

SPACKMAN ENTERTAINMENT GROUP LIMITED

Company registration number – 201401201N

Condensed Interim Financial Statements For the Third Quarter and Nine Months Ended 30 September 2022

Pursuant to Rule 705(2) of the SGX-ST Listing Rules (Catalist), the Singapore Exchange Regulation requires the Company to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company's auditor in the latest audited financial statements for the financial year ended 31 December 2021.

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

		The Group					
		Three Months Ended 30 September			Nine Months Ended 30 September		
Note	2022 US\$'000	2021 US\$'000	Change %	2022 US\$'000	2021 US\$'000	Change %	
		(Repre nted) ¹			(Repre nted) ¹		
Continuing operations							
	Revenue	1,187	1,582	(25)	2,177	11,087	(80)
	Cost of sales	(590)	(1,517)	(61)	(1,128)	(10,001)	(89)
	Gross profit	597	65	N.M.	1,049	1,086	(3)
	Other income and gains	57	54	6	213	177	20
	Interest income	14	29	(52)	41	85	(52)
Expenses							
	Selling expenses	(157)	(83)	89	(389)	(248)	57
	General and administrative expenses	(988)	(999)	(1)	(2,913)	(3,274)	(11)
	Finance costs	(26)	(50)	(48)	(68)	(137)	(50)
	Other expenses	(865)	(194)	N.M.	(1,426)	(488)	N.M.
	Share of results of associate	14	(210)	N.M.	442	(292)	N.M.
	Loss before tax	(1,354)	(1,388)	(2)	(3,051)	(3,091)	(1)
	Tax credit/(expense)	2	(42)	N.M.	6	(44)	N.M.
	Loss for the financial period	(1,352)	(1,430)	(5)	(3,045)	(3,135)	(3)
Discontinued operations¹							
	Loss after tax for the year from discontinued operation	–	(344)	N.M.	–	(1,358)	N.M.
	Loss for the financial period	(1,352)	(1,774)	(24)	(3,045)	(4,493)	(32)
Loss for the period attributable to:							
Equity holders of the Company							
	-Continuing operation	(1,518)	(1,356)	12	(3,111)	(2,969)	5
	-Discontinued operation	–	(344)	N.M.	–	(1,358)	N.M.
		(1,518)	(1,700)	(11)	(3,111)	(4,327)	(28)
Non-controlling interests							
	-Continuing operation	166	(74)	N.M.	66	(166)	N.M.
	Loss for the financial period	(1,352)	(1,774)	(24)	(3,045)	(4,493)	(32)
Loss per share attributable to the equity holders of the Company:							
Basic and fully diluted (USD in cents) ²							
	-Continuing operation	(0.08)	(0.07)		(0.17)	(0.16)	
	-Discontinued operation	–	(0.02)		–	(0.07)	
		(0.08)	(0.09)		(0.17)	(0.23)	

¹ – Discontinued operations arise from the disposal of Frame Picture 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 CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

Note	The Group					
	Three Months Ended 30 September			Nine Months Ended 30 September		
	2022 US\$'000	2021 US\$'000	Change %	2022 US\$'000	2021 US\$'000	Change %
		(Repre nted) ¹			(Repre nted) ¹	
Other comprehensive loss						
<u>Items that are or may be reclassified subsequently to profit or loss:</u>						
Currency translation difference arising from consolidation	289	(77)	N.M.	604	(254)	N.M.
Share of other comprehensive loss of associated company	(199)	(98)	N.M.	(350)	(941)	(63)
<u>Items that will not be reclassified subsequently to profit or loss:</u>						
Currency translation difference arising from consolidation	(26)	(23)	13	(34)	(46)	(26)
Total comprehensive loss for the period	(1,288)	(1,972)	(35)	(2,825)	(5,734)	(51)
Total comprehensive loss for the period attributable to:						
Equity holders of the Company						
-Continuing operation	(1,428)	(1,612)	(11)	(2,857)	(4,280)	(33)
-Discontinuing operation	–	(263)	N.M.	–	(1,242)	N.M.
	(1,428)	(1,875)	(24)	(2,857)	(5,522)	(48)
Non-controlling interests						
-Continuing operation	140	(97)	N.M.	32	(212)	N.M.
Total comprehensive loss for the period	(1,288)	(1,972)	(35)	(2,825)	(5,734)	(51)

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

N.M. – Not meaningful

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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (GROUP AND COMPANY)

