of the Company	(4,072)	(10,591)	(62)
Non-controlling interests	14	14	-
Loss per share attributable to equity holders of the Company			
- Basic (US\$ per share)	(0.06)	(0.15)	(60)
- Diluted (US\$ per share)	(0.06)	(0.15)	(60)

n.m. - not meaningful

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>GROUP</b>		
	<b>Half year ended</b>		
	<b>31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>% change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / (-)</b>
Net loss	(4,058)	(10,577)	(62)
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	198	(99)	n.m.
Total comprehensive loss for the period	(3,860)	(10,676)	(64)
Attributable to:			
Shareholders of the Company	(3,874)	(10,690)	(64)
Non-controlling interests	14	14	-
Total comprehensive loss for the period	(3,860)	(10,676)	(64)

## CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	<b>Group</b>		<b>Company</b>	
	<b>31 December 2023 US\$'000</b>	<b>30 June 2023 US\$'000</b>	<b>31 December 2023 US\$'000</b>	<b>30 June 2023 US\$'000</b>
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and cash equivalents	52,050	56,320	43,312	49,134
Trade receivables	3,794	3,004	34	17
Amounts due from subsidiaries	-	-	18,739	13,979
Inventories	16,959	18,433	9	50
Other current assets	1,982	1,825	442	461
	<b>74,785</b>	<b>79,582</b>	<b>62,536</b>	<b>63,641</b>
<b>Non-current assets:</b>				
Financial assets at fair value through profit or loss (FVPL)	1,444	1,444	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	6,985	6,787	-	-
Amounts due from subsidiaries	-	-	8,076	7,778
Investments in subsidiaries	-	-	11,557	11,557
Property and equipment	94	111	57	68
Right-of-use assets (ROU)	2,587	3,109	2,327	2,870
Other non-current assets	135	134	-	-
	<b>11,245</b>	<b>11,585</b>	<b>22,017</b>	<b>22,273</b>
<b>Total assets</b>	<b>86,030</b>	<b>91,167</b>	<b>84,553</b>	<b>85,914</b>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities:</b>				
Trade payables	5,335	6,582	13	16
Amounts due to subsidiaries	-	-	5,176	5,083
Other creditors, accrued liabilities and provisions	12,585	12,443	4,872	5,354
Contract liabilities	100	133	-	-
Lease liabilities	1,439	1,255	1,206	1,026
Current income tax liabilities	-	18	-	-
	<b>19,459</b>	<b>20,431</b>	<b>11,267</b>	<b>11,479</b>
<b>Non-current liabilities:</b>				
Amounts due to subsidiaries	-	-	50,347	50,556
Lease liabilities	1,241	1,941	1,192	1,884
Deferred income tax liabilities	8,949	8,717	-	-
	<b>10,190</b>	<b>10,658</b>	<b>51,539</b>	<b>52,440</b>
<b>Total liabilities</b>	<b>29,649</b>	<b>31,089</b>	<b>62,806</b>	<b>63,919</b>
<b>NET ASSETS</b>	<b>56,381</b>	<b>60,078</b>	<b>21,747</b>	<b>21,995</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	1,797	1,599	-	-
Other reserves	42,749	42,586	29,210	29,047
Accumulated losses	(21,570)	(17,498)	(40,468)	(40,057)
	55,981	59,692	21,747	21,995
Non-controlling interests	400	386	-	-
<b>Total equity</b>	<b>56,381</b>	<b>60,078</b>	<b>21,747</b>	<b>21,995</b>

