

SPACKMAN EQUITIES GROUP INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In US Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Spackman Equities Group Inc.

Opinion

We have audited the accompanying consolidated financial statements of Spackman Equities Group Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates the Company has accumulated deficit of \$128,202 as at December 31, 2024. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of the Company for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on August 8, 2024.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.



Impairment assessment of Goodwill

As described in Note 15 to the consolidated financial statements, the carrying amount of goodwill was \$1,297,793 as of December 31, 2024. As more fully described in Notes 3 and 4 to the consolidated financial statements, management performs an impairment assessment on goodwill annually, or more frequently when there is an indication of impairment. An impairment loss is recognized if the carrying amount of a cash generating unit (“CGU”) or grouped CGUs to which the goodwill relate, exceeds its recoverable amount. In determining the estimated recoverable amount, the Company uses a discounted cash flow model which includes significant assumptions such as future cashflows, growth rates, and discount rates.

The principal consideration for our determination that the impairment assessment of goodwill at the CGU level is a key audit matter is the significant judgement and subjectivity required by management when developing the recoverable amount of the CGUs. This in turn leads to a high degree of auditor judgement, subjectivity and effort in performing procedures to evaluate management’s significant assumptions, including future cash flows, growth rates and discount rates.

- Evaluating the appropriateness of management’s use of the discounted cash flow model and tested the mathematical accuracy thereof.
- Assessing the reasonableness of management’s forecasted cash flows, revenue levels and growth rates, and operating margins by comparing them to current and historical performance, current industry, market and economic trends.
- Utilizing professionals with specialized skill and knowledge in the field of valuation to assist in evaluating the appropriateness of management’s discounted cash flow model and in testing the reasonableness of certain significant assumptions.
- Assessing management estimates underlying the valuation for evidence of bias or error.
- Assessing the appropriateness of the disclosures relating to goodwill in the notes to the consolidated financial statements.

Reverse Takeover Transaction

During the year ended December 31, 2024, the Company completed a reverse takeover transaction which is described in Note 5 of the financial statements.

The reverse takeover transaction is a significant transaction which requires management to exercise judgement and make estimates. As a result, we consider this to be a key audit matter.

Our audit procedures included, but were not limited to:

- Obtaining and reviewing agreements associated with the transaction.
- Ensuring the transaction constitutes a reverse acquisition as defined by IFRS.
- Ensuring the purchase price equation is calculated appropriately.
- Completing audit procedures on opening balance accounts, including cut-off procedures as at the transaction date.
- Ensuring necessary disclosure is included in the financial statements.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yu Li.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 30, 2025

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in US Dollars)

AS AT

| | Notes | December 31, 2024 | December 31, 2023 |
|------------------------------------|-------|----------------------|----------------------|
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | 6 | \$ 2,960,693 | \$ 2,596,280 |
| Pledged bank deposits | 7 | 54,422 | 38,778 |
| Trade receivable and others | 8 | 1,773,890 | 2,548,321 |
| Tax recoverable | | 1,347 | 127,453 |
| Loan to a third party | 10 | - | 50,000 |
| Other financial assets | 9 | 1,782,438 | 2,414,099 |
| | | 6,572,790 | 7,774,931 |
| Long term | | | |
| Other receivables | | - | 23,267 |
| Deposits | | 12,279 | 10,510 |
| Property and equipment | 11 | 101,329 | 132,049 |
| Right-of-use assets | 12 | 172,618 | 255,604 |
| Other non-current financial assets | 13 | 953,341 | - |
| Intangible assets | 14 | 603,205 | 590,174 |
| Goodwill | 15 | 1,297,793 | 1,479,568 |
| Investments in theatrical films | 16 | 1,106,047 | - |
| | | 4,246,612 | 2,491,172 |
| Total assets | | \$ 10,819,402 | \$ 10,266,103 |
| LIABILITIES | | | |
| Current | | | |
| Trade and other payables | 17 | \$ 2,598,107 | \$ 4,013,808 |
| Lease liabilities | 18 | 88,589 | 159,328 |
| Loan from third parties | 20 | 211,587 | - |
| Loan from related parties | 19 | 82,000 | 522,185 |
| Tax payable | 26 | 3,337 | - |
| | | 2,983,620 | 4,695,321 |
| Long term | | | |
| Lease liabilities | 18 | 89,939 | 105,921 |
| Loan from related parties | 19 | - | 800,000 |
| Provision | 25 | 4,939 | 6,256 |
| Deferred tax liability | 26 | 14,214 | 51,828 |
| | | 109,092 | 964,005 |
| Total liabilities | | 3,092,712 | 5,659,326 |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in US Dollars)
AS AT

| | Notes | December 31, 2024 | December 31, 2023 |
|---|-------|----------------------|----------------------|
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 21 | 9,266,047 | 2,513,095 |
| Reserve | | (121,621) | (121,621) |
| Accumulated other comprehensive loss | | (1,289,534) | (429,066) |
| Accumulated earnings (deficit) | | (128,202) | 2,644,369 |
| Total shareholders' equity | | 7,726,690 | 4,606,777 |
| Total shareholders' equity and liabilities | | \$ 10,819,402 | \$ 10,266,103 |

