

SPACKMAN ENTERTAINMENT GROUP LIMITED

Company registration number – 201401201N

Condensed Interim Financial Statements For the Six Months and Full Year Ended 31 December 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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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		The Group					
		Six Months Ended 31 December			Twelve Months Ended 31 December		
Note	2023	2022	Change	2023	2022	Change	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%	
Continuing operations							
Revenue	4	553	2,411	(77)	852	3,401	(75)
Cost of sales		(299)	(1,451)	(79)	(373)	(1,989)	(81)
Gross profit		254	960	(74)	479	1,412	(66)
Other income and gains		97	494	(80)	112	650	(83)
Interest income		72	38	89	115	64	80
Expenses							
Selling expenses		(237)	(346)	(32)	(495)	(577)	(14)
General and administrative expenses		(2,119)	(2,588)	(18)	(3,974)	(4,512)	(12)
Net impairment loss on financial assets		(656)	(13)	N.M.	(656)	(13)	N.M.
Finance costs		(94)	(42)	124	(113)	(84)	35
Other expenses		(2,558)	(3,435)	(26)	(2,939)	(3,997)	(26)
Share of results of associate		(453)	(9)	N.M.	(329)	419	N.M.
Loss before tax	6	(5,694)	(4,941)	15	(7,800)	(6,638)	18
Tax credit	8	1	–	N.M.	1	4	(75)
Loss for the financial year		(5,693)	(4,941)	15	(7,799)	(6,634)	18
Loss for the year attributable to:							
Equity holders of the Company		(5,172)	(5,115)	1	(7,134)	(6,708)	6
		(5,172)	(5,115)	1	(7,134)	(6,708)	6
Non-controlling interests		(521)	174	N.M.	(665)	74	N.M.
Loss for the financial year		(5,693)	(4,941)	15	(7,799)	(6,634)	18
Loss per share attributable to the equity holders of the Company:							
Basic and fully diluted (USD in cents)	7	(0.28)	(0.27)		(0.38)	(0.36)	
		(0.28)	(0.27)		(0.38)	(0.36)	

N.M. – Not meaningful

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

	The Group					
	Six Months Ended			Twelve Months Ended		
	2023	2022	Change	2023	2022	Change
US\$'000	US\$'000	%	US\$'000	US\$'000	%	
Other comprehensive loss						
<u>Items that are or may be reclassified subsequently to profit or loss:</u>						
Currency translation difference arising from consolidation	(131)	(260)	(50)	47	55	(15)
Share of other comprehensive income/(loss) of associated company	273	113	N.M.	176	(38)	N.M.
<u>Items that will not be reclassified subsequently to profit or loss:</u>						
Currency translation difference arising from consolidation	(4)	–	N.M.	(9)	(8)	13
Total comprehensive loss for the year	(5,555)	(5,088)	9	(7,585)	(6,625)	14
Total comprehensive loss for the year attributable to:						
Equity holders of the Company	(5,030)	(5,262)	(4)	(6,911)	(6,691)	3
Non-controlling interests	(525)	174	N.M.	(674)	66	N.M.
Total comprehensive loss for the year	(5,555)	(5,088)	9	(7,585)	(6,625)	14

N.M. – Not meaningful

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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (GROUP AND COMPANY)

	Note	Group		Company	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		US\$'000	US\$'000	US\$'000	US\$'000
Assets					
Property, plant and equipment	12	552	830	77	69
Intangible assets	11	1,765	3,704	–	–
Film production inventories		1,034	886	–	–
Deferred tax assets		18	18	–	–
Investment in subsidiaries		–	–	11,140	13,158
Investment in associated company		12,240	12,440	12,463	12,505
Financial assets at fair value through profit or loss	10	259	510	259	510
Trade and other receivables		342	326	–	–
Non-current assets		16,210	18,714	23,939	26,242
Film production inventories		997	976	–	–
Loan to subsidiaries		–	–	1,120	878
Inventories		5	6	–	–
Financial assets at fair value through profit or loss	10	1,118	1,789	–	–
Contract assets		–	5	–	–
Trade and other receivables		5,489	5,741	1,286	1,147
Cash and cash equivalents		802	6,209	145	120
Current assets		8,411	14,726	2,551	2,145
Total assets		24,621	33,440	26,490	28,387
Liabilities					
Borrowings	13	419	510	975	1,135
Other non-current liabilities		163	250	–	–
Non-current liabilities		582	760	975	1,135
Contract liabilities		482	2,046	–	–
Trade and other payables		1,606	2,115	705	734
Borrowings	13	2,494	1,295	7,459	5,400
Film obligation and production loans		877	1,058	–	–
Tax payable		–	1	–	–
Current liabilities		5,459	6,515	8,164	6,134
Total liabilities		6,041	7,275	9,139	7,269
Net assets		18,580	26,165	17,351	21,118
Share capital and reserves					
Share capital	14	70,007	70,007	70,007	70,007
Treasury shares	14	(915)	(915)	(915)	(915)
Other reserves		(2,934)	(3,157)	–	–
Accumulated losses		(47,084)	(39,950)	(51,741)	(47,974)
Equity attributable to equity holders of the Company, total		19,074	25,985	17,351	21,118
Non-controlling interests		(494)	180	–	–
Total equity		18,580	26,165	17,351	21,118

