

SPACKMAN ENTERTAINMENT GROUP LIMITED

Company registration number – 201401201N

Condensed Interim Financial Statements For the Fourth Quarter and Full Year Ended 31 December 2022

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

		The Group						
		Three Months Ended			Twelve Months Ended			
		31 December		Change	31 December		Change	
Note		2022	2021		2022	2021		
		US\$'000	US\$'000	%	US\$'000	US\$'000	%	
			(Represe nted) ¹		(Represe nted) ¹			
Continuing operations								
	Revenue	4	1,224	3,846	(68)	3,401	14,933	(77)
	Cost of sales		(861)	(2,956)	(71)	(1,989)	(12,956)	(85)
	Gross profit		363	890	(59)	1,412	1,977	(29)
	Other income and gains		467	9,091	(95)	681	9,268	(93)
	Interest income		24	26	(8)	64	111	(42)
Expenses								
	Selling expenses		(189)	(164)	15	(577)	(411)	40
	General and administrative expenses		(1,638)	(2,593)	(37)	(4,550)	(5,867)	(22)
	Finance costs		(15)	(34)	(56)	(84)	(171)	(51)
	Other expenses		(2,620)	(610)	N.M.	(4,047)	(1,099)	N.M.
	Share of results of associate		44	(797)	(106)	486	(1,090)	(145)
	(Loss)/profit before tax	6	(3,564)	5,809	(161)	(6,615)	2,718	(343)
	Tax (expense)/credit	9	(2)	(2,018)	N.M.	4	(2,062)	N.M.
	(Loss)/profit for the financial period		(3,566)	3,791	N.M.	(6,611)	656	N.M.
Discontinued operations¹								
	Profit after tax for the year from discontinued operation		–	1,952	N.M.	–	595	N.M.
	(Loss)/profit for the financial period		(3,566)	5,743	N.M.	(6,611)	1,251	N.M.
(Loss)/profit for the period attributable to:								
Equity holders of the Company								
	-Continuing operation	8	(3,574)	4,092	N.M.	(6,685)	1,124	N.M.
	-Discontinued operation		–	1,952	N.M.	–	595	N.M.
			(3,574)	6,044	N.M.	(6,685)	1,719	N.M.
Non-controlling interests								
	-Continuing operation		8	(302)	N.M.	74	(468)	N.M.
	(Loss)/profit for the financial period		(3,566)	5,742	N.M.	(6,611)	1,251	N.M.
(Loss)/profit per share attributable to the equity holders of the Company:								
Basic and fully diluted (USD in cents) ²								
	-Continuing operation		(0.19)	0.22		(0.36)	0.06	
	-Discontinued operation		–	0.10		–	0.03	
			(0.19)	0.32		(0.36)	0.09	

¹ – Discontinued operation arises from the disposal of Frame Pictures Co., Ltd. which results have been represented in accordance with SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations.

² – The basic and fully diluted basic loss per share are the same as there were no potentially dilutive ordinary shares in existence during the respective periods.

N.M. – Not meaningful

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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (GROUP AND COMPANY)

	Note	Group		Company	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		US\$'000	US\$'000	US\$'000	US\$'000
Assets					
Property, plant and equipment	13	830	1,093	69	265
Intangible assets	12	3,704	6,387	–	–
Film production inventories		886	1,077	–	–
Deferred tax assets		18	12	–	–
Investment in subsidiaries		–	–	13,158	16,415
Investment in associated company		12,463	12,839	12,505	12,972
Financial assets at fair value through profit or loss	11	510	215	510	192
Trade and other receivables		136	59	–	–
Non-current assets		18,547	21,682	26,242	29,844
Film production inventories		976	–	–	–
Loan to subsidiaries		–	–	878	1,816
Inventories		6	9	–	–
Financial assets at fair value through profit or loss	11	1,789	2,911	–	–
Contract assets		5	38	–	–
Trade and other receivables		5,940	6,966	1,147	1,347
Cash and cash equivalents		6,209	11,345	120	1,233
Current assets		14,925	21,269	2,145	4,396
Total assets		33,472	42,951	28,387	34,240
Liabilities					
Borrowings	14	509	266	1,135	1,391
Other non-current liabilities		250	244	–	–
Non-current liabilities		759	510	1,135	1,391
Contract liabilities		2,046	3,439	–	–
Trade and other payables		2,126	2,849	734	648
Borrowings	14	1,295	2,734	5,400	3,504
Film obligation and production loans		1,058	394	–	–
Tax payable		1	–	–	–
Current liabilities		6,526	9,416	6,134	4,152
Total liabilities		7,285	9,926	7,269	5,543
Net assets		26,187	33,025	21,118	28,697
Share capital and reserves					
Share capital	15	70,007	70,007	70,007	70,007
Treasury shares		(915)	(680)	(915)	(680)
Other reserves		(3,158)	(3,174)	–	–
Accumulated losses		(39,927)	(33,242)	(47,974)	(40,630)
Equity attributable to equity holders of the Company, total		26,009	32,911	21,118	28,697
Non-controlling interests		180	114	–	–
Total equity		26,187	33,025	21,118	28,697