	Note	Group		Company	
		30 September 2022 US\$'000	31 December 2021 US\$'000	30 September 2022 US\$'000	31 December 2021 US\$'000
Assets					
Property, plant and equipment	13	775	1,093	118	265
Intangible assets	12	6,166	6,387	–	–
Film production inventories		1,482	1,077	–	–
Deferred tax assets		19	12	–	–
Investment in subsidiaries		–	–	16,415	16,415
Investment in associated company		12,931	12,839	12,972	12,972
Financial assets at fair value through profit or loss	11	211	215	192	192
Trade and other receivables		15	59	–	–
Non-current assets		21,599	21,682	29,697	29,844
Loan to subsidiaries		–	–	2,254	1,816
Inventories		6	9	–	–
Financial assets at fair value through profit or loss	11	2,614	2,911	–	–
Contract assets		3	38	–	–
Trade and other receivables		6,458	6,966	1,483	1,347
Cash and cash equivalents		6,525	11,345	62	1,233
Current assets		15,606	21,269	3,799	4,396
Total assets		37,205	42,951	33,496	34,240
Liabilities					
Borrowings	14	127	266	1,183	1,391
Other non-current liabilities		216	244	–	–
Non-current liabilities		343	510	1,183	1,391
Contract liabilities		2,669	3,439	–	–
Trade and other payables		1,652	2,849	218	648
Borrowings	14	2,195	2,734	4,792	3,504
Film obligation and production loans		381	394	–	–
Current liabilities		6,897	9,416	5,010	4,152
Total liabilities		7,240	9,926	6,193	5,543
Net assets		29,965	33,025	27,303	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		(2,920)	(3,174)	–	–
Accumulated losses		(36,353)	(33,242)	(41,789)	(40,630)
Equity attributable to equity holders of the Company, total		29,819	32,911	27,303	28,697
Non-controlling interests		146	114	–	–
Total equity		29,965	33,025	27,303	28,697

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		Nine Months Ended	
		2022	2021
		US\$'000	US\$'000
Cash flows from operating activities			
Loss before tax from continuing operation		(3,051)	(3,091)
Loss before tax from discontinued operation	7	–	(1,369)
Loss before tax		(3,051)	(4,460)
Adjustments for:			
Depreciation of property, plant and equipment	6	456	1,867
Interest income	6	(41)	(85)
Interest expense	6	68	270
Share of results of associated company		(442)	292
Amortisation of intangible assets	6	37	178
Allowance for impairment for receivables	6	39	–
Reversal of allowance for impairment for receivables		(32)	(58)
Reversal of loss on film borne by external investors		–	1
Gain from disposal of property, plant and equipment		–	(2)
Operating loss before working capital changes		(2,966)	(1,997)
Working capital changes			
Inventories and copyrights		3	(1)
Film production inventories		(661)	734
Receivables and contract assets		589	390
Payables and contract liabilities		(1,981)	(153)
Currency translation adjustments		1,428	240
Cash used in operations		(3,588)	(787)
Interest received		8	14
Income tax paid		–	(63)
Net cash used in operating activities		(3,580)	(836)

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

	Group	
	Nine Months Ended	
	30 September	
	2022	2021
	US\$'000	US\$'000
Investing activities		
Purchases of property, plant and equipment	(217)	(19,700)
Proceeds from disposal of property, plant and equipment	–	2
Purchases of intangible assets	(48)	(33)
Purchases of investments	(236)	(304)
Proceeds from disposal of investments	–	551
Additional short term loans	(381)	(1,202)
Repayment of short-term loans	39	1,602
Net decrease of leasehold deposit	141	182
Net cash (used in)/ generated from investing activities	(702)	(18,902)
Financing activities		
Interest paid	(53)	(168)
Repayment of borrowings	(756)	(2,957)
Proceeds from borrowings	857	17,618
Advances received from directors of subsidiaries	40	4,555
Repayment of advances received from directors of subsidiaries	–	(124)
Proceeds from film obligations and production loans	118	587
Repayment of film obligations and production loans	(56)	(722)
Repayment of lease liabilities	(373)	(660)
Purchase of treasury shares	(235)	–
Net cash used in financing activities	(458)	18,129
Net change in cash and cash equivalents	(4,740)	(1,609)
Cash and cash equivalents at beginning of financial period	11,345	4,343
Effect of exchange rate changes	(80)	40
Cash and cash equivalents at end of the financial period	6,525	2,774

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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
Profit for the financial period	–	–	–	(3,111)	(3,111)	66	(3,045)
<u>Other comprehensive loss for the period</u>							
Share of other comprehensive loss of associated company	–	–	(350)	–	(350)	–	(350)
Currency translation difference on consolidation	–	–	604	–	604	(34)	570
	–	–	254	–	254	(34)	220
Purchase of treasury shares	15	(235)	–	–	(235)	–	(235)
Balance as at 30 September 2022	70,007	(915)	(2,920)	(36,353)	29,819	146	29,965
2021							
Balance as at 1 January 2021	70,007	(680)	(2,349)	(34,961)	32,017	618	32,635
Profit for the financial period	–	–	–	(4,327)	(4,327)	(166)	(4,493)
<u>Other comprehensive loss for the period</u>							
Share of other comprehensive loss of associated company	–	–	(941)	–	(941)	–	(941)
Currency translation difference on consolidation	–	–	(254)	–	(254)	(46)	(300)
	–	–	(1,195)	–	(1,195)	(46)	(1,241)
Balance as at 30 September 2021	70,007	(680)	(3,544)	(39,288)	26,495	406	26,901

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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
2022				
Balance as at 1 January 2022	70,007	(680)	(40,630)	28,697
Profit/(loss) for the financial period	–	–	(1,159)	(1,159)
Purchase of treasury shares	–	(235)	–	(235)
15				
Balance as at 30 September 2022	70,007	(915)	(41,789)	27,303
2021				
Balance as at 1 January 2021	70,007	(680)	(38,001)	31,326
Profit/(loss) for the financial period	–	–	132	132
Balance as at 30 September 2021	70,007	(680)	(37,869)	31,458

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 nine months ended 30 September 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 distributor for post-theatrical market, film and talent management.