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		Twelve Months Ended	
		31 December	
		2023	2022
		US\$'000	US\$'000
Cash flows from operating activities			
Loss before tax		(7,800)	(6,638)
Adjustments for:			
Depreciation of property, plant and equipment	6	494	622
Interest income	6	(115)	(64)
Interest expense	6	113	84
Share of results of associated company		329	(419)
Amortisation of intangible assets	6	4	49
Allowance for impairment for receivables		258	44
Fair value loss on investments in financial assets at FVTPL	6	995	151
Fair value gain on investments in financial assets at FVTPL	6	–	(318)
Impairment loss on investment in associates	6	48	781
Impairment loss on goodwill	6	1,851	2,550
Impairment loss on film production inventories	6	213	116
Impairment loss on copyrights	6	87	21
Gain on disposal of financial assets at FVTPL	6	–	(65)
Reversal of allowance for impairment for receivables		–	(31)
Reversal of loss on film borne by external investors		–	1
Operating loss before working capital changes		(3,523)	(3,116)
Working capital changes			
Inventories and copyrights		1	2
Film production inventories		(412)	(951)
Receivables and contract assets		499	772
Payables and contract liabilities		(2,183)	(2,175)
Currency translation adjustments		99	302
Cash used in operations		(5,519)	(5,166)
Interest received		43	16
Income tax paid		–	–
Net cash used in operating activities		(5,476)	(5,150)

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

	Group	
	Twelve Months Ended 31 December	
	2023 US\$'000	2022 US\$'000
	Note	
Investing activities		
Purchases of property, plant and equipment		(48) (225)
Purchases of intangible asset		(7) (61)
Purchases of investments		(306) (542)
Proceeds from disposal of investments		195 1,393
Additional short-term loans		(258) (361)
Repayment of short-term loans		9 270
Advances given to associated company		(682) (1,248)
Repayment from associated company		414 335
Disposal of subsidiary		– 1,062
Net cash (used in)/generated from investing activities		(683) 623
Financing activities		
Interest paid		(113) (84)
Repayment of borrowings		(480) (1,974)
Proceeds from borrowings		1,726 1,283
Advances received from directors of subsidiaries		73 59
Repayment of advances received from directors of subsidiaries		(3) –
Proceeds from film obligations and production loans		77 735
Repayment of film obligations and production loans		(238) (59)
Repayment of lease liabilities		(346) (481)
Purchase of treasury shares	14	– (235)
Net decrease in leasehold deposits		64 129
Net cash generated from/(used in) financing activities		760 (627)
Net change in cash and cash equivalents		(5,399) (5,154)
Cash and cash equivalents at beginning of financial year		6,209 11,345
Effect of exchange rate changes		(8) 18
Cash and cash equivalents at end of the financial year		802 6,209