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Group	
		Twelve Months Ended	
		31 December	
		2022	2021
Note		US\$'000	US\$'000
Cash flows from operating activities			
	(Loss)/profit before tax from continuing operation	(6,615)	2,718
7	Profit before tax from discontinued operation	–	577
	(Loss)/profit before tax	(6,615)	3,295
Adjustments for:			
	Depreciation of property, plant and equipment	622	2,046
	Interest income	(64)	(111)
	Interest expense	84	502
	Share of results of associated company	(486)	1,090
	Amortisation of intangible assets	49	216
	Allowance for impairment for receivables	44	104
6	Fair value loss on investments in financial assets at FVTPL	151	379
6	Fair value gain on investments in financial assets at FVTPL	(318)	(7)
6	Impairment loss on investment in associates	824	–
6	Impairment loss on goodwill	2,550	–
6	Impairment loss on film production inventories	115	86
6	Impairment loss on copyrights	21	8
6	Gain on disposal of financial assets at FVTPL	(65)	–
	Reversal of allowance for impairment for receivables	(31)	(94)
	Reversal of loss on film borne by external investors	–	1
	Gain on disposal of property, plant and equipment	–	(767)
6	Gain on disposal of subsidiaries	–	(10,131)
	Operating loss before working capital changes	(3,119)	(3,383)
Working capital changes			
	Inventories and copyrights	2	(3)
	Film production inventories	(951)	740
	Receivables and contract assets	910	1,801
	Payables and contract liabilities	(2,091)	2,189
	Currency translation adjustments	305	(420)
	Cash used in operations	(4,944)	924
	Interest received	16	136
	Income tax paid	–	(1,710)
	Net cash used in operating activities	(4,928)	(650)

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

	Group	
	Twelve Months Ended 31 December	
	2022	2021
	US\$'000	US\$'000
Investing activities		
Purchases of property, plant and equipment	(225)	(19,550)
Proceeds from disposal of property, plant and equipment	–	3,662
Purchases of intangible assets	(61)	(33)
Purchases of financial assets at fair value through profit or loss	–	(262)
Proceed from disposal of financial assets at fair value through profit or loss	–	795
Purchases of investments	(542)	–
Proceeds from disposal of investments	1,393	544
Additional short term loans	(362)	(1,448)
Repayment of short-term loans	270	2,752
Net decrease of leasehold deposit	129	170
Disposal of subsidiaries	–	7,028
Net cash generated from/(used in) investing activities	602	(6,342)
Financing activities		
Interest paid	(140)	(503)
Repayment of borrowings	(1,974)	(4,703)
Proceeds from borrowings	1,283	16,983
Advances received from directors of subsidiaries	59	4,547
Repayment of advances received from directors of subsidiaries	–	(1,170)
Proceeds from film obligations and production loans	735	350
Repayment of film obligations and production loans	(58)	(482)
Repayment of lease liabilities	(498)	(1,317)
Purchase of treasury shares	(235)	–
Net cash (used in)/generated from financing activities	(828)	13,705
Net change in cash and cash equivalents	(5,154)	6,713
Cash and cash equivalents at beginning of financial period	11,345	4,343
Effect of exchange rate changes	18	289
Cash and cash equivalents at end of the financial period	6,209	11,345

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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
2022							
Balance as at 1 January 2022	70,007	(680)	(3,174)	(33,242)	32,911	114	33,025
(Loss)/profit for the financial period	-	-	-	(6,685)	(6,685)	74	(6,611)
<u>Other comprehensive loss for the period</u>							
Share of other comprehensive loss of associated company	-	-	(39)	-	(39)	-	(39)
Currency translation difference on consolidation	-	-	55	-	55	(8)	47
	-	-	16	-	16	(8)	8
Purchase of treasury shares	15	(235)	-	-	(235)	-	(235)
Balance as at 31 December 2022	70,007	(915)	(3,158)	(39,927)	26,007	180	26,187
2021							
Balance as at 1 January 2021	70,007	(680)	(2,349)	(34,961)	32,017	618	32,635
Profit for the financial period	-	-	-	1,719	1,719	(468)	1,251
<u>Other comprehensive loss for the period</u>							
Share of other comprehensive loss of associated company	-	-	(903)	-	(903)	-	(903)
Currency translation difference on consolidation	-	-	(728)	-	(728)	(36)	(764)
Currency translation difference reclassified to profit or loss:							
-Disposal of subsidiaries	-	-	806	-	806	-	806
	-	-	(825)	-	(825)	(36)	(861)
Balance as at 31 December 2021	70,007	(680)	(3,174)	(33,242)	32,911	114	33,025

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

The Company		Share capital	Treasury shares	Accumulated losses	Total
		US\$'000	US\$'000	US\$'000	US\$'000
2022					
Balance as at 1 January 2022		70,007	(680)	(40,630)	28,697
Loss for the financial period		–	–	(7,344)	(7,344)
Purchase of treasury shares	15	–	(235)	–	(235)
Balance as at 31 December 2022		70,007	(915)	(47,974)	21,118
2021					
Balance as at 1 January 2021		70,007	(680)	(38,001)	31,326
Loss for the financial period		–	–	(2,629)	(2,629)
Balance as at 31 December 2021		70,007	(680)	(40,630)	28,697

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 390 Orchard Road, #04-01 Palais Renaissance, Singapore 238871.

These condensed interim consolidated financial statements as at and for the full year ended 31 December 2022 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 three months ended 31 December 2022 and full year ended 31 December 2022 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 2021.

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 2022 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 2021.

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 – Fair value estimation of unquoted equity investments
- Note 12 – 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

Due to the prolonged COVID-19 situation, the Group faced certain disruptions in terms of delay in production and distribution of its films. 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; and
- Others

