

SPACKMAN ENTERTAINMENT GROUP LIMITED

Company registration number – 201401201N

Condensed Interim Financial Statements For the Six Months Ended 30 June 2024

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Evolve Capital Advisory Private Limited (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	The Group		
		Six Months Ended		Change
		30 June 2024 US\$'000	30 June 2023 US\$'000	
Continuing operations				
Revenue	4	471	299	58
Cost of sales		(232)	(74)	214
Gross profit		239	225	6
Other income and gains		71	15	N.M.
Interest income		53	43	23
Expenses				
Selling expenses		(141)	(257)	(45)
General and administrative expenses		(1,445)	(1,857)	(22)
Finance costs		(54)	(19)	184
Other expenses		(865)	(380)	128
Share of results of associate		(137)	125	(210)
Loss before tax	6	(2,279)	(2,105)	8
Tax credit	8	–	–	N.M.
Loss for the financial period		(2,279)	(2,105)	8
Loss for the period attributable to:				
Equity holders of the Company		(2,249)	(1,962)	15
		(2,249)	(1,962)	15
Non-controlling interests		(30)	(143)	(79)
Loss for the financial period		(2,279)	(2,105)	8
Loss per share attributable to the equity holders of the Company:				
Basic and fully diluted (USD in cents)	7	(0.12)	(0.11)	
		(0.12)	(0.11)	

N.M. – Not meaningful

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	The Group		
	30 June 2024 US\$'000	30 June 2023 US\$'000	Change %
Other comprehensive loss			
<u>Items that are or may be reclassified subsequently to profit or loss:</u>			
Currency translation difference arising from consolidation	572	179	220
Share of other comprehensive profit/(loss) of associated company	430	(96)	N.M.
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Currency translation difference arising from consolidation	31	(6)	N.M.
Total comprehensive loss for the period	(1,246)	(2,028)	(39)
Total comprehensive loss for the period attributable to:			
Equity holders of the Company	(1,247)	(1,879)	(34)
Non-controlling interests	1	(149)	N.M.
Total comprehensive loss for the period	(1,246)	(2,028)	(39)

N.M. – Not meaningful

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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (GROUP AND COMPANY)

	Note	Group		Company	
		30 June 2024 US\$'000	31 December 2023 US\$'000	30 June 2024 US\$'000	31 December 2023 US\$'000
Assets					
Property, plant and equipment	12	389	552	55	77
Intangible assets	11	1,647	1,765	–	–
Film production inventories		1,131	1,034	–	–
Deferred tax assets		–	18	–	–
Investment in subsidiaries		–	–	10,572	10,572
Investment in associated company		11,863	11,569	12,463	12,463
Trade and other receivables		280	342	–	–
Non-current assets		15,310	15,280	23,090	23,112
Film production inventories		1,748	997	–	–
Loan to subsidiaries		–	–	1,074	952
Inventories		5	5	–	–
Financial assets at fair value through profit or loss	10	646	808	–	–
Trade and other receivables		4,629	5,489	801	1,272
Cash and cash equivalents		488	802	102	145
Current assets		7,516	8,101	1,977	2,369
Total assets		22,826	23,381	25,067	25,481
Liabilities					
Borrowings	13	371	419	876	975
Other non-current liabilities		157	162	–	–
Non-current liabilities		528	581	876	975
Contract liabilities		344	482	–	–
Trade and other payables		1,858	1,629	675	728
Borrowings	13	2,196	2,494	7,596	7,459
Film obligation and production loans		1,448	497	–	–
Current liabilities		5,846	5,102	8,271	8,187
Total liabilities		6,374	5,683	9,147	9,162
Net assets		16,452	17,698	15,920	16,319
Share capital and reserves					
Share capital	14	70,007	70,007	70,007	70,007
Treasury shares	14	(915)	(915)	(915)	(915)
Other reserves		(1,932)	(2,934)	–	–
Accumulated losses		(50,250)	(48,001)	(53,172)	(52,773)
Equity attributable to equity holders of the Company, total		16,910	18,157	15,920	16,319
Non-controlling interests		(458)	(459)	–	–
Total equity		16,452	17,698	15,920	16,319