2. Basis of Preparation

The condensed interim financial statements for the nine months ended 30 September 2022 have been prepared in accordance with 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: key assumptions underlying recoverable amount

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 Chief Operating Officer and President, who are responsible for allocating resources and assessing performance of the operating segments.

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						
	Three months ended 30 September 2022						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	Total
Revenue	896	46	132	83	–	30	1,187
Cost of sales	(444)	(18)	(101)	(27)	–	–	(590)
Share of results of associated companies	–	–	14	–	–	–	14
Segment gross results	452	28	45	56	–	30	611
Selling and general & administrative expenses	(844)	(23)	(155)	(6)	–	(2)	(1,030)
Segment net results	(392)	5	(110)	50	–	28	(419)
Unallocated other income:							
Other income and gains							57
Interest income							14
Unallocated expenses:							
Depreciation and amortisation							(115)
Other expenses							(865)
Finance costs							(26)
Profit before tax							(1,354)
Tax credit							2
Profit for the period from continuing operation							(1,352)
Segment assets	4,945	3,043	15,970	1,530	1,502	843	27,833
Unallocated assets							9,372
Total assets							37,205
Segment liabilities	2,463	553	346	605	303	432	4,702
Unallocated liabilities							2,538
Total liabilities							7,240

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					
	Three months ended 30 September 2021					
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Others ¹	Total
Revenue	74	1,240	113	106	49	1,582
Cost of sales	(34)	(1,334)	(93)	(39)	(17)	(1,517)
Share of results of associated companies	–	–	(210)	–	–	(210)
Segment gross results	40	(94)	(190)	67	32	(145)
Selling and general & administrative expenses	(26)	(437)	(40)	(37)	(16)	(556)
Segment net results	14	(531)	(230)	30	16	(701)
Unallocated other income:						
Other income and gains						54
Interest income						29
Unallocated expenses:						
Depreciation and amortisation						(526)
Other expenses						(194)
Finance costs						(50)
Loss before tax						(1,388)
Tax credit						(42)
Loss for the period from continuing operation						(1,430)
Loss for the period from discontinued operation						(344)
Total loss for the period						(1,774)
Segment assets	1,960	14,195	16,736	588	957	34,436
Unallocated assets						8,183
Total assets ²						42,619
Segment liabilities	923	6,781	419	168	251	8,542
Unallocated liabilities						7,059
Total liabilities ²						15,601

¹– There was no revenue from consulting services for the three months ended 30 September 2021. Given that the contribution is less than 10% of the revenue, it was not separately disclosed as a reportable segment.

²– For comparison purposes, the balances exclude the assets and liabilities of the discontinued operation.

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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						
	Nine months ended 30 September 2022						
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Consulting services	Others	Total
Revenue	1,231	97	175	314	162	198	2,177
Cost of sales	(664)	(65)	(140)	(114)	(145)	–	(1,128)
Share of results of associated companies	–	–	442	–	–	–	442
Segment gross results	567	32	477	200	17	198	1,491
Selling and general & administrative expenses	(1,461)	(114)	(228)	(423)	(290)	(330)	(2,846)
Segment net results	(894)	(82)	249	(223)	(273)	(132)	(1,355)
Unallocated other income:							
Other income and gains							213
Interest income							41
Unallocated expenses:							
Depreciation and amortisation							(456)
Other expenses							(1,426)
Finance costs							(68)
Profit before tax							(3,051)
Tax credit							6
Profit for the period from continuing operation							(3,045)
Segment assets	4,945	3,043	15,970	1,530	1,502	843	27,833
Unallocated assets							9,372
Total assets							37,205
Segment liabilities	2,463	553	346	605	303	432	4,702
Unallocated liabilities							2,538
Total liabilities							7,240

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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					
	Nine months ended 30 September 2021					
	Distribution of films	Production of films	Talent management	Restaurant sales and café lounge	Others ¹	Total
Revenue	1,264	8,813	602	239	169	11,087
Cost of sales	(422)	(8,926)	(509)	(92)	(52)	(10,001)
Share of results of associated companies	–	–	(292)	–	–	(292)
Segment gross results	842	(113)	(199)	147	117	794
Selling and general & administrative expenses	(308)	(2,212)	(140)	(56)	(84)	(2,800)
Segment net results	534	(2,325)	(339)	91	33	(2,006)
Unallocated other income:						
Other income and gains						177
Interest income						85
Unallocated expenses:						
Depreciation and amortisation						(722)
Other expenses						(488)
Finance costs						(137)
Loss before tax						(3,091)
Tax credit						(44)
Loss for the period from continuing operation						(3,135)
Loss for the period from discontinued operation						(1,358)
Total loss for the period						(4,493)
Segment assets	1,960	14,195	16,736	588	957	34,436
Unallocated assets						8,183
Total assets²						42,619
Segment liabilities	923	6,781	419	168	251	8,542
Unallocated liabilities						7,059
Total liabilities²						15,601

¹– There was no revenue from consulting services for the nine months ended 30 September 2021. Given that the contribution is less than 10% of the revenue, it was not separately disclosed as a reportable segment.