These operating segments are reported in a manner consistent with internal reporting provided to the Executive Director, Chief Operating Officer and President, who is responsible for allocating resources and assessing 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	<i>The Group</i>						Total
	Three months ended 31 December 2022						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	
Revenue	1,083	1	–	69	36	35	1,224
Cost of sales	(819)	(25)	–	(15)	–	(2)	(861)
Share of results of associated companies	–	–	44	–	–	–	44
Fair value on loss on investment in financial assets of FVTPL	(151)	–	–	–	–	–	(151)
Fair value on gain on investment in financial assets of FVTPL	65	–	–	–	–	318	383
Impairment loss on film production inventories	(136)	–	–	–	–	–	(136)
Segment gross results	42	(24)	44	54	36	351	503
Selling and general & administrative expenses	(1,522)	(20)	(1)	(67)	(1)	(2)	(1,613)
Impairment loss on goodwill	(254)	(879)	(1,030)	–	(387)	–	(2,550)
Impairment loss of in associated companies	–	(46)	(778)	–	–	–	(824)
Segment net results	(1,734)	(969)	(1,765)	(13)	(352)	349	(4,484)
Unallocated other income:							
Other income and gains							1,125
Interest income							24
Unallocated expenses:							
Depreciation and amortisation							(214)
Other expenses							–
Finance costs							(15)
Loss before tax							(3,564)
<i>Tax expenses</i>							(2)
Loss for the period							(3,566)
Segment assets	5,710	2,081	14,232	1,296	1,029	594	24,942
Unallocated assets							8,530
Total assets							33,472
Segment liabilities	2,836	1,183	208	459	250	292	5,228
Unallocated liabilities							2,057
Total liabilities							7,285

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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	<i>The Group</i>						Total
	Three months ended 31 December 2021						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	
Revenue	189	3,227	–	115	126	189	3,846
Cost of sales	(45)	(2,863)	–	(43)	(5)	–	(2,956)
Share of results of associated companies	–	–	(797)	–	–	–	(797)
Gain on disposal of property, plant and equipment	–	758	–	–	–	2	760
Gain on disposal of subsidiary	–	8,312	–	–	–	–	8,312
Reversal of loss on film borne by external investor	(1)	–	–	–	–	–	(1)
Fair value on loss on investment in financial assets of FVTPL	(213)	–	–	–	–	(165)	(378)
Impairment loss on film production inventories	(86)	–	–	–	–	–	(86)
Impairment loss on copyright	(8)	–	–	–	–	–	(8)
Segment gross results	(164)	9,434	(797)	72	121	26	8,692
Selling and general & administrative expenses	(259)	(2,026)	(76)	(71)	(45)	(73)	(2,550)
Segment net results	(423)	7,408	(873)	1	76	(47)	6,142
Unallocated other income:							
Other income and gains							8
Interest income							26
Unallocated expenses:							
Depreciation and amortisation							(207)
Other expenses							(126)
Finance costs							(34)
Profit before tax							5,809
Tax expenses							(2,018)
Profit for the period from continuing operation							3,791
Profit for the period from discontinued operation							1,952
Profit for the period							5,743
Segment assets	553	3,740	16,205	32	11	41	20,582
Unallocated assets							22,369
Total assets							42,951
Segment liabilities	557	3,105	163	96	34	97	4,052
Unallocated liabilities							5,874
Total liabilities							9,926

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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	<i>The Group</i>						Total
	Twelve months ended 31 December 2022						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	
Revenue	2,315	98	175	383	198	232	3,401
Cost of sales	(1,483)	(90)	(141)	(129)	(145)	(1)	(1,989)
Share of results of associated companies	–	–	486	–	–	–	486
Fair value on loss on investment in financial assets of FVTPL	(151)	–	–	–	–	–	(151)
Fair value on gain on investment in financial assets of FVTPL	65	–	–	–	–	318	383
Impairment loss on film production inventories	(136)	–	–	–	–	–	(136)
Segment gross results	610	8	520	254	53	549	1,994
Selling and general & administrative expenses	(2,991)	(134)	(223)	(490)	(292)	(329)	(4,459)
Impairment loss on goodwill	(254)	(879)	(1,030)	–	(387)	–	(2,550)
Impairment loss in associated companies	–	(46)	(778)	–	–	–	(824)
Segment net results	(2,635)	(1,051)	(1,511)	(236)	(626)	222	(5,837)
Unallocated other income:							
Other income and gains							298
Interest income							64
Unallocated expenses:							
Depreciation and amortisation							(670)
Other expenses							(386)
Finance costs							(84)
Loss before tax							(6,615)
Tax credit							4
Loss for the period							(6,611)
Segment assets	5,710	2,081	14,232	1,296	1,029	594	24,942
Unallocated assets							8,530
Total assets							33,472
Segment liabilities	2,836	1,183	208	459	250	292	5,228
Unallocated liabilities							2,057
Total liabilities							7,285

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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	<i>The Group</i>						
	Twelve months ended 31 December 2021						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	Total
Revenue	2,053	11,441	602	354	126	357	14,933
Cost of sales	(467)	(11,810)	(488)	(135)	(5)	(51)	(12,956)
Share of results of associated companies	–	–	(1,090)	–	–	–	(1,090)
Gain on disposal of property, plant and equipment	–	758	–	–	–	2	760
Gain on disposal of subsidiary	–	8,312	–	–	–	–	8,312
Reversal of loss on film borne by external investor	(1)	–	–	–	–	–	(1)
Fair value on loss on investment in financial assets of FVTPL	(213)	–	–	–	–	(165)	(378)
Impairment loss on film production inventories	(86)	–	–	–	–	–	(86)
Impairment loss on copyright	(8)	–	–	–	–	–	(8)
Segment gross results	1,278	8,701	(976)	219	121	143	9,486
Selling and general & administrative expenses	(735)	(4,098)	(216)	(127)	(45)	(127)	(5,348)
Segment net results	543	4,603	(1,192)	92	76	16	4,138
Unallocated other income:							
Other income and gains							185
Interest income							111
Unallocated expenses:							
Depreciation and amortisation							(929)
Other expenses							(616)
Finance costs							(171)
Profit before tax							2,718
Tax expenses							(2,062)
Profit for the period from continuing operation							656
Profit for the period from discontinued operation							595
Profit for the period							1,251
Segment assets	553	3,740	16,205	32	11	41	20,582
Unallocated assets							22,369
Total assets							42,951
Segment liabilities	557	3,105	163	96	34	97	4,052
Unallocated liabilities							5,874
Total liabilities							9,926

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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	<i>The Group</i>					Total
	Three months ended 31 December 2022					
	Distribution of films	Production of films	Restaurant sales and café lounge	Consulting services	Others	
Type of revenue:						
Distribution of films and others	1,083	–	–	–	–	1,083
Production of films	–	1	–	–	–	1
Consulting services	–	–	–	36	–	36
Restaurant sales and café lounge	–	–	69	–	–	69
Photography	–	–	–	–	35	35
Total revenue	1,083	1	69	36	35	1,224
Timing of revenue recognition:						
At a point in time	–	–	69	–	–	69
Over time	1,083	1	–	36	35	1,155
Total revenue	1,083	1	69	36	35	1,224
Geographical information:						
South Korea	1,083	1	69	36	35	1,224
Total revenue	1,083	1	69	36	35	1,224

There was no revenue from talent management in the fourth quarter of 2022.