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		Six Months Ended	
		30 June 2024	30 June 2023
		US\$'000	US\$'000
Cash flows from operating activities			
Loss before tax		(2,279)	(2,105)
Adjustments for:			
Depreciation of property, plant and equipment	6	180	286
Interest income	6	(53)	(43)
Interest expense	6	54	19
Share of results of associated company		137	(125)
Amortisation of intangible assets	6	80	44
Fair value loss on investments in financial assets at FVTPL	6	–	21
Gain on disposal of property, plant and equipment	6	(10)	–
Gain on termination of right-of-use assets	6	(2)	–
Reversal of loss on film borne by external investors		(2)	–
Operating loss before working capital changes		(1,895)	(1,903)
Working capital changes			
Inventories and copyrights		1	2
Film production inventories		(1,019)	(298)
Receivables and contract assets		153	526
Payables and contract liabilities		133	(2,492)
Currency translation adjustments		915	273
Cash used in operations		(1,712)	(3,892)
Interest received		3	17
Income tax paid		–	–
Net cash used in operating activities		(1,709)	(3,875)

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Group	
	Six Months Ended	
	30 June 2024	30 June 2023
Note	US\$'000	US\$'000
Investing activities		
Proceeds from disposal of property, plant and equipment	27	–
Disposal of intangible asset	31	–
Purchases of property, plant and equipment	(29)	(36)
Purchases of intangible asset	–	(7)
Purchases of investments	–	(309)
Proceeds from disposal of investments	125	194
Additional short-term loans	(39)	(59)
Collection of short-term loans	478	9
Net collection from associated company	191	(152)
Net cash generated from/(used in) investing activities	784	(360)
Financing activities		
Interest paid	(54)	(19)
Repayment of borrowings	(188)	(163)
Proceeds from borrowings	48	32
Loan received from director	90	1,413
Advances received from directors of subsidiaries	56	37
Repayment of advances received from directors of subsidiaries	(54)	–
Proceeds from film obligations and production loans	1,016	–
Repayment of film obligations and production loans	(16)	(216)
Repayment of lease liabilities	(128)	(201)
Net decrease of leasehold deposit	61	63
Net cash generated from financing activities	831	946
Net change in cash and cash equivalents	(94)	(3,289)
Cash and cash equivalents at beginning of financial period	802	6,209
Effect of exchange rate changes	(220)	(65)
Cash and cash equivalents at end of the financial period	488	2,855

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group	Share capital	Treasury shares	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2024							
Balance as at 1 January 2024	70,007	(915)	(2,934)	(48,001)	18,157	(459)	17,698
Loss for the financial period	–	–	–	(2,249)	(2,249)	(30)	(2,279)
<u>Other comprehensive income for the period</u>							
Share of other comprehensive loss of associated company	–	–	430	–	430	–	430
Currency translation difference on consolidation	–	–	572	–	572	31	603
	–	–	1,002	–	1,002	31	1,033
Balance as at 30 June 2024	70,007	(915)	(1,932)	(50,250)	16,910	(458)	16,452
2023							
Balance as at 1 January 2023	70,007	(915)	(3,157)	(39,950)	25,985	180	26,165
Loss for the financial period	–	–	–	(1,962)	(1,962)	(143)	(2,105)
<u>Other comprehensive income/(loss) for the period</u>							
Share of other comprehensive loss of associated company	–	–	(96)	–	(96)	–	(96)
Currency translation difference on consolidation	–	–	179	–	179	(6)	173
	–	–	83	–	83	(6)	77
Balance as at 30 June 2023	70,007	(915)	(3,074)	(41,912)	24,106	31	24,137

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

The Company	Share capital US\$'000	Treasury shares US\$'000	Accumulated losses US\$'000	Total US\$'000
2024				
Balance as at 1 January 2024	70,007	(915)	(52,773)	16,319
Loss for the financial period	–	–	(399)	(399)
Balance as at 30 June 2024	70,007	(915)	(53,172)	15,920
2023				
Balance as at 1 January 2023	70,007	(915)	(47,974)	21,118
Loss for the financial period	–	–	(593)	(593)
Balance as at 30 June 2023	70,007	(915)	(48,567)	20,525

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Spackman Entertainment Group Limited (the “**Company**”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist of the Singapore Exchange. The registered office of the Company is at 16 Collyer Quay, #17-00, Singapore 049318. The principal place of business of the Company is at 111 Somerset Road, #05-13, 111 Somerset, Singapore 238164.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the “**Group**”). The principal activity of the Company is an investment holding company and its subsidiaries’ principal activities are film production, film distribution for post-theatrical market, film and talent management.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“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 the performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements of the Group and the Company are presented in United States dollar (“**USD**”), which is the Company’s functional currency.