²– For comparison purposes, the balances exclude the assets and liabilities of the discontinued operation.

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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	Others ¹	
Type of revenue:						
Distribution of films and others	896	–	–	–	–	896
Production of films	–	46	–	–	–	46
Restaurant sales and café lounge	–	–	–	83	–	83
Photography	–	–	–	–	30	30
Talent management	–	–	132	–	–	132
Total revenue	896	46	132	83	30	1,187
Timing of revenue recognition:						
At a point in time	–	–	–	83	–	83
Over time	896	46	132	–	30	1,104
Total revenue	896	46	132	83	30	1,187
Geographical information:						
South Korea	896	46	132	83	30	1,187
Total revenue	896	46	132	83	30	1,187

¹– There was no revenue from consulting services for the three months ended 30 September 2022. Given that the contribution is less than 10% of the revenue, it was not separately disclosed as a reportable segment.

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	Others ¹	
Type of revenue:						
Distribution of films and others	74	–	–	–	–	74
Production of films	–	1,240	–	–	–	1,240
Restaurant sales and café lounge	–	–	–	106	–	106
Photography	–	–	–	–	19	19
Talent management	–	–	113	–	–	113
Others	–	–	–	–	30	30
Total revenue	74	1,240	113	106	49	1,582
Timing of revenue recognition:						
At a point in time	–	–	–	106	–	106
Over time	74	1,240	113	–	49	1,476
Total revenue	74	1,240	113	106	49	1,582
Geographical information:						
South Korea	74	1,240	113	106	49	1,582
Total revenue	74	1,240	113	106	49	1,582

¹– There was no revenue from consulting services for the three months ended 30 September 2021. Given that the contribution is less than 10% of the revenue, it was not separately disclosed as a reportable segment.

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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	
Nine months ended 30 September 2022							
Type of revenue:							
Distribution of films and others	1,231	–	–	–	–	–	1,231
Production of films	–	97	–	–	–	–	97
Consulting services	–	–	–	–	162	–	162
Restaurant sales and café lounge	–	–	–	314	–	–	314
Photography	–	–	–	–	–	100	100
Talent management	–	–	175	–	–	–	175
Sales of content	–	–	–	–	–	16	16
Others	–	–	–	–	–	82	82
Total revenue	1,231	97	175	314	162	198	2,177
Timing of revenue recognition:							
At a point in time	–	–	–	314	–	–	314
Over time	1,231	97	175	–	162	198	1,863
Total revenue	1,231	97	175	314	162	198	2,177
Geographical information:							
South Korea	1,231	97	175	314	162	198	2,177
Total revenue	1,231	97	175	314	162	198	2,177

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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	Nine months ended 30 September 2021 Talent management	Restaurant sales and café lounge	Others ¹	
Type of revenue:						
Distribution of films and others	1,264	–	–	–	–	1,264
Production of films	–	8,813	–	–	–	8,813
Restaurant sales and café lounge	–	–	–	239	–	239
Photography	–	–	–	–	68	68
Talent management	–	–	602	–	–	602
Others	–	–	–	–	101	101
Total revenue	1,264	8,813	602	239	169	11,087
Timing of revenue recognition:						
At a point in time	–	–	–	239	–	239
Over time	1,264	8,813	602	–	169	10,848
Total revenue	1,264	8,813	602	239	169	11,087
Geographical information:						
South Korea	1,264	8,813	602	239	169	11,087
Total revenue	1,264	8,813	602	239	169	11,087

¹– There was no revenue from consulting services for the nine months ended 30 September 2021. Given that the contribution is less than 10% of the revenue, it was not separately disclosed as a reportable segment.

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

5. Financial assets and financial liabilities

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

	Note	The Group		The Company	
		30 September 2022	31 December 2021	30 September 2022	31 December 2021
		US\$'000	US\$'000	US\$'000	US\$'000
Financial Assets					
Financial assets at fair value through profit or loss	11	2,825	3,126	192	192
Cash and bank		6,525	11,345	62	1,233
Trade and other receivables (Amortised cost) #		3,025	4,298	3,689	3,126
		12,375	18,769	3,943	4,551
Financial liabilities					
Financial liabilities at fair value through profit or loss	11	381	394	–	–
Trade and other payables (Amortised cost) *		3,570	5,440	6,193	5,543
		3,951	5,834	6,193	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		Nine Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Income				
Interest income	14	29	41	85
Expenses				
Interest expense	26	50	68	270
Depreciation on property, plant and equipment	116	623	456	1,867
Amortisation of intangible assets	13	56	37	178
Allowance for impairment for receivables	40	–	39	–
Foreign exchange loss, net	853	177	1,348	326