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group	Share capital US\$'000	Treasury shares US\$'000	Other reserve US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
2023							
Balance as at 1 January 2023	70,007	(915)	(3,157)	(39,950)	25,985	180	26,165
Loss for the financial year	–	–	–	(7,134)	(7,134)	(665)	(7,799)
<u>Other comprehensive income/(loss) for the year</u>							
Share of other comprehensive income of associated company	–	–	176	–	176	–	176
Currency translation difference on consolidation	–	–	47	–	47	(9)	38
	–	–	223	–	223	(9)	214
Balance as at 31 December 2023	70,007	(915)	(2,934)	(47,084)	19,074	(494)	18,580
2022							
Balance as at 1 January 2022	70,007	(680)	(3,174)	(33,242)	32,911	114	33,025
Profit/(Loss) for the financial year	–	–	–	(6,708)	(6,708)	74	(6,634)
<u>Other comprehensive income/(loss) for the year</u>							
Share of other comprehensive loss of associated company	–	–	(38)	–	(38)	–	(38)
Currency translation difference on consolidation	–	–	55	–	55	(8)	47
	–	–	17	–	17	(8)	9
Purchase of treasury shares	–	(235)	–	–	(235)	–	(235)
Balance as at 31 December 2022	70,007	(915)	(3,157)	(39,950)	25,985	180	26,165

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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
2023				
Balance as at 1 January 2023	70,007	(915)	(47,974)	21,118
Loss for the financial year	–	–	(3,767)	(3,767)
Balance as at 31 December 2023	70,007	(915)	(51,741)	17,351
2022				
Balance as at 1 January 2022	70,007	(680)	(40,630)	28,697
Loss for the financial year	–	–	(7,344)	(7,344)
Purchase of treasury shares	–	(235)	–	(235)
Balance as at 31 December 2022	70,007	(915)	(47,974)	21,118

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 and full year ended 31 December 2023 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 and full year ended 31 December 2023 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 2022.

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 2023 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 2022.

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 10 – Fair value estimation of unquoted equity investments
- 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)

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 gradually recovers from the pro-longed COVID-19 impact, 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; 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 31 December 2023						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	Total
Revenue	346	35	–	100	5	67	553
Cost of sales	(242)	(18)	–	(39)	–	–	(299)
Share of results of associated companies	–	–	(453)	–	–	–	(453)
Fair value on loss on investment in financial assets of FVTPL	(744)	–	–	–	–	(251)	(995)
Impairment loss on film production inventories	(260)	–	–	–	–	–	(260)
Segment gross results	(900)	17	(453)	61	5	(184)	(1,454)
Selling and general & administrative expenses	(1,466)	(159)	–	(257)	(64)	(202)	(2,148)
Impairment loss on goodwill	–	(631)	(1,220)	–	–	–	(1,851)
Impairment loss in associated companies	–	(48)	–	–	–	–	(48)
Segment net results	(2,366)	(821)	(1,673)	(196)	(59)	(386)	(5,501)
Unallocated other income:							
Other income and gains							97
Interest income							72
Unallocated expenses:							
Depreciation and amortisation							(208)
Other expenses							(60)
Finance costs							(94)
Loss before tax							(5,694)
Tax expenses							1
Loss for the period							(5,693)
Segment assets	4,021	1,534	12,334	2,704	556	1,514	22,663
Unallocated assets							1,958
Total assets							24,621
Segment liabilities	1,002	960	–	606	21	376	2,965
Unallocated liabilities							3,076
Total liabilities							6,041

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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						Total
	Six months ended 31 December 2022						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	
Revenue	1,980	47	128	151	39	66	2,411
Cost of sales	(1,263)	(43)	(103)	(49)	7	–	(1,451)
Share of results of associated companies	–	–	(9)	–	–	–	(9)
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	495	4	16	102	46	384	1,047
Selling and general & administrative expenses	(2,395)	(44)	(150)	(74)	22	14	(2,627)
Impairment loss on goodwill	(254)	(879)	(1,030)	–	(387)	–	(2,550)
Impairment loss in associated companies	–	(2)	(778)	–	–	–	(780)
Segment net results	(2,154)	(921)	(1,942)	28	(319)	398	(4,910)
Unallocated other income:							
Other income and gains							111
Interest income							38
Unallocated expenses:							
Depreciation and amortisation							(307)
Other expenses							169
Finance costs							(42)
Loss before tax							(4,941)
Tax credit							–
Loss for the period							(4,941)
Segment assets	6,127	2,100	14,239	1,364	1,066	637	25,533
Unallocated assets							7,907
Total assets							33,440
Segment liabilities	2,829	1,183	208	458	250	291	5,219
Unallocated liabilities							2,056
Total liabilities							7,275