2.1 New and revised standards

In the current reporting period, the Group has adopted all new and revised SFRS(I) and SFRS(I) Interpretations (“**SFRS(I) INT**”) that are relevant to its operations and effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2024 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 11 – Impairment test of intangible assets and goodwill

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Group assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2.2 Use of estimates and judgements (Cont'd)

Measurement of fair values (Cont'd)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. Seasonal operations

As the global economy moves at a slower pace, some of the Group's film and drama projects continue to face some delays in the production and distribution of its content projects. However, the Group's businesses are not affected by any other seasonal or cyclical factors during the financial year.

4. Segment and revenue information

The Group is organised into the following business segments:

- Distribution of films;
- Production of films;
- Talent management;
- Restaurant sales and café lounge;
- Consulting services;
- Photography; and
- Others

These operating segments are reported in a manner consistent with internal reporting provided to the Executive Director and Chief Executive Officer, who is responsible for allocating resources and assessing the performance of the operating segments.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. Segment and revenue information (Cont'd)

4.1 Reportable segments

In US\$'000	The Group							
	Six months ended 30 June 2024							
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Photography	Others	Total
Revenue	225	–	–	88	–	97	61	471
Cost of sales	(167)	–	–	(34)	–	–	(31)	(232)
Share of results of associated companies	–	–	(137)	–	–	–	–	(137)
Gain on disposal of property, plant and equipment	–	–	–	–	–	–	10	10
Segment gross results	58	–	(137)	54	–	97	40	112
Selling and general & administrative expenses	(632)	–	–	(248)	–	(274)	(172)	(1,326)
Segment net results	(574)	–	(137)	(194)	–	(177)	(132)	(1,214)
Unallocated other income:								
Other income and gains								61
Interest income								53
Unallocated expenses:								
Depreciation and amortisation								(260)
Other expenses								(865)
Finance costs								(54)
Loss before tax								(2,279)
Tax expenses								–
Loss for the period								(2,279)
Segment assets	2,477	3,770	12,122	1,112	543	1,035	732	21,791
Unallocated assets								1,035
Total assets								22,826
Segment liabilities	1,013	1,664	–	348	–	383	242	3,650
Unallocated liabilities								2,724
Total liabilities								6,374

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. Segment and revenue information (Cont'd)

4.1 Reportable segments (Cont'd)

In US\$'000	The Group							
	Six months ended 30 June 2023							
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Photography	Others	Total
Revenue	67	–	–	148	–	78	6	299
Cost of sales	(22)	–	–	(52)	–	–	–	(74)
Share of results of associated companies	–	–	125	–	–	–	–	125
Fair value on loss on investment in financial assets of FVTPL	(21)	–	–	–	–	–	–	(21)
Segment gross results	24	–	125	96	–	78	6	329
Selling and general & administrative expenses	(398)	(3)	–	(884)	–	(464)	(35)	(1,784)
Segment net results	(374)	(3)	125	(788)	–	(386)	(29)	(1,455)
Unallocated other income:								
Other income and gains								15
Interest income								43
Unallocated expenses:								
Depreciation and amortisation								(330)
Other expenses								(359)
Finance costs								(19)
Loss before tax								(2,105)
Tax expenses								–
Loss for the period								(2,105)
Segment assets	1,336	3,584	14,112	3,152	656	1,491	335	24,666
Unallocated assets								5,115
Total assets								29,781
Segment liabilities	898	467	–	728	–	383	29	2,505
Unallocated liabilities								3,139
Total liabilities								5,644

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. Segment and revenue information (Cont'd)

4.2 Disaggregation of revenue

In US\$'000	The Group				Total
	Distribution of films	Restaurant sales and café lounge	Photography	Others	
Six months ended 30 June 2024					
Type of revenue:					
Distribution of films and others	225	—	—	—	225
Restaurant sales and café lounge	—	88	—	—	88
Photography	—	—	97	—	97
Sales of content	—	—	—	43	43
Others	—	—	—	18	18
Total revenue	225	88	97	61	471
Timing of revenue recognition:					
At a point in time	—	88	—	—	88
Over time	225	—	97	61	383
Total revenue	225	88	97	61	471
Geographical information:					
South Korea	225	88	97	61	471
Total revenue	225	88	97	61	471

The Group expects positive contribution from upcoming content and talent management projects in the second half of the year although there were no revenue recorded for talent management, film production and consulting services for the six months ended 30 June 2024.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. Segment and revenue information (Cont'd)