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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 result of Frame Pictures for the nine-month ended 30 September 2021 are presented as follows:

	Three Months Ended 30 September 2021 US\$'000	Nine Months Ended 30 September 2021 US\$'000
Revenue	359	465
Cost of sales	(83)	(740)
Gross profit/(loss)	276	(275)
Other income and gains	2	7
Expenses		
Selling expenses	(4)	(13)
General and administrative expenses	(508)	(956)
Finance costs	(114)	(132)
Loss before tax from discontinued operations	(348)	(1,369)
Tax credit	4	11
Loss from discontinued operations	(344)	(1,358)

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

7. Discontinued operations (cont'd)

	Note	Three Months Ended 30 September 2021 US\$'000	Nine Months Ended 30 September 2021 US\$'000
Operating		162	(78)
Investing	(1)	(19,447)	(19,216)
Financing	(2),(3)	19,098	19,377
Net cash inflow		(187)	83

		30 September 2021 US\$'000
Assets		
Property, plant and equipment	(1)	19,071
Intangible assets		55
Trade and other receivables		260
Non-current assets		19,386
Contract assets		64
Trade and other receivables		93
Cash and cash equivalents		175
Current assets		332
Total assets		19,718
Non-current liabilities		
Borrowings	(2)	14,547
Other non-current liabilities		101
Total non-current liabilities		14,648
Current liabilities		
Trade and other payables	(3)	5,365
Borrowings		1,571
Total current liabilities		6,936
Total liabilities		21,584
Net liabilities		(1,866)

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**").

The Board wishes to disclose to shareholders that prior to the completion of the disposal of Frame Pictures on 30 December 2021, Frame Pictures had acquired the Frame Pictures Property in August 2021 in connection with the disposal of Frame Pictures and at the request of the purchaser of Frame Pictures made during the negotiations for the disposal of Frame Pictures. The acquisition of the Frame Pictures Property was funded by the Frame Pictures Bank Loan and the Frame Pictures Personal Loans.

The acquisition of the Frame Pictures Property, the Frame Pictures Bank Loan and the Frame Pictures Personal Loans (collectively, the "**Frame Pictures Transactions**") were not reported to the Board, and the Board was only informed of this matter in or around April 2022. When the full details of the Frame Pictures Transactions were made known to the Board, the disposal of Frame Pictures had already been completed on 30 December 2021 and the financial position attributed to the discontinued operations of Frame Pictures have been de-recognised from the Group's financial statements. Based on information and documents made available to the Board, the Board is of the view that the Frame Pictures Transactions have no material impact on the audited financial statements for the financial year-ended 31 December 2021 ("**FY2021**") and this Company's interim consolidated financial statements for the nine-month ended 30 September 2022, and no changes to the financial statements are required. Furthermore, the Group's auditors have also confirmed that the Frame Pictures Transactions have no further impact on their audit opinion for FY2021.

The Group has also obtained confirmation from Korean lawyers that the Transactions did not cause the Group to take on any legal or financial risks. According to the Korean lawyers, the Company was not a party to the agreements in connection with the acquisition of the Frame Pictures Property and had no obligations or risks in respect of the said acquisition. Further, and pursuant to the agreements in connection with the acquisition of the Frame Pictures Property, the purchaser of Frame Pictures agreed to assume responsibility for all financing for the acquisition of the Frame Pictures Property, and the purchase was also under an obligation to acquire the Frame Pictures Property at the acquisition price plus any direct or indirect costs incurred by Frame Pictures in connection with the acquisition of the Frame Pictures Property in the event that the Company's disposal of Frame Pictures was unsuccessful. The Korean lawyers also noted that High Vision and its CEO jointly guaranteed and are liable for financial damages incurred by the Company and Frame as a result of the acquisition of the Frame Pictures Property. Accordingly, the Group did not appear to have suffered any loss arising out of the Transactions.

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

7. Discontinued operations (cont'd)

Based on the Board's investigations, the Board is of the view that there are no material changes to the contents of the Company's announcements made on 23 December 2021 and 30 December 2021 in relation to the Company's disposal of Frame Pictures because the Frame Pictures Transaction had no material impact on results of Frame Pictures for the nine-month ended 30 September 2021 and the full year ended 31 December 2021. The Frame Pictures Transactions occurred without the requisite Board approvals primarily due to management override and disregard for internal controls and processes.

The Board is of the opinion that the Group did not comply with rule 1015 of the Rules of Catalist, as the acquisition of the Frame Pictures Property by Frame Pictures ought to be disclosed to, and was subject to approval by the Group's shareholders.

The Board has since taken disciplinary and corrective action against the officers involved and will be working with the Sponsor and SGX on strengthening internal controls. The Company's audit and risk management committee are also in the process of identifying new internal auditors to perform an in-depth review of the Group's internal controls and processes to minimize the risks of management override in future.

A fuller explanation on the Frame Pictures Transactions will be provided by the Company within this week.

