

SPACKMAN EQUITIES GROUP

Spackman Equities Group Inc.

Management's Discussion and Analysis For the years ended December 31, 2024, and 2023

OVERVIEW

The following Management's Discussion and Analysis ("MD&A") provides additional analysis of the operations, financial position and financial performance of Spackman Equities Group Inc. ("SEGI" or the "Company") for the years ended December 31, 2024, and 2023. It is supplementary information and should be read in conjunction with the Company's consolidated financial statements and accompanying notes for the year ended December 31, 2024, and 2023. Reference should also be made to the Company's filings with the Canadian securities regulatory authorities that are available on SEDAR at www.sedar.com.

This MD&A is the responsibility of the management. Management is responsible for the preparation and integrity of the Company's consolidated financial statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is responsible for ensuring that information disclosed externally, including the information contained within the Company's consolidated financial statements and MD&A, is complete and reliable. The Board of Directors carries out its responsibility for the review of this disclosure principally through its audit committee which is composed of a majority of independent directors. The audit committee reviews and, prior to its publication and pursuant to the authority delegated to it by the Board of Directors, approves this disclosure.

The effective date of this MD&A is April 30, 2025. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties, and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. For additional information on forward-looking statements and material risks associated with them, please see the "Cautionary Note Regarding Forward-Looking Statements" section of this document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward looking information typically contains statements with words such as "anticipate", "believe", "estimate", "will", "expect", "plan", "intend", or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to:

- our business plan and investment strategy; and
- general business strategies and objectives.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. Assumptions have been made with respect to the following matters, in addition to any other assumptions identified in this document:

- taxes and capital, operating, general & administrative and other costs.
- general business, economic and market conditions.
- the ability of the Company to obtain the required capital to finance its investment strategy and meet its commitments and financial obligations.
- the ability of the Company to obtain services and personnel in a timely manner and at an acceptable cost to carry out activities.
- the timely receipt of required regulatory approvals; and
- that the regulatory and market framework for Korean opportunities will remain relatively consistent.

Although the Company believes that the expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on them as there can be no assurance that such expectations will prove to be correct. Forward-looking information is based on expectations, estimates and projections that involve several risks and uncertainties which could cause actual results to differ materially than anticipated and described in the forward-looking information. The material risks and uncertainties include, but are not limited to:

- meet current and future commitments and obligations.
- general business, economic and market conditions.
- the uncertainty of estimates and projections relating to future costs and expenses.
- changes in, or in the interpretation of, laws, regulations or policies.
- the ability to obtain required regulatory approvals in a timely manner.
- the outcome of existing and potential lawsuits, regulatory actions, audits, and assessments; and
- other risks and uncertainties described elsewhere in this document.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk Factors" herein. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities law, the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Spackman Equities Group Inc. (the "Company" or "SQG") was incorporated on May 18, 2006 under the Canada Business Corporations Act and its shares are publicly traded on the TSX Venture Exchange ("TSXV") under the symbol SQG.

SQG is a publicly traded company listed on the TSX Venture Exchange under the symbol "**SQG**".

Unless disclosed otherwise all currency is in United States Dollars.

Reverse takeover

Crystal Planet Limited ("CPL") is a private limited company incorporated in Hong Kong. The address of The company's registered office is located at 1/F, Hing Lung Commercial Building, 68-74 Bonham Strand, Sheung Wan, Hong Kong.

Spackman Equities Group Inc. (the "Company "or "SQG") was incorporated on May 18, 2006 under the Canada Business Corporations Act and its shares are publicly traded on the TSX Venture Exchange ("TSXV") under the symbol SQG.

The Company and CPL entered into a definitive share exchange agreement on February 6, 2023 (the "Agreement") pursuant to which the Company will acquire all of the issued and outstanding shares in the capital of CPL from Spackman Media Group Limited (the "Vendor"). The Transaction involves share-based consideration only.