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>GROUP</b>	
	<b>Half year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities:</b>		
Net loss	(4,058)	(10,577)
Adjustments for:		
Income tax expense	13	66
Depreciation	713	1,165
Employee share-based expenses	163	394
Write-off of right-of-use assets	-	409
Fair value loss on financial assets at FVPL	-	56
Currency translation gain	(833)	(1,028)
Interest income	(703)	(567)
Interest expense on lease liabilities	98	50
	<u>(4,607)</u>	<u>(10,032)</u>
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Trade receivables	(790)	(1,308)
Inventories	1,474	4,057
Other assets and receivables	(196)	432
Trade payables	(1,247)	(3,121)
Accrued liabilities and provisions	142	416
Contract liabilities	(33)	(25)
Cash used in operations	<u>(5,257)</u>	<u>(9,581)</u>
Interest received	741	414
Income tax paid	24	(13)
<b>Net cash used in operating activities</b>	<b><u>(4,492)</u></b>	<b><u>(9,180)</u></b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(18)	(20)
Purchase of financial assets at FVOCI	-	(1,100)
<b>Net cash used in investing activities</b>	<b><u>(18)</u></b>	<b><u>(1,120)</u></b>
<b>Cash flows from financing activities:</b>		
Principal payment of lease liabilities	(741)	(1,061)
Interest paid on lease liabilities	(98)	(50)
<b>Net cash used in financing activities</b>	<b><u>(839)</u></b>	<b><u>(1,111)</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,349)</b>	<b>(11,411)</b>
Cash and cash equivalents at beginning of financial year	56,320	71,294
Effects of currency translation on cash and cash equivalents	1,079	1,291
<b>Cash and cash equivalents at end of the period</b>	<b><u>52,050</u></b>	<b><u>61,174</u></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	Accumulated Losses US\$'000	Total US\$'000	Non- controlling Interests US\$'000	Total Equity US\$'000
<b>FY2024</b>								
<b>Balance at 1 July 2023</b>	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
<b>Total comprehensive income (loss) for the period</b>	-	-	198	-	(4,072)	(3,874)	14	(3,860)
Employee share-based expense	-	-	-	163	-	163	-	163
<b>Total transactions with owners, recognised directly in equity</b>	-	-	-	163	-	163	-	163
<b>Balance at 31 December 2023</b>	<b>49,040</b>	<b>(16,035)</b>	<b>1,797</b>	<b>42,749</b>	<b>(21,570)</b>	<b>55,981</b>	<b>400</b>	<b>56,381</b>
<b>FY2023</b>								
<b>Balance at 1 July 2022</b>	49,040	(16,035)	2,243	42,187	(788)	76,647	365	77,012
Loss for the period	-	-	-	-	(10,591)	(10,591)	14	(10,577)
Other comprehensive loss for the period	-	-	(99)	-	-	(99)	-	(99)
<b>Total comprehensive loss for the period</b>	-	-	(99)	-	(10,591)	(10,690)	14	(10,676)
Employee share-based expense	-	-	-	394	-	394	-	394
<b>Total transactions with owners, recognised directly in equity</b>	-	-	-	394	-	394	-	394
<b>Balance at 31 December 2022</b>	<b>49,040</b>	<b>(16,035)</b>	<b>2,144</b>	<b>42,581</b>	<b>(11,379)</b>	<b>66,351</b>	<b>379</b>	<b>66,730</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>					
<b>Balance at 1 July 2023</b>	49,040	(16,035)	29,047	(40,057)	21,995
Total comprehensive loss for the period	-	-	-	(411)	(411)
Employee share-based expense	-	-	163	-	163
<b>Balance at 31 December 2023</b>	<b>49,040</b>	<b>(16,035)</b>	<b>29,210</b>	<b>(40,468)</b>	<b>21,747</b>
<b>FY2023</b>					
<b>Balance at 1 July 2022</b>	49,040	(16,035)	28,648	(24,682)	36,971
Total comprehensive loss for the period	-	-	-	(436)	(436)
Employee share-based expense	-	-	394	-	394
<b>Balance at 31 December 2022</b>	<b>49,040</b>	<b>(16,035)</b>	<b>29,042</b>	<b>(25,118)</b>	<b>36,929</b>

## CHANGES IN THE COMPANY'S SHARE CAPITAL

### Issued and paid up capital

As at 31 December 2023, 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 31 December 2023, the Company's issued and paid up share capital was US\$49.04 million (30 June 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 first half year of FY2024 (first half year of FY2023: Nil).

As at 31 December 2023, there were 4,581,000 unissued ordinary shares under the options granted to eligible employees and directors (31 December 2022: 1,500,000).