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		Nine Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Loss for the period attributable to equity holders of the Company from				
- Continuing operations	1,518	1,356	3,111	2,969
- Discontinued operations	-	344	-	1,358
	1,518	1,700	3,111	4,327
Weighted average number of ordinary shares in issue applicable to basic and diluted earnings per	1,883,113,885	1,901,657,319	1,883,113,885	1,901,657,319

share computation

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

9. Tax credit/(expense)

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		Nine Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Tax credit/(expenses) attributable to loss are made up of:				
- Current income tax provision	–	(48)	–	(64)
- Deferred tax	2	10	6	31
	2	(38)	6	(33)
Income tax credit/(expenses) attributable to				
- Continuing operations	2	(42)	6	(44)
- Discontinued operations	–	4	–	11
	2	(38)	6	(33)

10. Net asset value

	Group		Company	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	US\$	US\$	US\$	US\$
Net asset value	29,965,875	33,025,071	27,303,843	28,696,724
Net asset value per ordinary share	0.016	0.017	0.015	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).

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	
	30 September 2022 US\$'000	31 December 2021 US\$'000	30 September 2022 US\$'000	31 December 2021 US\$'000
Non-current				
Unquoted equity investments	192	192	192	192
Investment in insurance products	19	23	–	–
	211	215	192	192
Current				
Investment in film funds	1,358	1,390	–	–
Investment in theatrical projects	1,256	1,521	–	–
	2,614	2,911	–	–
	2,825	3,126	192	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 30 September 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 – 30 September 2022				
Financial assets				
Financial assets at fair value through profit or loss	–	19	2,806	2,825
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 30 September 2022							
Cost	28	23	13,514	693	244	629	15,131
Addition	–	–	–	–	–	48	48
Accumulated amortization and disposal	(28)	(23)	(7,996)	(693)	(228)	(45)	(9,013)
Net book amount	–	–	5,518	–	16	632	6,166
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

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

13. Property, plant and equipment

The Group's property, plant and equipment amounts to US\$775,106 (31 December 2021: US\$1,092,816) and the Company's plant and equipment amounts to US\$117,680 (31 December 2021: US\$265,343). The decrease is mainly attributable to the decrease in right of use asset.

14. Borrowings

	Group		Company	
	30 September 2022 US\$'000	31 December 2021 US\$'000	30 September 2022 US\$'000	31 December 2021 US\$'000
Amount repayable within one year or less, or on demand				
Unsecured loans	1,524	1,727	4,792	3,504
Secured loans ⁽¹⁾	671	1,007	–	–
	<u>2,195</u>	<u>2,734</u>	<u>4,792</u>	<u>3,504</u>
Amount repayable after one year				
Unsecured loans	–	–	1,183	1,391
Secured loans ⁽²⁾	127	266	–	–
	<u>127</u>	<u>266</u>	<u>1,183</u>	<u>1,391</u>
Total loans and borrowings	<u>2,322</u>	<u>3,000</u>	<u>5,975</u>	<u>4,895</u>

Notes:

- (4) The Group's short-term borrowings are secured by guarantees from Korea Credit Guarantee Fund and Korea Technology Finance Corporation.
(5) The Group's long-term borrowings are secured by a guarantee from Korea Credit Guarantee Fund.

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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	1,949,225,819	(112,834,500)	70,007,456	(914,565)
2021				
Beginning and end of financial year	1,949,225,819	(47,568,500)	70,007,456	(679,698)

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 30 September 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 30 September 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 third quarter and nine-month period then ended and certain explanatory notes have not been audited or reviewed.

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

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

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

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. 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.

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.

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 September 2022 US\$ million	3M Ended September 2021 US\$ million	9M Ended September 2022 US\$ million	9M Ended September 2021 US\$ million
Continuing operations				
Production of films	0.05	1.24	0.10	8.81
Distribution of films and others	0.90	0.07	1.23	1.26
Sales of content	–	–	0.02	–
Consulting services	–	–	0.16	–
Restaurant sales and café lounge business	0.08	0.11	0.31	0.24
Photography	0.03	0.02	0.10	0.07
Talent management	0.13	0.11	0.18	0.60
Others	–	0.03	0.08	0.10
	1.19	1.58	2.18	11.08

Revenue decreased by US\$0.39 million or 25% quarter-on-quarter (“QoQ”) and US\$8.90 million or 80% year-on-year (“YoY”) to US\$2.18 million in 9M 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* which majority of filming was completed in FY2021 and is expected to be released in the first quarter of 2023. Revenue from the distribution of films for the 9M periods of US\$1.23 million was mainly from Novus Mediacorp Co., Ltd (“Novus”) for *THE OUTLAWS* and sales of copyrights. Distribution revenue was higher by US\$0.82 million QoQ from Novus and was lower by US\$0.03 million YOY due to *THE BOX* from Studio Take and *#ALIVE* from Zip Cinema, respectively.