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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						
	Twelve months ended 31 December 2023						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	Total
Revenue	413	36	–	247	5	151	852
Cost of sales	(264)	(19)	–	(90)	–	–	(373)
Share of results of associated companies	–	–	(329)	–	–	–	(329)
Fair value on loss on investment in financial assets of FVTPL	(744)	–	–	–	–	(251)	(995)
Impairment loss on film production inventories	(300)	–	–	–	–	–	(300)
Segment gross results	(895)	17	(329)	157	5	(100)	(1,145)
Selling and general & administrative expenses	(1,866)	(159)	–	(1,151)	(64)	(731)	(3,971)
Impairment loss on goodwill	–	(631)	(1,220)	–	–	–	(1,851)
Impairment loss in associated companies	–	(48)	–	–	–	–	(48)
Segment net results	(2,761)	(821)	(1,549)	(994)	(59)	(831)	(7,015)
Unallocated other income:							
Other income and gains							112
Interest income							115
Unallocated expenses:							
Depreciation and amortisation							(498)
Other expenses							(401)
Finance costs							(113)
Loss before tax							(7,800)
Tax expenses							1
Loss for the year							(7,799)
Segment assets	4,021	1,534	12,334	2,704	556	1,514	22,663
Unallocated assets							1,958
Total assets							24,621
Segment liabilities	1,002	960	–	606	21	376	2,965
Unallocated liabilities							3,076
Total liabilities							6,041

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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						
	Twelve months ended 31 December 2022						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	Total
Revenue	2,315	98	172	383	201	232	3,401
Cost of sales	(1,483)	(90)	(141)	(136)	(139)	–	(1,989)
Share of results of associated companies	–	–	419	–	–	–	419
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	609	8	453	254	53	550	1,947
Selling and general & administrative expenses	(3,004)	(133)	(221)	(486)	(265)	(309)	(4,418)
Impairment loss on goodwill	(254)	(879)	(1,030)	–	(387)	–	(2,550)
Impairment loss in associated companies	–	(2)	(778)	–	–	–	(780)
Segment net results	(2,648)	(1,006)	(1,579)	(239)	(590)	241	(5,821)
Unallocated other income:							
Other income and gains							267
Interest income							64
Unallocated expenses:							
Depreciation and amortisation							(671)
Other expenses							(393)
Finance costs							(84)
Loss before tax							(6,638)
Tax expenses							4
Loss for the year							(6,634)
Segment assets	6,127	2,100	14,239	1,364	1,066	637	25,533
Unallocated assets							7,907
Total assets							33,440
Segment liabilities	2,829	1,183	208	458	250	291	5,219
Unallocated liabilities							2,056
Total liabilities							7,275

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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
	Six months ended 31 December 2023					
	Distribution of films	Production of films	Restaurant sales and café lounge	Consulting services	Others	
Type of revenue:						
Distribution of films and others	346	–	–	–	–	346
Production of films	–	35	–	–	–	35
Restaurant sales and café lounge	–	–	100	–	–	100
Consulting services	–	–	–	5	–	5
Photography	–	–	–	–	51	51
Others	–	–	–	–	16	16
Total revenue	346	35	100	5	67	553
Timing of revenue recognition:						
At a point in time	–	–	100	–	–	100
Over time	346	35	–	5	67	453
Total revenue	346	35	100	5	67	553
Geographical information:						
South Korea	346	35	100	5	67	553
Total revenue	346	35	100	5	67	553

The Group expects positive contribution from upcoming content and talent management projects in the first half of the year 2024 although there were no revenue recorded for talent management for the six months ended 31 December 2023.

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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						Total
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	
Six months ended 31 December 2022							
Type of revenue:							
Distribution of films and others	1,980	–	–	–	–	–	1,980
Production of films	–	47	–	–	–	–	47
Talent management	–	–	128	–	–	–	128
Restaurant sales and café lounge	–	–	–	151	–	–	151
Consulting services	–	–	–	–	39	–	39
Photography	–	–	–	–	–	63	63
Others	–	–	–	–	–	3	3
Total revenue	1,980	47	128	151	39	66	2,411
Timing of revenue recognition:							
At a point in time	–	–	–	151	–	–	151
Over time	1,980	47	128	–	39	66	2,260
Total revenue	1,980	47	128	151	39	66	2,411
Geographical information:							
South Korea	1,980	47	128	151	39	66	2,411
Total revenue	1,980	47	128	151	39	66	2,411