4.2 Disaggregation of revenue (Cont'd)

In US\$'000	The Group				
	Six months ended 30 June 2023				Total
	Distribution of films	Restaurant sales and café lounge	Photography	Others	
Type of revenue:					
Distribution of films and others	67	–	–	–	67
Restaurant sales and café lounge	–	148	–	–	148
Photography	–	–	78	–	78
Others	–	–	–	6	6
Total revenue	67	148	78	6	299
Timing of revenue recognition:					
At a point in time	–	148	–	–	148
Over time	67	–	78	6	151
Total revenue	67	148	78	6	299
Geographical information:					
South Korea	67	148	78	6	299
Total revenue	67	148	78	6	299

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group:

	Note	The Group		The Company	
		30 June 2024 US\$'000	31 December 2023 US\$'000	30 June 2024 US\$'000	31 December 2023 US\$'000
Financial Assets					
Financial assets at fair value through profit or loss	10	646	808	–	–
Cash and bank		488	802	102	145
Trade and other receivables (Amortised cost) #		3,429	3,886	1,842	2,150
		4,563	5,496	1,944	2,295
Financial liabilities					
Financial liabilities at fair value through profit or loss		1,448	497	–	–
Trade and other payables (Amortised cost) *		4,167	4,498	9,147	9,162
		5,615	4,995	9,147	9,162

Excludes prepayments and advance payments

* Excludes deferred income and advance received

6. Loss before tax

The following significant items have been included in arriving at loss before tax:

	Group Six Months Ended	
	30 June 2024 US\$'000	30 June 2023 US\$'000
Income		
Interest income	53	43
Gain on disposal of property, plant and equipment	10	–
Gain on termination of right-of-use assets	2	–
Expenses		
Amortisation of intangible assets	80	44
Depreciation on property, plant and equipment	180	286
Fair value loss on investments in financial assets at FVTPL	–	21
Interest expense	54	19
Foreign exchange loss, net	739	311

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

7. Loss per share

Basic and diluted loss per share is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

The following tables reflect the income and share data used in the computation of basic and diluted loss per share for the end of the period.

	Group	
	Six Months Ended	
	30 June 2024 US\$'000	30 June 2023 US\$'000
Loss for the period attributable to equity holders of the Company	2,249	1,962
	<u>2,249</u>	<u>1,962</u>
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share computation	1,836,391,319	1,836,391,319

8. Tax credit

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	Six Months Ended	
	30 June 2024 US\$'000	30 June 2023 US\$'000
Tax credit attributable to loss are made up of:		
- Current income tax provision	-	-

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

9. Net asset value

	Group		Company	
	30 June 2024 US\$	31 December 2023 US\$	30 June 2024 US\$	31 December 2023 US\$
Net asset value	16,452,190	17,697,751	15,920,354	16,319,465
Net asset value per ordinary share	0.009	0.010	0.009	0.009

Net asset value per ordinary share is computed based on the number of shares in issue (excluding treasury shares) of 1,836,391,319 (FY2023: 1,836,391,319).

10. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise the following:

	Group		Company	
	30 June 2024 US\$'000	31 December 2023 US\$'000	30 June 2024 US\$'000	31 December 2023 US\$'000
Current				
Investment in film funds	316	341	–	–
Investment in theatrical projects	330	467	–	–
	646	808	–	–

Investment in film funds represents the Group's interest in private equity funds that focus on investments in the entertainment industry in Korea. The Group expects to earn returns on the investment by way of distribution of dividends. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

Investment in theatrical projects represents the Group's financing of production and marketing expenditure that are associated with specific film titles. The fair value of investment in theatrical projects is determined based on the stage of production of the underlying films. The remaining amounts relate to film which have been released in the theatres and the fair values are determined based on the future cash flows expected to be received by the Group. The fair value measurement is categorised in Level 3 of the fair value hierarchy.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

10. Financial assets at fair value through profit or loss (Cont'd)

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
The Group – 30 June 2024				
Financial assets				
Financial assets at fair value through profit or loss	–	–	646	646
The Group – 31 December 2023				
Financial assets				
Financial assets at fair value through profit or loss	–	–	808	808