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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	<i>The Group</i>					Total
	Three months ended 31 December 2021					
	Distribution of films	Production of films	Restaurant sales and café lounge	Consulting services	Others	
Type of revenue:						
Distribution of films and others	189	–	–	–	–	189
Production of films	–	3,227	–	–	–	3,227
Consulting services	–	–	–	126	–	126
Restaurant sales and café lounge	–	–	115	–	–	115
Photography	–	–	–	–	60	60
Others	–	–	–	–	129	129
Total revenue	189	3,227	115	126	189	3,846
Timing of revenue recognition:						
At a point in time	–	–	115	–	–	115
Over time	189	3,227	–	126	189	3,731
Total revenue	189	3,227	115	126	189	3,846
Geographical information:						
South Korea	189	3,227	115	126	189	3,846
Total revenue	189	3,227	115	126	189	3,846

There was no revenue from talent management in the fourth quarter of 2021.

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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	<i>The Group</i>						Total
	Twelve months ended 31 December 2022						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	
Type of revenue:							
Distribution of films and others	2,315	–	–	–	–	–	2,315
Production of films	–	98	–	–	–	–	98
Consulting services	–	–	–	–	198	–	198
Restaurant sales and café lounge	–	–	–	383	–	–	383
Photography	–	–	–	–	–	134	134
Talent management	–	–	175	–	–	–	175
Sales of content	–	–	–	–	–	15	15
Others	–	–	–	–	–	83	83
Total revenue	2,315	98	175	383	198	232	3,401
Timing of revenue recognition:							
At a point in time	–	–	–	383	–	–	383
Over time	2,315	98	175	–	198	232	3,018
Total revenue	2,315	98	175	383	198	232	3,401
Geographical information:							
South Korea	2,315	98	175	383	198	232	3,401
Total revenue	2,315	98	175	383	198	232	3,401

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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	<i>The Group</i>						
	Twelve months ended 31 December 2021						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	Total
Type of revenue:							
Distribution of films and others	2,053	–	–	–	–	–	2,053
Production of films	–	11,441	–	–	–	–	11,441
Consulting services	–	–	–	–	126	–	126
Restaurant sales and café lounge	–	–	–	354	–	–	354
Photography	–	–	–	–	–	128	128
Talent management	–	–	602	–	–	–	602
Others	–	–	–	–	–	229	229
Total revenue	2,053	11,441	602	354	126	357	14,933
Timing of revenue recognition:							
At a point in time	–	–	–	354	–	–	354
Over time	2,053	11,441	602	–	126	357	14,579
Total revenue	2,053	11,441	602	354	126	357	14,933
Geographical information:							
South Korea	2,053	11,441	602	354	126	357	14,933
Total revenue	2,053	11,441	602	354	126	357	14,933

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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	
		31 December 2022 US\$'000	31 December 2021 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Financial Assets					
Financial assets at fair value through profit or loss	11	2,299	3,126	510	192
Cash and bank		6,209	11,345	120	1,233
Trade and other receivables (Amortised cost) #		3,797	4,319	1,988	3,126
		12,305	18,790	2,618	4,551
Financial liabilities					
Financial liabilities at fair value through profit or loss		1,058	394	–	–
Trade and other payables (Amortised cost) *		3,846	5,440	7,253	5,543
		4,904	5,834	7,253	5,543

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			
	Three Months Ended 31 December 2022 US\$'000	31 December 2021 US\$'000	Twelve Months Ended 31 December 2022 US\$'000	31 December 2021 US\$'000
Income				
Gain on disposal of property, plant and equipment	–	765	–	767
Gain on disposal of subsidiaries	–	10,131	–	10,131
Gain on disposal of financial assets at FVTPL	65	–	65	–
Fair value gain on investments in financial assets at FVTPL	318	7	318	7
Expenses				
Fair value loss on investments in financial assets at FVTPL	151	379	151	379
Impairment loss on investment in associates	824	–	824	–
Impairment loss on goodwill	2,550	–	2,550	–
Impairment loss on film production inventories	115	86	115	86
Impairment loss on copyrights	21	8	21	8
Foreign exchange (gain)/loss, net	(1,151)	33	197	359

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

7. Discontinued operations

On 23 December 2021, the Group entered into a sale and purchase agreement to dispose Frame Pictures Co., Ltd (“**Frame Pictures**”), wholly owned subsidiary. The disposal was completed on 30 December 2021. Therefore, the Group has classified the post-tax results of Frame Pictures under discontinued operations in the FY2021 consolidated profit or loss and other comprehensive income.