Nature of operations and Going concern (Note 1)
Subsequent event (Note 29)

Approved on Behalf of the Board on April 30, 2025

'Richard Lee' _____ Director

'Kyoungwon Na' _____ Director

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in US Dollars)
FOR THE YEARS ENDED

| | <u>Notes</u> | Years Ended December 31, | |
|--|--------------|-----------------------------|---------------|
| | | 2024 | 2023 |
| Revenue | | | |
| Revenue | 22 | \$ 5,647,386 | \$ 14,121,547 |
| Cost of services | | (4,199,952) | (10,917,806) |
| Gross profit | | 1,447,434 | 3,203,741 |
| Expenses | | | |
| Other income and gains | 23 | (175,004) | (129,508) |
| Selling expense | | 150,333 | 202,224 |
| General and administrative expenses | | 1,357,236 | 1,504,017 |
| Depreciation of property, plant and equipment | 11 | 31,084 | 17,418 |
| Amortization of right-of-use assets | 12 | 161,989 | 235,242 |
| Amortization of intangible assets | 14 | 155,690 | 152,047 |
| Lease expenses | | 216,093 | 238,711 |
| Other operating expenses | | 24,954 | 37,943 |
| Impairment loss recognized on : financial assets measured at FVTPL | 13 | 104,878 | - |
| Income(loss) from operations | | (579,819) | 945,647 |
| Finance costs | | (42,899) | (30,114) |
| Listing expense | 5 | (2,046,632) | - |
| Income(loss) before income tax | | (2,669,350) | 915,533 |
| Tax provision | | (103,221) | (231,392) |
| Income(loss) for the year | | (2,772,571) | 684,141 |
| Other comprehensive expense | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translating foreign operations | | (860,468) | (85,297) |
| Net income(loss) and comprehensive income(loss) for the year | | \$ (3,633,039) | \$ 598,844 |
| Net loss per share | | | |
| Basic and fully diluted loss per share | | \$ (0.01) | \$ 0.00 |
| Weighted average number of shares outstanding basic and fully diluted | | 204,536,519 | 200,707,125 |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in US Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | Share capital | | Accumulated earnings (deficit) | Accumulated other comprehensive loss | Reserve | Total Shareholders' Equity |
|-------------------------------|------------------|--------------|--------------------------------------|---|--------------|----------------------------------|
| | Common shares | Amount | | | | |
| Balance, January 1, 2023 | 197,052,866 | \$ 2,012,903 | \$ 1,960,228 | \$ (343,769) | \$ (120,955) | \$ 3,508,407 |
| Shares issued | 3,294,259 | 500,192 | - | - | (666) | 499,526 |
| Other comprehensive loss | - | - | - | (85,297) | - | (85,297) |
| Income for the year | - | - | 684,141 | - | - | 684,141 |
| Balance, December 31, 2023 | 200,347,125 | \$ 2,513,095 | \$ 2,644,369 | \$ (429,066) | \$ (121,621) | \$ 4,606,777 |
| Balance, January 1, 2024 | 200,347,125 | \$ 2,513,095 | \$ 2,644,369 | \$ (429,066) | \$ (121,621) | \$ 4,606,777 |
| Shares issued (Note 21(b)(i)) | 48,789,759 | 6,801,339 | - | - | - | 6,801,339 |
| Share issue costs | - | (495,417) | - | - | - | (495,417) |
| Other comprehensive loss | - | - | - | (860,468) | - | (860,468) |
| Shares issued for RTO | 2,977,978 | 447,030 | - | - | - | 447,030 |
| Loss for the year | - | - | (2,772,571) | - | - | (2,772,571) |
| Balance, December 31, 2024 | 252,114,862 | \$ 9,266,047 | \$ (128,202) | \$ (1,289,534) | \$ (121,621) | \$ 7,726,690 |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)
FOR THE YEARS ENDED