11. Intangible assets

Group	Acquired libraries US\$'000	Software US\$'000	Goodwill US\$'000	Customer contracts US\$'000	Customer relationships US\$'000	Copyrights US\$'000	Total US\$'000
As at 30 June 2024							
Cost	28	23	11,649	693	244	697	13,334
Accumulated amortization and disposal	(28)	(23)	(10,450)	(693)	(244)	(249)	(11,687)
Net book amount	–	–	1,199	–	–	448	1,647
As at 31 December 2023							
Cost	28	23	11,649	693	244	690	13,327
Addition	–	–	–	–	–	7	7
Accumulated amortization and disposal	(28)	(23)	(10,450)	(693)	(244)	(131)	(11,569)
Net book amount	–	–	1,199	–	–	566	1,765

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

12. Property, plant and equipment

The Group's property, plant and equipment amounted to US\$389,033 (31 December 2023: US\$551,541) and the Company's plant and equipment amounted to US\$55,208 (31 December 2023: US\$77,359). The decrease was mainly attributable to the decrease in the right of use of the asset.

13. Borrowings

	Group		Company	
	30 June 2024 US\$'000	31 December 2023 US\$'000	30 June 2024 US\$'000	31 December 2023 US\$'000
Amount repayable within one year or less, or on demand				
Unsecured loans	1,765	1,952	7,596	7,459
Secured loans ⁽¹⁾	431	542	–	–
	2,196	2,494	7,596	7,459
Amount repayable after one year				
Unsecured loans	288	310	876	975
Secured loans ⁽²⁾	83	109	–	–
	371	419	876	975
Total loans and borrowings	2,567	2,913	8,472	8,434

Notes:

(1) The Group's short-term borrowings are secured by guarantees from Korea Technology Finance Corporation.

(2) The Group's long-term borrowings are secured by a guarantee from Seoul Credit Guarantee Foundation.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

14. Share capital and treasury shares

	Group and Company			
	Number of ordinary shares		Amount	
	Share capital	Treasury shares	Share capital	Treasury shares
2024				
Beginning and end of financial period	1,949,225,819	(112,834,500)	70,007,456	(914,565)
2023				
Beginning and end of financial year	1,949,225,819	(112,834,500)	70,007,456	(914,565)

All issued shares are fully paid ordinary shares with no par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares rank equally in regard to the Company's residual assets. All ordinary shares carry one vote per share without restrictions.

Treasury shares

The Company did not have any outstanding options or convertibles as at 30 June 2024 and 31 December 2023.

There are no subsidiary holdings during and as at end of the current financial period reported on.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

1. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The condensed interim consolidated statement of financial position of Spackman Entertainment Group Limited and its subsidiaries as at 30 June 2024 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- a) **Updates on the efforts taken to resolve each outstanding audit issue.**
- b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

3. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

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OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

a) Revenue

	Group	
	6M Ended June 2024 US\$ million	6M Ended June 2023 US\$ million
Distribution of films and others	0.22	0.06
Restaurant sales and café lounge business	0.09	0.15
Photography	0.10	0.08
Sales of content	0.04	–
Others	0.02	0.01
	0.47	0.30

Revenue increased by US\$0.17 million or 58% year-on-year (“YoY”) to US\$0.47 million for the six months ended 30 June 2024 (“6M FY2024”). This was mainly due to the increase of US\$0.16 million in the distribution of films for *MARRYING THE MAFIA* in the post-theatrical market.

The Group recorded higher revenue from sales of content and photography in 6M FY2024 as compared to the same period in the previous year (“6M FY2023”), while it recorded lower revenue from restaurant sales and café lounge business.

b) Cost of sales

	Group	
	6M Ended June 2024 US\$ million	6M Ended June 2023 US\$ million
Distribution of films and others	0.17	0.02
Restaurant sales and café lounge business	0.03	0.05
Sales of content	0.03	–
	0.23	0.07

Cost of sales increased by US\$0.16 million or 214% YoY in 6M FY2024. This was mainly due to the increase of US\$0.15 million in the cost of sales under the distribution of films for *MARRYING THE MAFIA* in the post-theatrical market.

c) Gross profit

The Group registered a gross profit of US\$0.24 million 6M FY2024, which was US\$0.01 million or 6% higher as compared to 6M FY2023. In line with higher sales, the Group recorded a decrease of 24% YoY in gross margin for 6M FY2024 as compared to 6M FY2023.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

d) Other income and gains

Other income and gains increased by US\$0.06 million YoY to US\$0.07 million in 6M FY2024. The increase was mainly due to miscellaneous income of US\$0.03 million, gain on foreign currency of US\$0.01 million and gain on disposition of property, plant and equipment of US\$0.01 million.