On December 4, 2024, the Crystal Planet Limited ("CPL" or the "Target") completed a reverse takeover ("RTO") of the Company through a share exchange agreement ("Agreement"). Under this arrangement, CPL shareholders exchanged their shares for newly issued shares of SQG, effectively making CPL the accounting acquirer in accordance with IFRS 2 - Share-based Payment (the "Transaction" or "RTO ").

Effective December 4, 2024, the Transaction closed whereby the Company issued 200,347,125 common shares to former shareholders of CPL along with a concurrent financing issuing 48,789,759 shares with the closing of the Transaction.

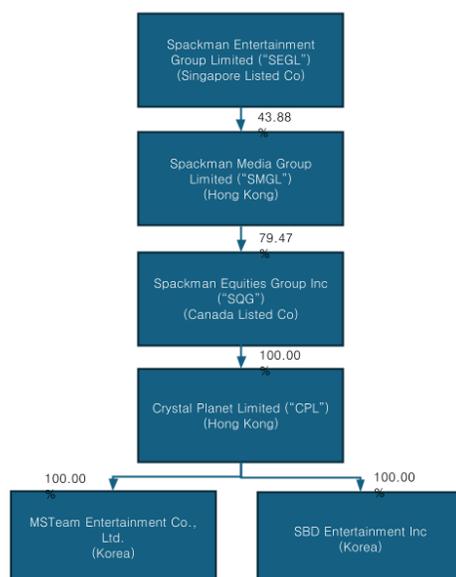
Management determined that the Transaction constituted a reverse acquisition for accounting purposes whereby CPL acquired the Company. For accounting purposes, CPL is treated as the accounting acquirer (legal subsidiary), and the Company is treated as the accounting acquiree (legal parent) in these consolidated financial statements. As CPL was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these financial statements at their historical carrying values. Spackman Equities Group Inc.'s results of operations are included from the transaction date, December 4, 2024. The comparative figures are those of CPL prior to the reverse acquisition.

CPL carries on the business of identifying and investing into or acquiring small/medium sized growth companies (the "Group"). The Company focuses on investing into or acquiring growth companies in Asia, principally in the Republic of Korea ("Korea") at attractive valuations, building a diversified portfolio of such growth companies and, ultimately, delivering the collective value derived from the performance of these businesses to the shareholders. The principal activities of the CPL and its subsidiaries ("the Group") are investment holding, talent management agency services, developing, producing and investing into high-quality entertainment content projects, and creating and deriving new peripheral business and investment opportunities by leveraging on collective roster of artists.

Overall summary of year ended December 31, 2024

STRUCTURE AND HOLDINGS

The following chart shows the structure and holdings of the Company as of the date of the MD&A:



Results of Operations

Revenue

The Group manages a roster of artists and revenue is derived mainly from talent management services. The talent management services comprise the artists' participation in advertisements, TV dramas, movies and other entertainment content projects. The breakdown of revenue for the year ended December 31, 2022, and the year ended December 31, 2023, is set out as below:

	Year ended December 31, 2024,		Year ended December 31, 2023	
	\$'000	%	\$'000	%
Talent management service				
- Advertisements	3,742	66.26	10,848	76.82
- TV dramas	831	14.71	2,535	17.95
- Movies	526	9.31	495	3.51
- Other appearance	548	9.70	211	1.49
Investment in contents	1	0.02	2	0.01
Others	-	-	31	0.22
Total	5,648	100.00	14,122	100.00

Revenue decreased by \$8.47 million or 60% from \$14.12 million to \$5.65 million. This was mainly due to a decrease in revenue from the talent management service, which fell by \$8.44 million.