The Group recorded higher revenue from restaurant, photography and consulting services for YoY and higher revenue from sales of content as compared to the previous year.

b) Cost of sales

	Group			
	3M Ended September 2022 US\$ million	3M Ended September 2021 US\$ million	9M Ended September 2022 US\$ million	9M Ended September 2021 US\$ million
Continuing operations				
Production of films	0.02	1.33	0.07	8.92
Distribution of films and others	0.44	0.04	0.66	0.42
Consulting services	–	–	0.15	–
Restaurant sales and café lounge business	0.03	0.04	0.11	0.09
Talent management	0.10	0.09	0.14	0.51
Others	–	0.02	–	0.06
	0.59	1.52	1.13	10.00

Cost of sales decreased by US\$0.93 million or 61% QoQ and US\$8.87 million or 89% YoY in 9M FY2022, mainly due to decrease of the production costs incurred in 9M FY2021 for *THE BOX* by Studio Take and *BROKER* by Zip Cinema.

c) Gross profit

The Group registered gross profit of US\$1.05 million in 9M FY2022. This was US\$0.53 million or 824% higher QoQ and US\$0.04 million or 3% lower than its corresponding period in 9M FY2021. Gross margin wise, it was higher by 46% QoQ and 38% 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 increased by US\$3,000 or 6% QoQ and US\$0.04 million or 20% YoY to US\$0.21 million in 9M FY2022, mainly due to government grant income of US\$0.09 million for Covid-19 support, partially offset by lower rental income and miscellaneous income US\$0.05 million.

e) Selling expenses

Selling expenses increased marginally by US\$0.07 million or 89% QoQ and US\$0.14 million or 57% YoY to US\$0.39 million in 9M 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\$0.01 million or 1% QoQ and US\$0.36 million or 11% YoY to US\$2.91 million in 9M FY2022 mainly attributable by the decrease in salaries and wages by US\$0.41 million as Zip Cinema was disposed in FY2021.

g) Other expenses

Other expenses increased by US\$0.67 million QoQ and US\$0.94 million or 192% YoY to US\$1.43 million in 9M FY2022 mainly due to higher loss arising from foreign exchange which amounts to US\$1.02 million.

h) Share of results of associate

The share of results of associate recognised a US\$0.22 million gain QoQ and US\$0.73 million gain YoY (9M FY2021: loss of US\$0.29 million). This was mainly attributable by the profits from the Group's 43.88% owned associated company, Spackman Media Group Limited ("SMGL") of US\$0.44 million. The profit recorded by SMGL was US\$1.75 million higher than 9M FY2021 as more talent management revenue was generated through more filming and endorsement activities in 9M FY2022.

i) Tax expense

The Group recorded a tax credit of US\$6 thousands in 9M FY2022 (9M FY2021: tax expense of US\$44 thousands) mainly because of the loss-making position of the Group in 9M FY2022.

j) Profit after tax for the period

As a result of the above, the Group recorded a loss after tax of US\$1.35 million as compared to US\$1.43 million in the previous period for QoQ. As for YoY, the Group recorded a loss after tax of US\$3.05 million in 9M FY2022 as compared to a loss after tax of US\$3.14 million in 9M 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 30 September 2022 was US\$21.60 million, decreased by US\$0.08 million or 0.39% 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\$0.32 million was mainly attributable to the depreciation charged during 9M FY2022;
- ii) decrease in intangible assets by US\$0.22 million due to the foreign currency translation difference for Novus goodwill; and
- iii) partially offset by the increase in film production inventories of US\$0.41 million mainly from the production of the film *THE GUEST* by Studio Take;
- iv) partially offset by the increase in investment in the associated company by US\$0.09 million compared to FY2021 Q4. This was mainly due to US\$0.44 million gain in the share of results of associate for the year and US\$0.35 million other comprehensive losses from foreign exchange variation;

The Group's current assets decreased by US\$5.66 million from US\$21.27 million as of 31 December 2021 to US\$15.61 million as of 30 September 2022. This was mainly due to the decrease in cash and cash equivalents of US\$4.82 million as explained in the consolidated statement of cash flow below, the decrease in trade and other receivables and contract assets of US\$0.54 million.

The Group's non-current liabilities decreased by US\$0.17 million from US\$0.51 million as of 31 December 2021 to US\$0.34 million as of 30 September 2022. This was mainly due to a decrease in non-current liabilities of US\$0.14 million to current liabilities as it is approaching maturity.

The Group's current liabilities amounted to US\$6.90 million as of 30 September 2022 as compared to the current liabilities of US\$9.41 million as of 31 December 2021. The decrease was mainly due to lower trade and other payables of US\$1.2 million, borrowings of US\$0.54 million and foreign exchange variation for contract liabilities of US\$0.77 million.

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

Consolidated Statement of Cash Flow

As of 30 September 2022, the Group had cash and cash equivalents amounting to US\$6.53 million as compared to cash and cash equivalents amounting to US\$2.77 million as of 30 September 2021.

The significant cash movements during 9M FY2022 as compared to 9M FY2021 can be summarised as follows:

Cash flow used in operating activities for 9M FY2022 amounted to US\$3.58 million as compared to cash flow used in operating activities of US\$0.84 million for 9M FY2021. The cash flow used in operating activities for 9M FY2022 was mainly attributed to the operating loss before working capital changes of US\$2.97 million, payables and contract liabilities of US\$1.98 million and film production inventories of US\$0.66 million. This was partially offset by receivables and contract assets of US\$0.59 million and the currency translation gain of US\$1.43 million.