e) Selling expenses

Selling expenses decreased by US\$0.12 million or 45% YoY to US\$0.14 million in 6M FY2024. The decrease was mainly due to a decrease in business travel numbers.

f) General and administrative expenses

General and administrative expenses decreased by US\$0.41 million or 22% YoY to US\$1.45 million in 6M FY2024. This was mainly attributable to the decrease in professional fees of US\$0.17 million, salaries and wages of US\$0.14 million, and depreciation and amortisation of US\$0.11 million.

g) Other expenses

Other expenses increased by US\$0.49 million YoY to US\$0.87 million in 6M FY2024. The increase is primarily attributable to foreign currency losses of US\$0.44 million and this is partially offset by lower impairment loss on short-term fund investment of US\$0.02 million.

h) Share of results of associate

The share of results of associate recognised a loss of US\$0.14 million in 6M FY2024 as compared to a profit of US\$0.13 million in 6M FY2023 attributable by the profit from the Group's 43.88% owned associated company, Spackman Media Group Limited ("SMGL"). The loss recorded by SMGL was US\$0.31 million in 6M FY2024 as compared to a profit of US\$0.28 million in 6M FY2023. This was US\$0.59 million lower than 6M FY2023 as its talent management revenue decreased from a fall in the percentage of completion in the filming and endorsement projects for several artists in 6M FY2024.

i) Loss after tax for the period

As a result of the above, the Group recorded a loss after tax of US\$2.28 million in 6M FY2024 as compared to a loss after tax of US\$2.11 million in 6M FY2023.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

Consolidated Statement of Financial Position

The Group's non-current assets as of 30 June 2024 was US\$15.31 million, which increased by US\$0.03 million or 0.20% from US\$15.28 million, as compared to 31 December 2023. This was mainly due to the following:

- i) Increase in investment in the associated company by US\$0.29 million, which was mainly due to US\$0.43 million in other comprehensive gain from Crystal Planet Limited's ("CPL") capital increase, and partially offset by US\$0.14 million loss in the share of results of associate for the year;
- ii) increase in film production inventories by US\$0.10 million; and
- iii) partially offset by the decrease in property, plant and equipment and intangible assets by US\$0.28 million, which was mainly attributable to the depreciation charged during 6M FY2024.

The Group's current assets decreased by US\$0.59 million from US\$8.10 million as of 31 December 2023 to US\$7.52 million as of 30 June 2024. This was mainly due to the decrease in cash and cash equivalents of US\$0.31 million as explained in the consolidated statement of cash flow below and the decrease in financial assets at fair value through profit or loss of US\$0.16 million and decrease in trade and other receivables of US\$0.86 million. This was partially offset by the increase in film production inventories of US\$0.75 million.

The Group's non-current liabilities decreased by US\$0.05 million from US\$0.58 million as of 31 December 2023 to US\$0.53 million as of 30 June 2024. This was mainly due to a decrease in non-current borrowings.

The Group's current liabilities amounted to US\$5.85 million as of 30 June 2024 as compared to the current liabilities of US\$5.10 million as of 31 December 2023. This was mainly due to the increase in trade and other payables of US\$0.23 million and film obligation and production loan of US\$0.95 million. This was partially offset by a decrease in contract liabilities of US\$0.14 million and borrowings of US\$0.30 million.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

Consolidated Statement of Cash Flow

As of 30 June 2024, the Group had cash and cash equivalents amounting to US\$0.49 million as compared to cash and cash equivalents amounting to US\$2.86 million as of 30 June 2023.

The significant cash movements during 6M FY2024 as compared to 6M FY2023 can be summarised as follows:

Cash flow used in operating activities for 6M FY2024 amounted to US\$1.71 million as compared to cash flow used in operating activities of US\$3.88 million for 6M FY2023. The cash flow used in operating activities for 6M FY2024 was mainly attributable to the operating loss before working capital changes of US\$1.90 million and film production inventories of US\$1.02 million. This was partially offset by receivables and contract assets of US\$0.15 million, payables and contract liabilities of US\$0.13 million and the currency translation gain of US\$0.92 million.

Cash flow generated from investing activities for 6M FY2024 was US\$0.78 million as compared to cash flow used in investing activities of US\$0.36 million for 6M FY2023. The cash flow generated from investing activities was mainly due to the proceeds from disposal of property, plant and equipment of US\$0.03 million, disposal of intangible asset of US\$0.03 million, proceeds from the settlement of investments in project of US\$0.13 million, proceeds from the collection of short-term loans of US\$0.48 million and net collection from associated company of US\$0.19 million. This was partially offset by purchases of property, plant and equipment of US\$0.03 million and additional short-term loans of US\$0.14 million.