Income statement disclosures

The results of Frame Pictures for the twelve months ended 31 December 2021 are presented as follows:

	Three Months Ended 31 December 2021 US\$'000	Twelve Months Ended 31 December 2021 US\$'000
Revenue	477	942
Cost of sales	(182)	(922)
Gross profit/(loss)	295	20
Other income and gains	9	16
Expenses		
Selling expenses	(4)	(17)
General and administrative expenses	22	(929)
Finance costs	(199)	(331)
Loss before tax from discontinued operations	123	(1,241)
Tax credit	7	18
Loss from discontinued operations	130	(1,223)
Gain on disposal of subsidiary	1,818	1,818
Total loss after tax from discontinued operations	1,948	595

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

7. Discontinued operations (cont'd)

	Note	Three Months Ended 31 December 2021 US\$'000	Twelve Months Ended 31 December 2021 US\$'000
Operating		(84)	(162)
Investing	(1)	406	(18,810)
Financing	(2),(3)	394	19,771
Net cash inflow		716	799
		31 December 2021 US\$'000	
Assets			
Property, plant and equipment	(1)		18,847
Intangible assets			44
Trade and other receivables			173
Non-current assets			19,064
Contract assets			136
Trade and other receivables			309
Cash and cash equivalents			859
Current assets			1,304
Total assets			20,368
Non-current liabilities			
Borrowings	(2)		14,348
Other non-current liabilities			38
Total non-current liabilities			14,386
Current liabilities			
Trade and other payables	(3)		6,165
Contract liabilities			59
Borrowings			1,481
Total current liabilities			7,705
Total liabilities			22,091
Net liabilities			(1,723)

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

7. Discontinued operations (cont'd)

Notes:

- (1) Including the consideration amount of KRW 21,992,038,696 (US\$18,560,249), being the consideration amount paid by Frame Pictures for the acquisition of a property located in Seoul, Republic of Korea from an independent third party ("**Frame Pictures Property**").
- (2) Including the bank loan in the amount of KRW 17,000,000,000 (US\$14,347,202) obtained by Frame Pictures for the acquisition of the Frame Pictures Property ("**Frame Pictures Bank Loan**").
- (3) Including the personal loan in the amount of KRW 5,100,000,000 (US\$4,304,161) extended by the purchaser of Frame Pictures to the Chief Executive Officer of Frame Pictures, who extended a loan for the same amount to Frame Pictures ("**Frame Pictures Personal Loans**").

8. 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			
	Three Months Ended		Twelve Months Ended	
	31 December 2022 US\$'000	31 December 2021 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
(Loss)/profit for the period attributable to equity holders of the Company from				
- Continuing operations	(3,574)	4,092	(6,685)	1,124
- Discontinued operations	-	1,952	-	595
	(3,574)	6,044	(6,685)	1,719
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share computation	1,871,209,231	1,901,657,319	1,871,209,231	1,901,657,319

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

9. Tax (expense)/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			
	Three Months Ended 31 December 2022 US\$'000	31 December 2021 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Tax (expenses)/credit attributable to loss are made up of:				
- Current income tax provision	–	(1,754)	–	(1,810)
- Deferred tax	–	(261)	6	(230)
	–	(2,015)	6	(2,040)
Under provision in respect of previous financial year	(2)	(4)	(2)	(4)
	(2)	(2,011)	4	(2,044)
Income tax (expenses)/credit attributable to				
- Continuing operations	(2)	(2,018)	4	(2,062)
- Discontinued operations	–	7	–	18
	(2)	(2,011)	4	(2,044)

10. Net asset value

	Group		Company	
	31 December 2022 US\$	31 December 2021 US\$	31 December 2022 US\$	31 December 2021 US\$
Net asset value	26,187,894	33,025,071	21,117,993	28,696,724
Net asset value per ordinary share	0.014	0.017	0.011	0.015

Net asset value per ordinary share is computed based on the number of shares in issue (excluding treasury shares) of 1,836,391,319 (FY2021: 1,901,657,319).

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

11. Financial assets at fair value through profit or loss

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

	Group		Company	
	31 December 2022 US\$'000	31 December 2021 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Non-current				
Unquoted equity investments	510	192	510	192
Investment in insurance products	–	23	–	–
	510	215	510	192
Current				
Investment in film funds	661	1,390	–	–
Investment in theatrical projects	1,107	1,521	–	–
Investment in insurance products	21	–	–	–
	1,789	2,911	–	–
	2,299	3,126	510	192

Unquoted equity shares represent the Group's and Company's interest in two companies in Singapore which are engaged in skincare and food and beverage related activities. The fair value of unquoted equity shares of one investee company is determined based on recent transacted prices of the investee company's equity as well as internal or external changes in the business and market environment that the investee operates in. The fair value measurements are categorised in Level 3 of the fair value hierarchy. The fair value of the unquoted equity shares of the other investee company was determined based on the income approach. The investment was fully written down in FY2020.

The fair value of the investment in insurance products is determined by reference to the funds statements as at the balance sheet date provided by the respective investment managers. These are classified within Level 2 of the fair value hierarchy.

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. Investment in theatrical projects as at 31 December 2022 mainly relates to one film which is in the last stages of production as at the balance sheet date and the fair value of the investment has been determined to approximate the cost of the investments. 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)

11. 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 – 31 December 2022				
Financial assets				
Financial assets at fair value through profit or loss	–	21	2,278	2,278
The Group – 31 December 2021				
Financial assets				
Financial assets at fair value through profit or loss	–	23	3,103	3,126

12. 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 31 December 2022							
Cost	28	23	13,514	693	244	629	15,131
Addition	–	–	–	–	–	61	61
Accumulated amortization and disposal	(28)	(23)	(10,464)	(693)	(240)	(40)	(11,488)
Net book amount	–	–	3,050	–	4	650	3,704
As at 31 December 2021							
Cost	28	23	13,514	693	244	629	15,131
Accumulated amortization and disposal	(28)	(23)	(7,800)	(693)	(192)	(8)	(8,744)
Net book amount	–	–	5,714	–	52	621	6,387

Impairment test of goodwill

Goodwill and other intangible assets have been allocated to the individual cash generating unit (“CGU”) for impairment testing. The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding discount rate, growth rate and forecasted revenue and cost of sales as presented by average gross margin

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The average gross margin is based on past revenue growth trend and management’s expectations of market development.