### Treasury shares

As at 31 December 2023, the Company held 4,603,351 (31 December 2022: 4,603,351) treasury shares against 70,396,649 (31 December 2022: 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>31 December</b>	
	<b>2023</b>	<b>2022</b>
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 2023 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 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. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after accounting for:

	<b>GROUP</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Grant income	268	30
Write-back for inventory obsolescence	348	66
Depreciation	(713)	(1,165)
Foreign exchange gain	965	1,099
Write-off of right-of-use assets	-	(409)

### 3. INCOME TAX

Tax expense attributable to profit is made up of:

	<b>GROUP</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Current income tax	42	(13)
Deferred income tax - under provision in prior financial years	(55)	(53)
	<b>(13)</b>	<b>(66)</b>

### 4. DIVIDENDS

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

## 5. NET ASSETS VALUE

	GROUP		COMPANY	
	31 December 2023 US\$	30 June 2023 US\$	31 December 2023 US\$	30 June 2023 US\$
Net asset value per ordinary share	0.80	0.85	0.31	0.31

## 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
<b>31 December 2023</b>				
Financial assets at FVPL	-	1,000	444	1,444
Financial assets at FVOCI	1,231	5,654	100	6,985
	<u>1,231</u>	<u>6,654</u>	<u>544</u>	<u>8,429</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.

## 7. FINANCIAL INSTRUMENTS BY CATEGORY

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

	GROUP	
	31 December 2023 US\$'000	30 June 2023 US\$'000
Financial assets, at FVPL	1,444	1,444
Financial assets, at FVOCI	6,985	6,787
Financial assets, at amortised cost	56,850	60,192
Financial liabilities, at amortised cost	19,300	20,942

## 8. GROUP BORROWINGS

	<b>GROUP</b>	
	<b>31 December 2023 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	1,439	1,255
Unsecured	-	-
	<u>1,439</u>	<u>1,255</u>
<u>After one year</u>		
Secured	1,241	1,941
Unsecured	-	-
	<u>1,241</u>	<u>1,941</u>
Total	<u>2,680</u>	<u>3,196</u>

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

## 9. 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>31 December 2023</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>

## 10. SEGMENTAL REPORTING

	ASIA PACIFIC US\$'000	THE AMERICAS US\$'000	EUROPE US\$'000	TOTAL US\$'000
<b>GROUP</b>				
<b>1 July 2023 to 31 December 2023</b>				
<b>Sales</b>	10,801	8,806	12,186	31,793
<b>(Loss) profit after total expenses</b>	(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)
<b>Net (loss) profit</b>	(5,939)	719	1,162	(4,058)
<b>Other segment items</b>				
Additions to property and equipment	18	-	-	18
Depreciation	(671)	(17)	(25)	(713)
<b>Segment assets</b>	70,472	6,763	8,795	86,030
<b>Segment liabilities</b>	15,813	1,389	12,447	29,649
<b>GROUP</b>				
<b>1 July 2022 to 31 December 2022</b>				
<b>Sales</b>	9,879	8,403	9,929	28,211
<b>(Loss) profit after total expenses</b>	(14,401)	166	(709)	(14,944)
Interest income	567	-	-	567
Other income	30	-	-	30
Other gains (losses), net	4,041	(106)	(49)	3,886
Interest expense on lease liabilities	(42)	(6)	(2)	(50)
(Loss) profit before income tax	(9,805)	54	(760)	(10,511)
Income tax (expense) credit	-	(44)	(22)	(66)
<b>Net (loss) profit</b>	(9,805)	10	(782)	(10,577)
<b>Other segment items</b>				
Additions to property and equipment	20	-	-	20
Depreciation	(1,031)	(82)	(52)	(1,165)
Fair value loss on financial assets at FVPL	(56)	-	-	(56)
<b>Segment assets</b>	84,190	6,086	7,203	97,479
<b>Segment liabilities</b>	16,680	1,900	12,169	30,749

Summary of net sales by country:

	<b>GROUP</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Singapore	7,530	6,580
United States of America	8,806	8,403
Ireland	12,186	9,929
Other countries	3,271	3,299
	<u>31,793</u>	<u>28,211</u>

Summary of net sales by product category:

	<b>GROUP</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Audio, speakers and headphones	30,177	27,062
Personal digital entertainment	1,613	1,126
Other products	3	23
	<u>31,793</u>	<u>28,211</u>

Summary of property and equipment by country:

	<b>GROUP</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Singapore	91	92
United States of America	1	2
Other countries	2	6
	<u>94</u>	<u>100</u>

Summary of ROU assets by country:

	<b>GROUP</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Singapore	2,327	3,566
Other countries	260	496
	<u>2,587</u>	<u>4,062</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**

##### **Net Sales**

Net sales for the first half year of FY2024 increased by 13% compared to the first half year of FY2023. The increase was due mainly to higher revenue from new products launched.