Cost of services

Cost of sales mainly comprised fees to artists based on the revenue sharing ratio between the artists and the Group. The breakdown of cost of services for the year ended December 31, 2024, and the year ended December 31, 2023, is set out as below:

	Year ended December 31, 2024,		Year ended December 31, 2023,	
	\$'000	%	\$'000	%
Talent management service				
- Advertisements	2,964	70.57	8,640	79.14
- TV dramas	571	13.60	1,713	15.69
- Movies	415	9.88	401	3.67
- Other appearance	250	5.95	164	1.50
Total	4,200	100.00	10,918	100.00

Cost of services decreased by \$6.72 million or 62% from \$10.92 million to \$4.20 million, in line with the decrease in revenue.

Gross profit

The key determination of gross profit is the revenue generated from talent management services. Gross profit amounted to \$1.45 million and \$3.20 million for the year ended December 31, 2024, and the year ended December 31, 2023, which represented 25.63% and 22.69% of revenue respectively.

Other income and gain

Other income and gain mainly comprised net foreign exchange gain and interest income and gain on valuation of financial assets. Other income and gain amounted to \$0.18 million and \$0.13 million for the year ended December 31, 2024, and the year ended December 31, 2023, which represented 14.30% and 20.56% of other income and gain respectively.

	Year ended December 31, 2024		Year ended December 31, 2023	
	\$'000	%	\$'000	%
Interest income	23	13.14	94	72.74
Net foreign exchange gain	88	50.28	9	6.70
Gain on disposal of property, plant and equipment	14	8.02	-	-
Gain on disposal of other investments	-	-	3	2.13
Gain on valuation of financial assets	39	22.28	-	-
Sundry income	11	6.28	24	18.43
Total	175	100.00	130	100.00

Selling expense

Selling expenses decreased by \$0.05 million or 25.66% from \$0.20 million to \$0.15 million, mainly due to a decrease in revenue and business travel numbers.

General and administrative expenses

General and administrative expenses decreased by \$0.14 million or 9.33% from \$1.50 million to \$1.36 million. The decrease is primarily due to a reduction in salaries following the resignation of long-tenured employees, and a decrease in depreciation.

Other operating expenses

Other operating expenses decreased by \$0.02 million from \$0.04 million to \$0.02 million, mainly due to an impairment loss recognized on financial assets measured at FVOCI.

Finance costs

Finance costs increased by \$0.012 or 42.45% from \$0.03 million to \$0.043 million, mainly due to an increase in the interest expenses on and lease liabilities.

Listing expense

Listing expense increased by 2.0million or 100% due to the nature of a one time cost occurring this year in connection with the RTO.

Profit before tax

As a result of the above, the Group recorded a loss before tax of \$2.67 million for the year ended December 31, 2024, compared to a profit before tax of \$0.92 million for the year ended December 31, 2023.

Financial Position**Current assets**

The Group's current assets decreased by \$1.2 million or 15.44% from \$7.77 million to \$6.57 million. This was mainly due to the decrease in other financial assets of \$0.63 million and decrease in trade and other receivables of \$0.87 million.

Non-current assets

The Group's non-current assets as at December 3, 2024 was \$4.25 million, which increased by \$1.76 million or 70.47% from \$2.49 million as compared to December 31, 2023. This was mainly due to:

- i) Increase in Investments in theatrical films by \$1.11 million or 100% from the previous year in connection with the Company investing in theatrical films.
- ii) Increase in other financial assets by \$0.95 million which was due to financial assets measured at FVOCI.
- iii) Decrease in goodwill by \$0.18 million which was due to changes in foreign exchange rates.
- iv) Decrease in property, plant and equipment by \$0.03 million which was mainly attributable to the depreciation and amortization charged.

Current liabilities

The Group's current liabilities decreased by \$1.71 million or 50.39% from \$4.695 million to \$2.984 million. It was mainly due to the decrease in trade and other payables of \$1.415 million.

Non-current liabilities

The Group's non-current liabilities decreased by \$0.85 million or 88.68% from \$0.964 million to \$0.109 million. It was mainly due to the repayment of a loan of \$0.80 million from a related party.

Cash Flows**Consolidated statement of cash flow**

As of December 31, 2024, the Group had cash and cash equivalents amounting to \$2.92 million as compared to cash and cash equivalents amounting to \$2.60 million as at December 31, 2023.