Cash flow generated from financing activities was US\$0.83 million for 6M FY2024 as compared to cash flow used in financing activities of US\$0.95 million for 6M FY2023. The cash flow generated from financing activities for 6M FY2024 was mainly due to the proceeds from borrowings of US\$0.05 million, loan received from director of US\$0.09 million, advances received from directors of subsidiaries of US\$0.06 million, net proceeds from film obligations and production loans of US\$1 million and net decrease in leasehold deposits of US\$ 0.06 million. This was partially offset by repayment of borrowings US\$0.19 million, repayment of advances received from directors of subsidiaries US\$0.05 million and repayment of lease liabilities of US\$0.13 million.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's wholly-owned indirect subsidiary Studio Take Co., Ltd. ("**Studio Take**") is set to release a new budget film project named *THE GUEST*. The film is based on the short film with the same title directed by Yeon Je-gwang, which was invited to the 2016 Cannes Film Festival. *THE GUEST* is currently at the post-production stage and tentatively scheduled to be released in the first half of 2025. Studio Take is also in the process of producing an upcoming film with the working title, *YOU ARE THE APPLE OF MY EYE*, which is a remake of the 2011 Taiwanese coming of age box office hit of the same title adapted from the semi-autobiographical novel, *THE GIRL WE CHASED TOGETHER IN THOSE YEARS*, written by Taiwanese author Giddens Ko. The romance movie stars Sohn Jeong-hyuck of MSteam Entertainment Co., Ltd. ("**MSteam**"), a wholly-owned subsidiary of the Group's associated company, Spackman Media Group Limited ("**SMGL**").

Other than Studio Take, the Group's wholly owned subsidiaries, including Greenlight Content Limited and Platform Media Group Co., Ltd., are also developing a pipeline of new Korean film and drama projects targeted for streaming on OTT platforms, reinforcing the Group's film production capability to continue to produce quality content.

According to data from the Korea Creative Content Agency ("**KOCCA**"), the size of the Korean cultural content market was estimated to reach USD 70.9 billion for 2023, which is the 7th largest in the world.⁽¹⁾ The power of the Korean Wave had continued to stay resilient in the global content production sector especially with the growing consumer demand for Korean films and dramas which are well-known for their creative concepts, elevated production values and quality screenwriting.

Korea is Netflix's top spending destination in Asia with the streaming platform giant planning to invest USD 2.5 billion in the country's entertainment content across TV series, films and nonfiction shows in the span of four years, targeted to appeal to audiences worldwide, based on a report from CNBC in May 2023⁽²⁾. Rising international star Wi Ha-jun of MSteam, reprises his role in the highly anticipated second season of Netflix global hit series, *SQUID GAME*, which is set to premiere on 26 December 2024. SMGL artist Wi Ha-jun recently starred in the popular romance K-drama series, *THE MIDNIGHT ROMANCE IN HAGWON*, which ranked first for its timeslot in Korea in May 2024.

¹ Invest KOREA, Korean Wave, The Power of Korea's Cultural Content Industry, <https://www.investkorea.org/ik-en/cntrts/i-326/web.do#:~:text=Korean%20Wave%2C%20The%20Power%20of%20Korea's%20Cultural%20Content%20Industry&text=The%20size%20of%20the%20Korean,7th%20largest%20in%20the%20world>

² CNBC, Netflix's \$2.5 billion investment in Korean content appeals to audiences worldwide <https://www.cnn.com/2023/05/12/netflixs-2point5-billion-investment-in-korean-content-targets-global-audience.html>, 12 May 2023

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months. (cont'd)

In addition to the development and production of Korean content, the Group shall be reviewing projects for the co-production and financing of US Hollywood films, which generally have a wider international audience base. Capitalizing on the talent management platform of SMGL, the Group intends to collaborate closely with SMGL in its foray into the North American market.

In February 2023, the Group announced that SMGL, and one of SMGL's wholly-owned subsidiaries, Crystal Planet Limited ("CPL"), entered into a share exchange agreement (the "**Agreement**") with Spackman Equities Group Inc. (a company listed on the TSX Venture Exchange ("**TSXV**") as TSX VENTURE: SQG) ("**SQG**") pursuant to which SQG will acquire all of the issued and outstanding shares in the capital of CPL from SMGL in consideration of the issuance of new listed shares of SQG, which is a shareholder of the Group. The transaction will result in SQG becoming a subsidiary of SMGL (the "**Proposed Transaction**").