Cash flow used in investing activities for 9M FY2022 was US\$0.70 million as compared to cash flow used from investing activities of US\$18.90 million for 9M FY2021. The cash flow used in investing activities for 9M FY2022 was mainly due to purchases of property, plant and equipment of US\$0.22 million, investment of financial assets at fair value through profit or loss of US\$0.24 million and additional short-term loans of US\$0.38 million. This was partially offset by proceeds from the repayment of short-term loans of US\$0.04 million and recovery from leasehold deposits of US\$0.14 million.

Cash flow used in financing activities was US\$0.46 million for 9M FY2022 as compared to cash flow generated in financing activities of US\$18.13 million for 9M FY2021. The cash flow used in financing activities for 9M FY2022 was mainly due to the repayment of borrowings US\$0.76 million, repayment of lease liabilities of US\$0.36 and purchase of treasury shares of US\$0.23 million. This was partially offset by the proceeds from borrowings of US\$0.86 million and net proceeds from film obligations and production loans of US\$0.06 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 latest film *A MAN OF REASON*, produced by its wholly-owned indirect subsidiary, Studio Take Co., Ltd. ("**Studio Take**"), premiered globally at the 47th Toronto International Film Festival, the largest film festival in North America, in September 2022. The film marks 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. 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 Studio Take's *A MAN OF REASON*.

A MAN OF REASON is set to be screened theatrically and digitally in North America in the first quarter of 2023 and released at theatres in Korea in the fourth quarter of 2022 or the first quarter of 2023.

Korean films and dramas continue to find success and traction amongst global audiences with key players of global streaming providers such as Netflix and Disney+ focusing and investing in Korean content. Digital content on preferred mobile and home devices with the convenience of time has grown in popularity amongst consumers of different generations. Korean films and dramas are well-known for their creative concepts, elevated production values and quality screenwriting. In October this year, shares of South Korean drama producers surged after Netflix attributed its subscriber growth to the strength of Korean shows¹.

During this year, over-the-top ("**OTT**") platforms boosted their investments in Korean content with Netflix aiming to make more Korean series in 2022 and to at least match its US\$460 million investment on Korean productions in 2021², and Disney+ expanding its partnership with Korean content creators to add 12 pieces of Korean original content and 20 Korean shows or films³.

¹ Bloomberg, <https://www.bloomberg.com/news/articles/2022-10-19/korean-drama-stocks-surge-after-netflix-posts-subscriber-growth>, 19 October 2022

² South China Morning Post, <https://www.scmp.com/lifestyle/k-pop/k-drama/article/3163361/netflix-original-korean-drama-series-spending-continue>, Netflix original Korean drama series spending to continue after global success of Squid Game, Hellbound and My Name, streaming platform's Korea VP says, 16 Jan 2022

³ Korea JooAng Daily, <https://koreajoongangdaily.joins.com/2022/03/03/entertainment/television/Disney%E2%80%90Korean%E2%80%9020original/20220303163402185.html>, Disney+ has 12 Korean original series or films in store for this year, 3 March 2022

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)**

Presently, the Group is in discussions to develop, produce and invest in top quality Korean films and dramas through its subsidiaries, such as Studio Take, Simplex Films Limited, Greenlight Content Limited and Novus Mediacorp Co., Ltd. Besides Korean content, the Group shall be reviewing projects for the co-production and financing of US films, which have a wider international audience base than Korean films due to a wider international audience base.

The Group will announce if there are any material updates or if definitive agreements have been signed for its upcoming content projects, 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 interim 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 interim dividend is recommended for the third quarter ended 30 September 2022 (30 September 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

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	Value (KRW million)	Value (USD million)	Amount after first reallocation ⁽²⁾ (USD million)	Amount after second reallocation ⁽³⁾ (USD million)	Amount after third reallocation ⁽⁴⁾ (USD million)	Total amount utilized (USD million)	Total balance as of today (USD million)
Production/ Investments of film projects	4,500	3.79	3.79	3.79	3.79	(1.35)	2.44
Acquisition/ Investment of new business	5,500	4.63	4.63	3.13	2.13	–	2.13
Repayment of borrowings	1,800	1.52	1.52	1.52	1.52	(1.52)	–
Share Buyback	1,000	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)	–
Working capital ⁽¹⁾	3,020	2.55	2.50	4.00	5.00	(4.01)	0.99
Total	17,820	15.02	15.02	15.02	15.02	(9.09)	5.93

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

Notes:

(1) US\$4.01 million of working capital utilised for:

- Personnel expenses (US\$1,182,854);
- Audit and professional fees (US\$1,238,470);
- Rental expenses (US\$481,263); and
- Others (US\$1,108,622)

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.

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. 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 third quarter and nine months ended 30 September 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Na Kyoungwon
COO, President and Executive Director

Anthony Wei Kit Wong
Non-Executive and Independent Chairman

Date: 14 November 2022

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (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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