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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					Total
	Twelve months ended 31 December 2023					
	Distribution of films	Production of films	Restaurant sales and café lounge	Consulting services	Others	
Type of revenue:						
Distribution of films and others	413	–	–	–	–	413
Production of films	–	36	–	–	–	36
Restaurant sales and café lounge	–	–	247	–	–	247
Consulting services	–	–	–	5	–	5
Photography	–	–	–	–	129	129
Others	–	–	–	–	22	22
Total revenue	413	36	247	5	151	852
Timing of revenue recognition:						
At a point in time	–	–	247	–	–	247
Over time	413	36	–	5	151	605
Total revenue	413	36	247	5	151	852
Geographical information:						
South Korea	413	36	247	5	151	852
Total revenue	413	36	247	5	151	852

The Group expects positive contribution from upcoming content and talent management projects in the first half of the year 2024 although there were no revenue recorded for talent management for the year ended 31 December 2023.

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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						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
Talent management	–	–	172	–	–	–	172
Restaurant sales and café lounge	–	–	–	383	–	–	383
Consulting services	–	–	–	–	201	–	201
Photography	–	–	–	–	–	134	134
Sales of content	–	–	–	–	–	15	15
Others	–	–	–	–	–	83	83
Total revenue	2,315	98	172	383	201	232	3,401
Timing of revenue recognition:							
At a point in time	–	–	–	383	–	–	383
Over time	2,315	98	172	–	201	232	3,018
Total revenue	2,315	98	172	383	201	232	3,401
Geographical information:							
South Korea	2,315	98	172	383	201	232	3,401
Total revenue	2,315	98	172	383	201	232	3,401

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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 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Financial Assets					
Financial assets at fair value through profit or loss	10	1,377	2,299	259	510
Cash and bank		802	6,209	145	120
Trade and other receivables (Amortised cost) #		3,886	3,787	2,332	1,988
		6,065	12,295	2,736	2,618
Financial liabilities					
Financial liabilities at fair value through profit or loss		877	1,058	–	–
Trade and other payables (Amortised cost) *		4,475	3,836	9,139	7,253
		5,352	4,894	9,139	7,253

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 31 December 2023 US\$'000	Six Months Ended 31 December 2022 US\$'000	Twelve Months Ended 31 December 2023 US\$'000	Twelve Months Ended 31 December 2022 US\$'000
Income				
Interest income	72	38	115	64
Gain on disposal of financial assets at FVTPL	–	65	–	65
Fair value gain on investments in financial assets at FVTPL	–	318	–	318
Expenses				
Amortisation of intangible assets	–	25	4	49
Depreciation on property, plant and equipment	208	282	494	622
Fair value loss on investments in financial assets at FVTPL	974	151	995	151
Interest expense	94	42	113	84
Impairment loss on investment in associates	48	781	48	781
Impairment loss on goodwill	1,851	2,550	1,851	2,550
Impairment loss on film production inventories	213	116	213	116
Impairment loss on copyrights	47	21	87	21
Foreign exchange loss, net	(182)	853	129	1,348

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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		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Loss for the year attributable to equity holders of the Company	(5,172)	(5,115)	(7,134)	(6,708)

Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per share computation	1,871,209,231	1,871,209,231	1,871,209,231	1,871,209,231
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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		Twelve Months Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Tax credit attributable to loss are made up of:				
- Current income tax provision	1	-	1	-
- Deferred tax	-	-	-	4
	1	-	1	4

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

9. Net asset value

	Group		Company	
	31 December 2023 US\$	31 December 2022 US\$	31 December 2023 US\$	31 December 2022 US\$
Net asset value	18,581,171	26,165,340	17,350,892	21,117,992
Net asset value per ordinary share	0.010	0.014	0.009	0.011

Net asset value per ordinary share is computed based on the number of shares in issue (excluding treasury shares) of 1,836,391,319 (FY2022: 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	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Non-current				
Unquoted equity investments	259	510	259	510
	259	510	259	510
Current				
Investment in film funds	341	661	–	–
Investment in theatrical projects	777	1,107	–	–
Investment in insurance products	–	21	–	–
	1,118	1,789	–	–
	1,377	2,299	259	510

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.

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.

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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)

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 2023 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.