The significant cash movements during the year ended December 31, 2024, as compared to the year ended December 31, 2023, can be summarized as follows:

Operating activities

Cash flow used in operating activities for the year ended December 31, 2024, amounted to \$1.127 million as compared to cash flow used in operating activities of \$0.54 million for the year ended December 31, 2023. The cash flow used in operating activities for the year ended December 31, 2024, was mainly attributed to the operating loss before working capital changes of \$0.65 million and decrease in trade and other payables of \$1.53 million. This was partially offset by a decrease in trade and other receivables of \$0.79 million.

Investing activities

Cash flow used in investing activities for the year ended December 31, 2024, was \$2 million as compared to cash flow used in investing activities of \$0.51 million for the year ended December 31, 2023. The cash flow used in investing activities was mainly due to purchase of other financial assets of \$1.08 million and purchase of theatrical films of \$1.11 million. This was partially offset by proceeds from the other financial assets of \$0.37 million.

Financing Activities

Cash flow generated from financing activities was \$3.49 million for the year ended December 31, 2024, as compared to cash flow used in financing activities of \$0.97 million for the year ended December 31, 2023. The cash flow generated from financing activities for the year ended December 31, 2024, was mainly due to proceeds from issuance of share capital of \$6.3 million. This was partially offset by repayment of loans of \$1.23 million.

Related Party Transactions

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiary including the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. Transactions with related parties are incurred in the normal course of operations and initially recorded at fair value.

The following related party transactions occurred and were reflected in general and administrative expense in the consolidated financial statements during the years ended December 31, 2024 and 2023 as follows:

	Year ended December 31	
	2024	2023
Management consulting fees (a)	13,910	-
Management salaries and benefits (b)	391,975	636,266
Directors' fees (a)	938	-
Interest expenses to a fellow subsidiary (c)	11,472	13,582
Interest expenses to a fellow subsidiary (d)	124	3,504
Service fee paid to fellow subsidiaries (d)	52,787	-
Service fee paid to a related company (e)	880	919
	\$ 472,086	\$ 654,271

(a) Spackman Equities Group Inc.

(b) Crystal Planet Limited

(c) Spackman Media Group Pte. Ltd.

(d) Spackman Media Korea Inc.

(e) Spackman Entertainment Korea Inc.

Included in trade payable and other payable are consulting and directors' fees of \$62,896 and \$18,243 (December 31, 2023 -\$nil and \$nil) to companies controlled by officers, directors and chief financial officer in common with the Company

SUMMARY OF SELECTED QUARTERLY INFORMATION

	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Revenue	222,023	1,289,217	1,242,673	2,893,473	4,570,622	2,225,969	4,370,483	2,954,473
Net income (loss) and comprehensive income (loss)	(3,547,784)	316,634	(240,176)	(161,711)	375,860	(85,416)	359,475	(51,075)
Net income (loss) per share	(0.02)	0.004	(0.004)	0.010	(0.001)	0.005	0.037	0.010
Fully diluted loss for share	(0.02)	0.004	(0.004)	0.010	(0.001)	0.005	0.037	0.010

ANALYSIS OF FOURTH QUARTER RESULTS

For the fourth quarter ended December 31, 2024, the Company had a listing fee of (\$2,046,632), which is due to the cost of the RTO. As a result of the foregoing, the Company recorded a net loss of \$(3.633 million) (\$0.01 per share) for the fourth quarter.

Significant Accounting Policies

The Group's financial statements for the year ended December 31, 2024, were prepared using accounting policies consistent with IFRS. A summary of significant accounting policies under IFRS is presented in Note 3 of the consolidated financial statements of the Group for the year ended December 31, 2024.

Risk Factors and Risk Management

Spackman Equities Group Inc. shareholders and potential investors in SQG should carefully consider the following risk factors and all the other information contained in this MD&A when evaluating SQG and its common shares.