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

13. Property, plant and equipment

The Group's property, plant and equipment amounted to US\$830,437 (31 December 2021: US\$1,092,816) and the Company's plant and equipment amounted to US\$68,511 (31 December 2021: US\$265,343). The decrease was mainly attributable to the decrease in the right of use of the asset.

14. Borrowings

	Group		Company	
	31 December 2022 US\$'000	31 December 2021 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Amount repayable within one year or less, or on demand				
Unsecured loans	617	1,727	5,400	3,504
Secured loans ⁽¹⁾	678	1,007	–	–
	<u>1,295</u>	<u>2,734</u>	<u>5,400</u>	<u>3,504</u>
Amount repayable after one year				
Unsecured loans	315	–	1,135	1,391
Secured loans ⁽²⁾	194	266	–	–
	<u>509</u>	<u>266</u>	<u>1,135</u>	<u>1,391</u>
Total loans and borrowings	<u>1,804</u>	<u>3,000</u>	<u>6,535</u>	<u>4,895</u>

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)

15. Share capital and treasury shares

	Group and Company			
	Number of ordinary shares		Amount	
	Share capital	Treasury shares	Share capital	Treasury shares
2022				
Beginning of financial period	1,949,225,819	(47,568,500)	70,007,456	(679,698)
Purchase of treasury shares	–	(65,266,000)	–	(234,867)
End of financial period	<u>1,949,225,819</u>	<u>(112,834,500)</u>	<u>70,007,456</u>	<u>(914,565)</u>
2021				
Beginning and end of financial year	<u>1,949,225,819</u>	<u>(47,568,500)</u>	<u>70,007,456</u>	<u>(679,698)</u>

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 acquired 65,266,000 shares in the Company in the open market during the financial period. The total amount paid to acquire the shares was US\$234,867 and this was presented as a component within shareholders' equity.

The Company did not have any outstanding options or convertibles as at 31 December 2022 and 31 December 2021.

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

16. 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 31 December 2022 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 fourth quarter and full year 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.

On 3 September 2020, the Exchange issued Regulatory Actions/Notice of Compliance to the Company in which it directs company's Audit & Risk Management Committee ("ARMC") to perform a holistic review on the past acquisitions in SMGL. Therefore, in view of the matter above, a qualified opinion was issued for FY2021 financial statements.

The independent review on the Group by Deloitte & Touche Financial Advisory Services Pte. Ltd. ("Deloitte") had concluded with the final independent review report issued and the summary of the findings announced on 16 June 2022. The Board had engaged its internal auditor to review and enhance the Company's operating procedures and internal controls in relation to the areas of concern identified in the independent review. Following the yearly internal audit report for FY2022, the Board shall also be stepping up the Group's corporate governance by engaging another auditor to also review the Group's internal control policies as well as follow up on the recommendations that were raised in the independent review report by Deloitte.

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			
	3M Ended December 2022 US\$ million	3M Ended December 2021 US\$ million	12M Ended December 2022 US\$ million	12M Ended December 2021 US\$ million
Continuing operations				
Production of films	–	3.23	0.10	11.44
Distribution of films and others	1.08	0.19	2.31	2.05
Sales of content	–	–	0.02	–
Consulting services	0.04	0.13	0.20	0.13
Restaurant sales and café lounge business	0.07	0.11	0.38	0.35
Photography	0.03	0.06	0.13	0.13
Talent management	–	–	0.18	0.60
Others	–	0.13	0.08	0.23
	1.22	3.85	3.40	14.93

Revenue decreased by US\$2.63 million or 68% quarter-on-quarter (“QoQ”) and US\$11.53 million or 77% year-on-year (“YoY”) to US\$3.40 million in 12M FY2022. This was mainly due to the decrease in the production of films as a result of the disposal of production subsidiary Zip Cinema Co., Ltd (“Zip Cinema”) in FY2021. The percentage-of-completion “POC” for production revenue of US\$0.10 million was attributed by Studio Take Co., Ltd (“Studio Take”) for *A MAN OF REASON* for which the majority of filming was completed in FY2021 and is expected to be released in the third quarter of 2023. Revenue from the distribution of films for the 12M period of US\$2.31 million was mainly from Novus Mediacorp Co., Ltd (“Novus”) for *THE OUTLAWS* and *COME BACK HOME*. Distribution revenue was higher by US\$0.89 million QoQ from Novus and higher by US\$0.26 million YoY due to *COME BACK HOME* from Novus.

The Group recorded higher revenue from sales of content, consulting services and restaurant sales and café lounge business as compared to the previous year.

b) Cost of sales

	Group			
	3M Ended December 2022 US\$ million	3M Ended December 2021 US\$ million	12M Ended December 2022 US\$ million	12M Ended December 2021 US\$ million
Continuing operations				
Production of films	0.02	2.86	0.09	11.81
Distribution of films and others	0.82	0.05	1.48	0.47
Consulting services	–	0.01	0.14	0.01
Restaurant sales and café lounge business	0.02	0.04	0.14	0.14
Talent management	–	–	0.14	0.49
Others	–	–	–	0.04
	0.86	2.96	1.99	12.96

Cost of sales decreased by US\$2.1 million or 71% QoQ and US\$10.97 million or 85% YoY in 12M FY2022, mainly due to decrease of the production costs incurred in 12M FY2021 for *THE BOX* by Studio Take, as well as *ACCIDENT* and *BROKER* by Zip Cinema.

c) Gross profit

The Group registered gross profit of US\$1.41 million in 12M FY2022. This was US\$0.53 million or 59% lower QoQ and US\$0.57 million or 29% lower than its corresponding period in 12M FY2021. Gross margin wise, it was higher by 7% QoQ and 28% YoY because of lower film production margin from *THE BOX* in FY2021.