##### **Gross Profit**

Gross profit margin for the first half year of FY2024 was 30% compared to 21% in the first half of FY2023. Gross profit margin in the first half year of FY2023 was adversely affected by the difficult business environment with rising inventory and other business costs, price reduction for certain of the Group's products and US\$0.3 million employee severance charges (see below). Gross profit margin for the first half year of FY2024 was in line with the product mix.

##### **Net Loss**

Net loss for the first half year of FY2024 was US\$4.1 million compared to US\$10.6 million in the first half year of FY2023. 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. Net loss for the first half year of FY2023 includes interest income of US\$0.6 million, other gains (net) of US\$3.9 million, employee severance charges of US\$3.0 million and US\$0.4 million in write-off of right-of-use assets pertaining to unoccupied office space after the restructuring exercise.

Selling, general and administrative expenses in the first half year of FY2024 decreased by 7% compared to the first half year of FY2023. Excluding employee severance charges, selling, general and administrative expenses in the first half year of FY2024 decreased by 2% compared to the first half year of FY2023. Despite the higher level of sales, selling, general and administrative expenses were lower due mainly to lower payroll and related expenses, in line with the lower headcounts after the restructuring exercise in FY2023. As a percentage of sales, selling, general and administrative expenses was 34% in the first half year of FY2024 compared to 39 in the first half year of FY2023.

Research and development expenses in the first half year of FY2024 decreased by 49% compared to the first half year of FY2023. Excluding the employee severance charges in the first half year of FY2023, research and development expenses in the first half year of FY2024 decreased by 33% compared to the first half year of FY2023. The decrease was due mainly to lower payroll and related expenses in line with the lower headcounts after the restructuring exercise in FY2023.

Other gains (net) of US\$1.0 million in the first half year of FY2024 was mainly foreign exchange gain of US\$1.0 million. Other gains (net) of US\$3.9 million in the first half year of FY2023 include foreign exchange gain of US\$1.1 million, gain on sale of intellectual property assets of US\$3.1 million, and US\$0.4 million loss on write-off of right-of-use assets.

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 gain in the first half year of FY2024 was due mainly to the appreciation of these currencies against the US dollar. The exchange gain in the first half of FY2023 was due mainly to the appreciation of Singapore dollar 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 was due mainly to higher level of sales. The decrease in inventories was due mainly to higher level of sales towards the end of the first half year of FY2024. The decrease in trade payables was due mainly to lower purchases towards the end of the period. 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 repayments.

## **CONSOLIDATED STATEMENT OF CASH FLOWS**

Net cash used in operating activities was US\$4.5 million in the first half year of FY2024 and US\$9.2 million in the first half year of FY2023. Net cash used in operating activities in the first half year of FY2024 and FY2023 was due mainly to the operating loss for each period and decreases in trade payables, offset partially by decreases in inventories in each period.

Net cash used in investing activities was not material in the first half year of FY2024 (first half year of FY2023: US\$1.1 million).

Net cash used in financing activities of US\$0.8 million in the first half year of FY2024 (first half year of FY2023: US\$1.1 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 overall business environment continues to be challenging with the on-going geopolitical tensions, high business costs and subdued market demand, especially in certain regions and product segments. Despite these adverse macro-economic business conditions, we have developed a business plan that we believe will grow our revenue and margins.

Our strategy to grow the headphone business is progressing on track. We are the front-runner in introducing MEMs technology in headphones by launching the Aurvana Ace series which has gained global recognition. We will continue to exploit technology to transform the mass market and further establish our position in the headphone business, with a series of new MEMs and Super X-Fi products being planned for launch in the current year. We will also introduce new products for the speaker business to expand our position in the premium speaker segment. The new headphone and speaker products will provide revenue growth opportunities for the Group.

For the second half year of FY2024, the Group expects to increase revenue from the current level and to achieve a higher gross profit margin. The Group expects 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 2024

**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 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

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Lee Kheng Nam  
Chairman

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Ng Kai Wa  
Vice Chairman