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
The Group – 31 December 2023				
Financial assets				
Financial assets at fair value through profit or loss	–	–	1,377	1,377
The Group – 31 December 2022				
Financial assets				
Financial assets at fair value through profit or loss	–	21	2,278	2,299

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 31 December 2023							
Cost	28	23	11,649	693	244	690	13,327
Addition	–	–	–	–	–	7	7
Accumulated amortisation and disposal	(28)	(23)	(10,450)	(693)	(244)	(131)	(11,569)
Net book amount	–	–	1,199	–	–	566	1,765
As at 31 December 2022							
Cost	28	23	11,649	693	244	629	13,266
Addition	–	–	–	–	–	61	61
Accumulated amortisation and disposal	(28)	(23)	(8,599)	(693)	(240)	(40)	(9,623)
Net book amount	–	–	3,050	–	4	650	3,704

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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\$551,541 (31 December 2022: US\$830,437) and the Company's plant and equipment amounted to US\$77,359 (31 December 2022: US\$68,511). The decrease was mainly attributable to the decrease in the right of use of the asset.

13. Borrowings

	Group		Company	
	31 December 2023 US\$'000	31 December 2022 US\$'000	31 December 2023 US\$'000	31 December 2022 US\$'000
Amount repayable within one year or less, or on demand				
Unsecured loans	1,952	617	7,459	5,400
Secured loans ⁽¹⁾	542	678	–	–
	2,494	1,295	7,459	5,400
Amount repayable after one year				
Unsecured loans	310	316	975	1,135
Secured loans ⁽²⁾	109	194	–	–
	419	510	975	1,135
Total loans and borrowings	2,913	1,805	8,434	6,535

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
2023				
Beginning and end of financial year	1,949,225,819	(112,834,500)	70,007,456	(914,565)
2022				
Beginning of financial year	1,949,225,819	(47,568,500)	70,007,456	(679,698)
Purchase of treasury shares	–	(65,266,000)	–	(234,867)
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 acquired 65,266,000 shares in the Company in the open market during the financial year 2022. 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 2023 and 31 December 2022.

There are no subsidiary holdings during and as at end of the current financial year 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 31 December 2023 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 full year 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.

As published in the Group's annual report on 13 April 2023, the Group had resolved the previous issues raised by its independent auditor and obtained an unqualified opinion for its latest audited financial statements.

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 December 2023 US\$ million	6M Ended December 2022 US\$ million	12M Ended December 2023 US\$ million	12M Ended December 2022 US\$ million
Production of films	0.03	0.05	0.03	0.10
Distribution of films and others	0.34	1.97	0.41	2.31
Sales of content	–	–	–	0.02
Consulting services	0.01	0.04	0.01	0.20
Restaurant sales and café lounge business	0.10	0.15	0.25	0.38
Photography	0.06	0.06	0.13	0.13
Talent management	–	0.14	–	0.18
Others	0.01	–	0.02	0.08
	0.55	2.41	0.85	3.40

Revenue decreased by US\$2.55 million or 75% year-on-year (“YoY”) to US\$0.85 million in FY2023. This was mainly due to the decrease of US\$1.9 million in revenue from the distribution of films due to termination of content service of several films such as *THE OUTLAWS*. In addition, the revenue decreased by US\$0.07 million, mainly due to lower percentage-of-completion (“POC”) incurred in FY2023 for *A MAN OF REASON* as compared to the production revenue that were incurred in FY2022.

The Group recorded lower revenue from sales of content, restaurant sales and cafe lounge business, and talent management in FY2023 as compared to the previous year.

b) Cost of sales

	Group			
	6M Ended December 2023 US\$ million	6M Ended December 2022 US\$ million	12M Ended December 2023 US\$ million	12M Ended December 2022 US\$ million
Production of films	0.02	0.04	0.02	0.09
Distribution of films and others	0.24	1.26	0.26	1.48
Consulting services	–	–	–	0.14
Restaurant sales and café lounge business	0.04	0.05	0.09	0.14
Talent management	–	0.10	–	0.14
	0.30	1.45	0.37	1.99

Cost of sales decreased by US\$1.62 million or 81% YoY in FY2023. This was mainly due to the decrease of US\$1.22 million in the cost of sales under the distribution of films for films including *THE OUTLAWS*. In addition, the cost of sales decreased by US\$0.07 million, mainly due to lower production costs incurred in FY2023 for *A MAN OF REASON* as compared to the production costs that were incurred in FY2022.

c) Gross profit

The Group registered a gross profit of US\$0.48 million in FY2023, which was US\$0.93 million or 66% lower as compared to FY2022. In line with lower sales, the Group recorded an increase of 15% YoY in gross margin for FY2023 as compared to FY2022.