An investment in the Company's shares involves several risks, many of which are beyond its control. The risks and uncertainties set out below are all the known risks, which are deemed to be material to the Company's business or the results of its operations. When reviewing forward-looking statements and other information contained in this prospectus, investors and others should carefully consider these factors, as well as other uncertainties, potential events and industry-specific factors that may adversely affect the Company's future results. If any of these risks should actually occur, the Company's business, financial condition, results of operations, cash flows and prospects could be harmed. Such risks and uncertainties are not the only ones the Company faces. Additional risks and uncertainties of which the Company are currently unaware or that are deemed immaterial may also adversely affect the Company's business, financial condition, results of operations, cash flows and prospects.

Industry Risks

SQG's businesses are very dependent on the strength of the Korean entertainment industry. The talent management business also carries internal risks such as reputation risk, health and safety concerns, reliance on few clients, and talent development and retention. External risks include intense competition, changing audience preferences, shifts in media landscape, digital disruption, economic fluctuations, and domestic and overseas regulatory changes.

Competition

The Korean companies owned by SQG face intense competition, including competition from other companies, some of whom have greater financial and other resources. Spotting and signing emerging talent are crucial. Agencies are always on the lookout for the next big star. This leads to intense competition, especially when a particular actor starts gaining traction or attention. Moreover, once actors achieve a certain level of success, other agencies might try to poach them with promises of better opportunities or terms. Retaining top talent becomes as important and competitive as acquiring new talent. There can be no assurance that they will be able to successfully compete against their respective competitors or that such competition will not have a material adverse effect on their businesses, financial condition, results of operations and cash flows.

Currency Fluctuations

The Company is exposed to fluctuations in the value of the currencies of the Republic of Korea, the Special Administrative Region of Hong Kong, Canada and the United States. The Company does not use currency derivatives to hedge against adverse currency fluctuations.

Legal Claims and Other Contingencies

The Company and its investee companies may become parties to lawsuits, claims and litigation arising in the ordinary course of business. Such lawsuits could result in significant costs and the outcome of such lawsuits could have a material negative impact on the Company's financial position, operating results, or the Company's ability to continue to carry on its business activities.

Economic Conditions in Korea

The principal assets of the Company are its wholly owned subsidiaries with operations and assets located in the Republic of Korea and Hong Kong. As a result, the Company is subject to political, economic, legal and regulatory risks specific to Korea and Hong Kong. From early 1997 until 1999, Korea experienced a significant financial and economic downturn, from which it has now recovered.

Tensions with North Korea and China

Relations between the Republic of Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase or change abruptly because of current and future events. In recent years, there have been heightened security concerns stemming from North Korea's nuclear weapons and long-range missile programs and increased uncertainty regarding North Korea's actions, particularly considering the recent leadership change, and possible responses from the international community. Tensions have escalated on the Korean peninsula, and there can be no assurance that the level of tension will not escalate further in the future.

In 2017, the Republic of Korea installed the THAAD anti-missile defense system to better counter North Korea's evolving missile threats, and China reacted by sharply cutting trade and cultural imports with the Republic of Korea, which included Korean entertainment media. The suspension lasted nearly six years until November 2022 when China allowed the first Korean content to resume streaming.

Any further increase in tensions, which may occur, for example, if military hostilities occur or North Korea experiences a leadership or economic crisis or China reinstates a ban on Korean content, could have a material adverse effect on the Company's operations and the market value of its common shares.

Financial Instability in Other Countries

The Korean market and the Korean economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has adversely affected the Korean economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries. A loss of investor confidence in the financial systems of emerging and other markets may cause increased volatility in Korean financial markets. It is possible that the financial events of the type that occurred in emerging markets in Asia in 1997 and 1998 will happen again, which would have an adverse effect on the market value of the Company's common shares.

