

spackmanentertainmentgroup

SPACKMAN ENTERTAINMENT GROUP LIMITED

(Company Registration No.: 201401201N)

(Incorporated in the Republic of Singapore on 10 January 2014)

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN BY INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

In compliance with Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board of Directors (the “**Board**”) of Spackman Entertainment Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s Independent Auditors, Messrs Baker Tilly TFW LLP, has included a Material Uncertainty Related to Going Concern section in their report (the “**Independent Auditors’ Report**”) on the audited financial statements of the Group and Company for the financial year ended 31 December 2023 (“**FY2023**”) (the “**Audited Financial Statements**”). The opinion of the Auditor remains unqualified for the Audited Financial Statements.

The Group recognised a loss for the financial year of USD8,682,215 (2022: USD6,633,794) and operating cash outflow of USD5,470,404 (2022: USD5,150,397) for the financial year ended 31 December 2023. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

The Group’s net assets and net current assets as at 31 December 2023 were USD17,697,751 and USD2,999,136 respectively.

In addition to strong balance sheet position, and based on cash flow budget, the Group is able to generate sufficient cash flow in the next 12 months from the date of authorisation of these financial statements to meet the Group’s cash flow requirements and manage payments to their suppliers if necessary. In preparing the cash flow budget, the Group believes that the trade and other receivables are collectible within 12 months. On the other hand, borrowings from directors of subsidiaries can be rolled over if the respective subsidiaries have no sufficient operating surplus when the borrowings are due. The management also carried out certain measures to ensure that the films and dramas to be produced and released is still within the scheduled timeline.

Based on above, the management believes that going concern basis of preparation of these financial statements remains appropriate. If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

The relevant extracts of the Independent Auditor's Report and Note 3 to the Audited Financial Statements from the 2023 Annual Report are attached to this announcement.

The Independent Auditors' Report and the Audited Financial Statements forms part of the Company's Annual Report for FY2023 (the "**2023 Annual Report**") which has been released to the shareholders of the Company (the "**Shareholders**") concurrently.

As of the date of this announcement, the Board is of the view that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due. In addition to the Group's strong balance sheet, and based on the cash flow budget, the Group is able to generate sufficient cash flow in the next 12 months, as of today, to meet the Group's cash flow requirements and manage payments to their suppliers if necessary.

Based on the above, the Board believes that the going concern basis of preparation of these financial statement remains appropriate.

Further, the Board is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner and the Board is not aware of any material information that requires disclosure but remains undisclosed as of the date of this announcement.

Additionally, the Board wishes to inform that, pursuant to Rule 705(2)(e) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Company is required to make an announcement of its financial statements for each of the first three quarters of its financial year (as set out in Appendix 7C of the Catalist Rules) immediately after the figures are available, but in any event not later than 45 days after the quarter end ("Quarterly Reporting"). Under Rule 705(2A) of the Catalist Rules, a grace period of one year commencing from 12 April 2024 is extended to the Company and the Company will be required to report the next set of quarterly financial statements for the period from April 2025 to June 2025 (i.e., second quarter of 2025) by 14 August 2025. The Company may cease to perform Quarterly Reporting if it is able to resolve the issue raised in the Material Uncertainty Related to Going Concern section in the Independent Auditors' Report in the next annual report.

Shareholders and investors are advised to read the Independent Auditors' Report and the 2023 Annual Report in their entirety and to exercise caution when dealing in the Company's shares. When in doubt, shareholders and potential investors are advised to seek independent advice from their professional advisors before trading or making any investment decision on the Company's securities.

BY ORDER OF THE BOARD

Na Kyoungwon
Chief Executive Officer and Executive Director
15 April 2024

*This announcement has been prepared by the Company, and its contents have been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

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

The details of the contact person for the Sponsor are:-

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