Subsequently, SQG announced that it had received TSXV conditional approval on 8 March 2024⁽³⁾ and shareholder approval on 23 May 2024⁽⁴⁾ for the Proposed Transaction. SQG also updated that the TSXV granted an extension to the deadline for completing the Proposed Transaction from 29 May 2024 to 27 August 2024.

The Group wishes to update that the Proposed Transaction is currently in progress and the Group will make further announcements in compliance with the requirements of the Catalist Rules, when there are material developments in respect of the Proposed Transaction.

From the Group's understanding from SMGL, the Proposed Transaction will allow SMGL's artists to be better positioned to enter the North American film market by leveraging on the geographical advantage of SQG being listed in Canada, and to have more opportunities to obtain financing for growth from the capital market in Canada, through its ownership of SQG.

As for new content production projects or partnerships, the Group will announce if there are any material updates or if definitive agreements have been entered into, as and when necessary.

³ SEDAR+, Spackman Equities Group Inc. Receives TSXV Conditional Approval, <https://www.sedarplus.ca/csa-party/records/document.html?id=4a36025d13899a4645e69e5b438307a58ac5e272c3d3905f5d2b8f9e92fdc243>, 8 March 2024

⁴ SEDAR+, Spackman Equities Group Inc. Announces Shareholder Approval for Reverse Takeover with Crystal Planet Limited, <https://www.sedarplus.ca/csa-party/records/document.html?id=8ad4296aee2c9a88c26ee8cb22ab1b0d3cc3134f2453cfb2944d2c13e4e7d023>, 23 May 2024

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

6. Dividend Information

- a) *Current Financial Period Reported on:* Any dividend declared for the current financial period reported on?
No dividend is declared.
- b) *Corresponding Period of the Immediately Preceding Financial Year:* Any dividend declared for the corresponding period of the immediately preceding financial year?
No.
- c) Date payable: Not applicable
- d) Record date: Not applicable

7. If no dividend has been declared/recommended, a statement to that effect and reason(s) for the decision.

No dividend is recommended for the half year ended 30 June 2024 (30 June 2023: Nil) as the Group intends to conserve cash for working capital use.

8. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
None	Not applicable	Not applicable

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OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

9. Use of Proceeds

The Company refers to the net proceeds amounting to approximately KRW 17,820 million or US\$15.02 million raised from the completion of the disposal of Zip Cinema.

The status of the use of the proceeds as of the date of this announcement is as follows:

Use of proceeds (million)	Value (KRW)	Value (USD)	Amount after reallocation ⁽²⁾⁽³⁾ (USD)	Total amount utilised (USD)	Total balance as of today (USD)
Production/ Investments of film projects	4,500	3.79	2.24	(2.24)	—
Acquisition/ Investment of new business	5,500	4.63	—	—	—
Repayment of borrowings	1,800	1.52	1.52	(1.52)	—
Share buyback	1,000	0.84	0.24	(0.24)	—
Payment of tax related to the disposal of Zip Korea	2,000	1.69	1.73	(1.73)	—
Working capital ⁽¹⁾	3,020	2.55	9.29	(9.29)	—
Total	17,820	15.02	15.02	(15.02)	—

**Based on an exchange rate of USD1:KRW1,182*

Notes:

(1) US\$9.29 million of working capital utilised for:

- Personnel expenses (US\$2,833,153);
- Audit and professional fees (US\$2,696,927);
- Rental expenses (US\$1,044,767); and
- Others (US\$2,712,341)

(2) Please refer to the Company's announcements dated 30 December 2021, 12 August 2022, 11 November 2022, 28 February 2023, 14 August 2023 and 29 February 2024 on the previous reallocations.

(3) As of the date of this announcement, US\$0.10 million was reallocated from the production/investments of film projects to working capital.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES (CONT'D)

10. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

11. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of SGX-ST, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

12. Negative Assurance Confirmation on Interim Financial Results Pursuant to Rule 705(5) of the Listing Manual

We, the undersigned, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial results for the half year ended 30 June 2024 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Na Kyoungwon
Executive Director and Chief Executive
Officer

Anthony Wei Kit Wong
Non-Executive Chairman

Date: 14 August 2024