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 decreased by US\$8.62 million or 95% QoQ and US\$8.59 million or 93% YoY to US\$0.68 million in 12M FY2022. The decrease is mainly due US\$8.31 million gain in disposal of subsidiaries in FY2021 and US\$0.76 million gain in disposal of property, plant and equipment in FY2021. This is partially offset by higher fair value gain on investments in financial assets for Skin Inc of US\$0.32 million.

e) Selling expenses

Selling expenses increased marginally by US\$0.03 million or 15% QoQ and US\$0.17 million or 40% YoY to US\$0.58 million in 12M FY2022 mainly due to a slight increase in business travel numbers from the lifting of border restrictions and the gradual reopening of air traffic.

f) General and administrative expenses

General and administrative expenses decreased marginally by US\$0.96 million or 37% QoQ and US\$1.32 million or 22% YoY to US\$4.55 million in 12M FY2022 mainly attributable by the decrease in salaries by US\$1.02 million and employment benefits by US\$0.11 million as Zip Cinema and Frame Pictures were disposed in FY2021.

g) Other expenses

Other expenses increased by US\$2.01 million QoQ and US\$2.95 million YoY to US\$4.05 million in 12M FY2022 mainly due to impairment loss on goodwill of US\$2.55 million and impairment loss on investment in associates of US\$0.82 million. This is partially offset by lower fair value on loss on investments in financial assets of US\$0.23 million and foreign currency losses of US\$0.07 million.

h) Share of results of associate

The share of results of associate recognised a US\$0.84 million gain QoQ and US\$1.58 million gain YoY. This was mainly attributable by the profits from the Group's 43.88% owned associated company, Spackman Media Group Limited ("SMGL") of US\$0.49 million. The profit recorded by SMGL was US\$1.17 million in 12M FY2022 as compared to the loss of US\$2.56 million in 12M FY2021. This was US\$3.73 million higher than 12M FY2021 as more talent management revenue was generated from filming and endorsement activities.

i) Tax credit

The Group recorded a tax credit of US\$4,000 in 12M FY2022 mainly because of the loss-making position of the Group in 12M FY2022. The tax expense of US\$2.06 million in 12M FY2021 was mainly because of the tax expenses incurred for the disposal of subsidiaries.

j) Profit after tax for the period

As a result of the above, the Group recorded a loss after tax of US\$3.57 million as compared to a profit of US\$3.79 million in the previous period QoQ. As for YoY comparison, the Group recorded a loss after tax of US\$6.61 million in 12M FY2022 as compared to a profit after tax of US\$0.66 million in 12M FY2021.

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 31 December 2022 was US\$18.55 million, which decreased by US\$3.13 million or 14% from US\$21.68 million as compared to 31 December 2021. This was mainly due to:

- i) decrease in property, plant and equipment and intangible assets by US\$0.26 million was mainly attributable to the depreciation charged during 12M FY2022;
- ii) decrease in intangible assets by US\$2.68 million was mainly due to the impairment loss on goodwill for Constellation Agency Pte Ltd ("**Constellation**") of US\$1.03 million, Simplex Films Limited ("**Simplex**") of US\$0.88 million, Greenlight Content Limited ("**Greenlight**") of US\$0.39 million and Novus of US\$0.25 million;
- iii) decrease in investment in the associated company by US\$0.38. This was mainly due to US\$0.49 million gain in the share of results of associate for the year, US\$0.04 million in other comprehensive losses from foreign exchange variation and US\$0.82 million impairment loss on investment in associated company;
- iv) decrease in film production inventories of US\$0.19 million mainly from sales of the production rights of film in development by Novus; and by Novus; and
- v) partially offset by the increase in financial assets at fair value through profit or loss by US\$0.30 million from the investment in Skin Inc.

The Group's current assets decreased by US\$6.34 million from US\$21.27 million as of 31 December 2021 to US\$14.93 million as of 31 December 2022. This was mainly due to the decrease in cash and cash equivalents of US\$5.14 million as explained in the consolidated statement of cash flow below, decrease in financial assets at fair value through profit or loss of US\$1.14 million and decrease in trade and other receivables of US\$1.01 million. This is partially offset by the increase in film production inventories of US\$0.98 million by Studio Take

The Group's non-current liabilities increased by US\$0.25 million from US\$0.51 million as of 31 December 2021 to US\$0.76 million as of 31 December 2022. This was mainly due to an increase in non-current borrowings of US\$0.24 million.

The Group's current liabilities amounted to US\$6.53 million as of 31 December 2022 as compared to the current liabilities of US\$9.41 million as of 31 December 2021. It was mainly due to decrease in trade and other payables of US\$0.72 million, contract liabilities of US\$1.39 million and borrowings of US\$1.44 million. This was partially offset by increase in film obligation and production loan of US\$0.66 million.

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

Consolidated Statement of Cash Flow

As of 31 December 2022, the Group had cash and cash equivalents amounting to US\$6.21 million as compared to cash and cash equivalents amounting to US\$11.34 million as of 31 December 2021.

The significant cash movements during 12M FY2022 as compared to 12M FY2021 can be summarised as follows:

Cash flow used in operating activities for 12M FY2022 amounted to US\$4.93 million as compared to cash flow used in operating activities of US\$0.65 million for 12M FY2021. The cash flow used in operating activities for 12M FY2022 was mainly attributed to the operating loss before working capital changes of US\$3.12 million, payables and contract liabilities of US\$2.09 million and film production inventories of US\$0.95 million. This was partially offset by receivables and contract assets of US\$0.91 million and the currency translation gain of US\$0.31 million.