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\$0.54 million or 83% YoY to US\$0.11 million in FY2023. The decrease was mainly due to lower fair value gain on investment in financial assets for Skin Inc of US\$0.32 million, gain on foreign currency of US\$0.11 million and government grant income for COVID-19 support of US\$0.08 million in FY2022.

e) Selling expenses

Selling expenses decreased by US\$0.08 million or 14% YoY to US\$0.49 million in FY2023 due to a decrease in revenue.

f) General and administrative expenses

General and administrative expenses decreased by US\$0.54 million or 12% YoY to US\$3.97 million in FY2023. This was mainly attributable to the decrease in professional fee of US\$0.45 million and depreciation and amortisation of US\$0.17 million.

g) Other expenses

Other expenses decreased by US\$1.06 million or 26% YoY to US\$2.94 million in FY2023. The decrease is primarily attributable to impairment loss on goodwill of US\$0.70 million, impairment loss on investment in associates of US\$0.74 million and foreign currency losses of US\$0.18 million. This is partially offset by higher impairment loss on film production inventories of US\$0.16 million, impairment loss on short-term fund investment of US\$0.16 million and fair value on loss on investments in financial assets of US\$0.25 million.

h) Share of results of associate

The share of results of associate recognised a loss of US\$0.33 million in FY2023 as compared to a profit of US\$0.42 million in FY2022 attributable by the losses from the Group's 43.88% owned associated company, Spackman Media Group Limited ("SMGL"). The loss recorded by SMGL was US\$0.76 million in FY2023 as compared to a profit of US\$1.02 million in FY2022. This was US\$1.78 million lower than FY2022 as its talent management revenue decreased due to fewer filming and endorsement activities for several artists in FY2023.

i) Loss after tax for the year

As a result of the above, the Group recorded a loss after tax of US\$7.80 million in FY2023 as compared to a loss after tax of US\$6.63 million in FY2022.

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 2023 was US\$16.21 million, which decreased by US\$2.50 million or 13.38% from US\$18.71 million as compared to 31 December 2022. This was mainly due to the following:

- i) decrease in property, plant and equipment and intangible assets by US\$0.28 million mainly attributable to the depreciation charged during FY2023;
- ii) decrease in intangible assets by US\$1.94 million was mainly due to the impairment loss on goodwill for Constellation Agency Pte Ltd ("Constellation") of US\$1.22 million, Take Pictures Pte Ltd ("Take") of US\$0.63 million;
- iii) decrease in investment in the associated company by US\$0.20 million. This was mainly due to US\$0.33 million loss in the share of results of associate for the year, US\$0.18 million in other comprehensive gain from foreign exchange variation and US\$0.05 million impairment loss on investment in associated company;
- iv) decrease in financial assets at fair value through profit or loss by US\$0.25 million from the investment in Skin Inc; and
- v) partially offset by the increase in film production inventories by US\$0.15 million.

The Group's current assets decreased by US\$6.32 million from US\$14.73 million as of 31 December 2022 to US\$8.41 million as of 31 December 2023. This was mainly due to the decrease in cash and cash equivalents of US\$5.41 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\$0.67 million and decrease in trade and other receivables of US\$0.25 million. This was partially offset by the increase in film production inventories of US\$0.02 million.

The Group's non-current liabilities decreased by US\$0.18 million from US\$0.76 million as of 31 December 2022 to US\$0.58 million as of 31 December 2023, which was mainly due to decrease in non-current borrowings.

The Group's current liabilities amounted to US\$5.46 million as of 31 December 2023 as compared to the current liabilities of US\$6.52 million as of 31 December 2022. This was mainly due to the decrease in trade and other payables of US\$0.51 million, contract liabilities of US\$1.56 million and film obligation and production loan of US\$0.18 million. This was partially offset by an increase in borrowings of US\$1.20 million.