Strategy and Future Direction

TALENT REPRESENTATION

In most cases, our talent agencies will enter into a contract with an artist for a period ranging from two to five years. Top artists will typically sign for two to three years, and free agent recruits may require an incentive signing bonus, while newcomers will sign for up to five years. Our artists engage in three main areas of business:

- 1) Commercial Films/Endorsements (“CF”),
- 2) Theatrical Films, and
- 3) Television Dramas and Variety Shows.

Our talent agencies operate independently of each other. However, the Group will assist and facilitate communication and cooperation between the agencies. The Group holds periodic formal and informal CEO meetings to share information and to alleviate or resolve any potential conflicts between the artists and agencies.

CONTENT DEVELOPMENT AND PRODUCTION

The Company leverages its collective roster of artists to act as a platform that affords us access to, and in many cases “a first look” at production, investment and participation in a diverse array of quality content projects in film, drama, variety shows, and other entertainment content in Korea and internationally. It is common knowledge in the Korean entertainment industry, that there are significant barriers to entry in accessing investment opportunities of the top-tier entertainment content projects that have high expectations of commercial success.

Through our platform of elite artists, we can “package” our artiste clientele with quality entertainment content projects from an early stage of development. We are advantageously and competitively positioned to gain such early access to developing, producing, financing and owning the highest quality of entertainment content projects, including theatrical motion pictures and TV dramas. In coming years, the Company believes that income derived from content production and investments involving our artists will significantly add to our growth.

COLLABORATIVE INVESTMENTS

The Company’s leading portfolio of artists also serves as a platform through which we create and derive new peripheral business and investment opportunities. Development stage businesses in a variety of industry segments, whether it be in fashion, cosmetics, dining, food & beverage, healthcare & beauty, etc., seek direct collaboration opportunities with our artists in order to increase its credibility and visibility in the market for further growth. The Group, together with our artists, will selectively participate in and invest into such businesses that can enhance its growth potential by collaborating with the “brands” of our artists, and in many cases, our entertainment content projects.

In addition, many of our artists originate their own businesses in a diverse range of sectors. The Company will also selectively participate in and invest into such opportunities in which we can work in direct partnership with our artists to develop businesses that have potential for consistent growth in value.

We seek to build a diverse investment portfolio in which we can leverage the branding of our artists, our entertainment content projects, and our network of relationships to create added value.

ADVISORY AND CONSULTING SERVICES FOR ENTERTAINMENT & MEDIA BUSINESSES

The Company also provides innovative consulting services to companies in the Entertainment and Media sector. Our strategic advisory team has collectively over 40 years of experience in advisory services for the Entertainment and Media sector, including corporate finance, merger and acquisitions, and strategic partnerships. We also provide consulting to our artists in regard to their personal investments.

Subsequent Event

On March 3, 2025, the Company entered into an advisory agreement (the "Agreement") with CanariaBio Inc. ("CanariaBio"), a Korean clinical stage biopharmaceutical company, to assist in the planning, management, administration, and supervision of the process related to its proposed listing on the TSXV via a RTO. Under the terms of the Agreement, SQG will be entitled to receive a percentage of the proposed listing in the form of newly issued shares of the proposed listing, which will be issued concurrently with the shares issued to CanariaBio or its shareholders at the closing of the proposed listing. In addition, SQG will receive a percentage of the gross proceeds from capital raised through the Concurrent Financing for funds introduced and arranged by SQG.

INTERNAL CONTROLS

Disclosure controls and procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's disclosure controls and procedures.

Internal controls over financial reporting

Management of the Company is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. The Company as a venture issuer is not required to certify the design and evaluation of the issuer's disclosure controls and procedures.

OUTSTANDING SHARE DATA

The Company has authorized an unlimited number of common shares and an unlimited number of preference shares issuable in series. As at December 31, 2024, and the date of this MD&A there were 252,114,862 outstanding common shares.

OTHER INFORMATION

Additional information related to the Company may be found on SEDAR at www.sedar.com.

April 30, 2025