Cash flow generated from investing activities for 12M FY2022 was US\$0.60 million as compared to cash flow used in investing activities of US\$6.34 million for 12M FY2021. The cash flow generated from investing activities was mainly due to the disposal of investments of US\$1.39 million, proceeds from the collection of short-term loans of US\$0.27 million and recovery from leasehold deposits of US\$0.13 million. This was partially offset by investment of financial assets at fair value through profit or loss of US\$0.54 million, additional short-term loans of US\$0.36 million and purchases of property, plant and equipment of US\$0.23 million.

Cash flow used in financing activities was US\$0.83 million for 12M FY2022 as compared to cash flow generated from financing activities of US\$13.70 million for 12M FY2021. The cash flow used in financing activities for 12M FY2022 was mainly due to the repayment of borrowings US\$1.97 million, repayment of lease liabilities of US\$0.50 million, purchase of treasury shares of US\$0.23 million and interest paid of US\$0.14 million. This was partially offset by the proceeds from borrowings of US\$1.28 million and net proceeds from film obligations and production loans of US\$0.68 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.

Film & Drama Production

The Group's upcoming film *A MAN OF REASON*, produced by its wholly-owned indirect subsidiary, Studio Take Co., Ltd. ("**Studio Take**"), is set to be screened theatrically and digitally in North America and at theatres in Korea in the third quarter of 2023.

Marking the directorial debut of Korean star Jung Woo-sung, internationally known for his role in *STEEL RAIN* (2017) and the Group's production *COLD EYES* (2013), *A MAN OF REASON* also stars Park Sung-woong of *FOR THE EMPEROR* (2014) produced by the Group, and Kim Nam-gil of *LOVERS VANISHED* (2010), also previously produced by the Group.

A MAN OF REASON premiered in the US at the 42nd Hawaii International Film Festival, and was invited to the 47th Toronto International Film Festival, the largest film festival in North America and the 55th Sitges Film Festival, one of the world's top three genre film festivals. The film is distributed by Korean distributor Acemaker. Epic Pictures Group, an independent film and television studio which has extensive experience distributing genre films in the US and Canada, acquired the North American rights to *A MAN OF REASON*.

Following *A MAN OF REASON*, the Group is also planning to release another film, *THE GUEST*, also produced by Studio Take, in 2023 tentatively.

As Korean content continues to find success and traction amongst global audiences, the Group is currently investing into the development and production of a line-up of Korean films and dramas via its subsidiaries including Studio Take, Greenlight Content Limited and Platform Media Group Co., Ltd. Korean films and dramas are well-known for their creative concepts, elevated production values and quality screenwriting. There has been a paradigm shift as to how entertainment content is being consumed which became increasingly clear during the prolonged COVID-19 situation. Digital content on preferred mobile and home devices, with the convenience of time and comfort, had grown in popularity amongst consumers of different generations.

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 January 2023, global streaming provider Netflix announced that it is planning its largest-ever line-up of Korean content, with 34 new and returning titles set to roll out this year. Three of Netflix's most-watched shows ever are from Korea, one of which is *SQUID GAME*¹, starring Wi Ha-jun of the Group's associated company, Spackman Media Group Limited ("SMGL").

Another key player in the global streaming content, Disney+, has also recently greenlit new and original titles from Korea in a bid to tap on the popularity and buzz of Korean films and dramas internationally. An on-going exemplary drama series on Disney+ is *BIG BET*, starring Son Suk-ku of SMGL, which was ranked first in Korea as of 24 February 2023.²

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. Leveraging on the talent management platform of SMGL, the Group intends to collaborate closely with SMGL in its foray into the North American market.

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

¹ CNN, <https://edition.cnn.com/2023/01/16/business/netflix-korean-content-expansion-2023-intl-hnk/index.html>, Netflix plans its biggest-ever slate of Korean content, 16 January 2023

² FlixPatrol, <https://flixpatrol.com/top10/streaming/south-korea/2023-02-24/>, TOP 10 on Disney+ in South Korea on February 24, 2023

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 full year ended 31 December 2022 (31 December 2021: 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

spackmanentertainmentgroup

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				Total amount utilized (USD)	Total balance as of today (USD)
			First ⁽²⁾ (USD)	Second ⁽³⁾ (USD)	Third ⁽⁴⁾ (USD)	Forth ⁽⁵⁾ (USD)		
Production/ Investments of film projects	4,500	3.79	3.79	3.79	3.79	3.79	(1.43)	2.36
Acquisition/ Investment of new business	5,500	4.63	4.63	3.13	2.13	1.13	–	1.13
Repayment of borrowings	1,800	1.52	1.52	1.52	1.52	1.52	(1.52)	–
Share Buyback	1,000	0.84	0.84	0.84	0.84	0.84	(0.47)	0.37
Payment of tax related to the disposal of Zip Korea	2,000	1.69	1.74	1.74	1.74	1.74	(1.74)	–
Working capital ⁽¹⁾	3,020	2.55	2.50	4.00	5.00	6.00	(4.87)	1.13
Total	17,820	15.02	15.02	15.02	15.02	15.02	(10.03)	4.99

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

Notes:

(1) US\$4.87 million of working capital utilised for:

- Personnel expenses (US\$1,408,074);
- Audit and professional fees (US\$1,477,256);
- Rental expenses (US\$636,668); and
- Others (US\$1,352,538)

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

9. Use of Proceeds (cont'd)

(2) As announced on 30 December 2021, US\$0.05 million was reallocated from working capital to the payment of tax related to the disposal of Zip Cinema.

(3) As announced on 12 August 2022, US\$1.50 million was reallocated from the acquisition/investment of new business to working capital.

(4) As announced on 11 November 2022, US\$1.00 million was reallocated from the acquisition/investment of new business to working capital.

(5) As announced on 28 February 2023, US\$1.00 million was reallocated from the acquisition/investment of new business to working capital.

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.

BY ORDER OF THE BOARD

Na Kyoungwon
Executive Director, Chief Operating Officer
and President

Anthony Wei Kit Wong
Non-Executive and Independent Chairman

Date: 28 February 2023

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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