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

Consolidated Statement of Cash Flow

As of 31 December 2023, the Group had cash and cash equivalents amounting to US\$0.80 million as compared to cash and cash equivalents amounting to US\$6.21 million as of 31 December 2022.

The significant cash movements during FY2023 as compared to FY2022 can be summarised as follows:

Cash flow used in operating activities for FY2023 amounted to US\$5.48 million as compared to cash flow used in operating activities of US\$5.15 million for FY2022. The cash flow used in operating activities for FY2023 was mainly attributable to the operating loss before working capital changes of US\$3.52 million, payables and contract liabilities of US\$2.18 million and film production inventories of US\$0.41 million. This was partially offset by receivables and contract assets of US\$0.50 million and the currency translation gain of US\$0.10 million.

Cash flow used in investing activities for FY2023 was US\$0.68 million as compared to cash flow generated from investing activities of US\$0.62 million for FY2022. The cash flow used in investing activities was mainly due to the investment of financial assets at fair value through profit or loss of US\$0.31 million, purchases of property, plant and equipment of US\$0.05 million, additional short-term loans of US\$0.26 million and net advances given to the associated company of US\$0.27 million. This was partially offset by proceeds from the settlement of investments in project of US\$0.20 million and proceeds from the repayment of short-term loans of US\$0.01 million.

Cash flow generated from financing activities was US\$0.76 million for FY2023 as compared to cash flow used in financing activities of US\$0.63 million for FY2022. The cash flow generated from financing activities for FY2023 was mainly due to the proceeds from borrowings of US\$1.73 million, advances received from directors of subsidiaries of US\$0.07 million and net decrease of leasehold deposits of US\$0.06 million. This was partially offset by the repayment of borrowings of US\$0.48 million, repayment of lease liabilities of US\$0.35 million and net repayment of film obligations and production loans of US\$0.16 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.

Following the Group's latest action feature film *A MAN OF REASON* (2023), which was produced by its wholly-owned indirect subsidiary Studio Take Co., Ltd. ("**Studio Take**"), Studio Take is set to release a new film project named *THE GUEST* (working title). The movie is currently at the post-production stage and tentatively scheduled to be released in the first half of 2024.

The Group remains confident in Studio Take's commitment to delivering top quality content with its upcoming pipeline of Korean films and dramas.

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 \$2.5 billion in the country's entertainment content in the span of the next four years as announced by Netflix in April 2023². Rising global star Wi Ha-jun of the Group's associated company, Spackman Media Group Limited ("**SMGL**"), stars in a new romance K-drama *GRADUATION*, which is scheduled to be released on tvN and TVing in 2024, and reprises his role in the highly anticipated second season of Netflix global hit series, *SQUID GAME*.

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 to gain foothold in the North American market.

In February 2023, the Group announced that SMGL, and one of SMGL's wholly-owned subsidiaries, Crystal Planet Limited, entered into a share exchange agreement (the "**Agreement**") with Spackman Equities Group Inc. (a company listed on 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**").

¹ Invest KOREA, Korean Wave, The Power of Korea's Cultural Content Industry, <https://www.investkorea.org/ik-en/cntnts/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 WION, Netflix plans to invest \$2.5 bn in South Korea's OTT content <https://www.wionews.com/business-economy/netflix-plans-to-invest-25-bn-in-south-korea's-ott-content-585847>, 25 April 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)

Subsequently, in January 2024, SQG provided an update that SQG and CPL had agreed to amend the Agreement to extend the outside date for completion of the Proposed Transaction from October 31, 2023 to June 30, 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 for, as and when necessary.

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 2023 (31 December 2022: 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

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	2.34	(2.24)	0.10
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	1.74	(1.73)	0.01
Working capital ⁽¹⁾	3,020	2.55	9.18	(8.66)	0.52
Total	17,820	15.02	15.02	(14.39)	0.63

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

Notes:

(1) US\$7.12 million of working capital utilised for:

- Personnel expenses (US\$2,603,663);
- Audit and professional fees (US\$2,548,461);
- Rental expenses (US\$965,005); and
- Others (US\$2,546,221)

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

(3) As of the date of this announcement, US\$1.24 million was reallocated from the production/investments of film projects (US\$0.55 million), the acquisition/investment of new business (US\$0.33 million) and share buyback (US\$0.35 million) 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 full year ended 31 December 2023 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 and Independent Chairman

Date: 29 February 2024