| | <u>Notes</u> | Years Ended December 31, | |
|---|--------------|-----------------------------|------------------|
| | | 2024 | 2023 |
| OPERATING ACTIVITIES | | | |
| Net income(loss) for the year before tax | | \$ (2,669,350) | \$ 915,533 |
| Adjustments not affecting cash: | | | |
| Finance costs | | 21,298 | 30,114 |
| Interest income | | (92,063) | (94,204) |
| Depreciation of property, plant and equipment | | 31,084 | 17,418 |
| Depreciation of right-of-use assets | | 161,989 | 235,242 |
| Amortization of intangible assets | | 155,690 | 152,047 |
| Loss on disposal of property, plant and equipment | | (13,995) | 37,628 |
| Loss on disposal of right-of-use assets | | (809) | - |
| Gain on disposal of other investments | | - | (2,760) |
| Foreign exchange (gain)loss | | (399,631) | (21,310) |
| Fair value losses on financial assets measured at FVTPL | 13 | 104,878 | - |
| Listing expense | | 2,046,632 | - |
| | | (654,277) | 1,269,708 |
| Changes in non-cash working capital | | | |
| Trade receivables | | 488,757 | 1,274,294 |
| Deposits | | (3,060) | - |
| Trade and other payables | | (2,546,034) | (2,476,150) |
| Provisions | | (590) | (39,359) |
| Income tax paid | | (14,266) | (573,363) |
| Cash used in operating activities | | (2,729,470) | (544,870) |
| INVESTING ACTIVITIES | | | |
| Interest received | | 46,912 | 7,687 |
| Property and equipment acquired | | (15,461) | (130,736) |
| Purchases of other non-current financial assets | | (1,082,515) | - |
| Purchases of investments in theatrical films | | (1,106,047) | - |
| Payments for intangible assets | | (230,000) | (418,028) |
| Proceeds from disposal of right of use assets | | 13,068 | - |
| Proceeds on disposal of property, plant and equipment | | - | 26,795 |
| Decrease in other financial assets | 9 | 374,110 | - |
| Proceeds on disposal of other investments | | - | 6,346 |
| Cash used in investing activities | | (1,999,933) | (507,936) |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

SPACKMAN EQUITIES GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)
FOR THE YEARS ENDED

| | <u>Notes</u> | Years Ended December 31, | |
|---|--------------|-----------------------------|---------------------|
| | | 2024 | 2023 |
| FINANCING ACTIVITIES | | | |
| Interest paid | | (26,416) | (8,506) |
| Issue of share capital | | 6,305,922 | 499,526 |
| Proceeds from loans | | 211,587 | 800,000 |
| Loan to a third party | | 50,000 | (50,000) |
| Repayment of loans | | (1,234,468) | (30,642) |
| Capital element of lease rentals paid | | (206,391) | (225,683) |
| Interest element of lease rentals paid | | (9,702) | (13,028) |
| Cash acquired from RTO | | 3,284 | - |
| Cash provided by financing activities | | 5,093,816 | 971,667 |
| Net changes in cash | | 364,413 | (81,139) |
| Cash and cash equivalents, beginning of year | | 2,596,280 | 2,677,419 |
| Cash and cash equivalents, end of year | | \$ 2,960,693 | \$ 2,596,280 |

The accompanying notes to the consolidated financial statements are an integral part of these statements.

SPACKMAN EQUITIES GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1. NATURE OF OPERATIONS AND GOING CONCERN

Cyrstal Planet Limited (“CPL”) is a private limited company incorporated in Hong Kong. The address of 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, CPL 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 (Note 5) 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 Company focuses on investing into or acquiring growth companies in Asia, principally in the Republic of Korea ("Korea"). The principal activities of the CPL and its subsidiaries (“the Group”) are investment holding, talent management agency services, developing, producing and investing into entertainment content projects.

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has acumulative deficit of \$(128,202) as at December 31, 2024 (December 31, 2023 - \$2,644,369). While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. These events represent material uncertainties which may cast significant doubt on the Company’s ability to continue as a going concern. As at December 31, 2024, the Company had current assets of \$6,572,790 (December 31, 2023 - \$7,774,931) to cover current liabilities of \$2,983,620 (December 31, 2023 - \$4,695,321).

SPACKMAN EQUITIES GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. BASIS OF PRESENTATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the years ended December 31, 2024 and 2023 were approved and authorized for issue by the Board of Directors on April 30, 2025.

Basis of measurement and functional currency

The consolidated financial statements are presented in US dollars and have been prepared on the historical cost basis except for financial instruments measured at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Company's functional currency is Canadian dollar and its subsidiaries' functional currency is the US dollar and Korean Won.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries (the "Group"). All intercompany transactions and balances are eliminated on consolidation. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

These financial statements incorporate the accounts of the Company and the following subsidiaries:

| Name of subsidiary | Abbreviation | Country of incorporation | Percentage ownership | Functional currency | Principal activity |
|--------------------------------|---------------------|---------------------------------|-----------------------------|----------------------------|---------------------------|
| SEGI Investments Limited | SEGI | BVI | 100% | USD | Inactive |
| Crystal Planet Limited | CPL | Hong Kong | 100% | HKD | Talent management |
| MSTeam Entertainment Co., Ltd. | MST | South Korea | 100% | KRW | Talent management |
| SBD Entertainment Inc. | SBD | South Korea | 100% | KRW | Talent management |

New Standards, Interpretations, and Amendments:

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standard Board ("IASB") that are first effective for the current accounting period of the Group:

- Amendments to IFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to IAS 1, Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
- Amendments to IAS 1, Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements

The application of the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

SPACKMAN EQUITIES GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. BASIS OF PRESENTATION (Cont'd)

The Group has not early applied the following new standards and amendments to IFRSs that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new standards and amendments to IFRSs but is not yet in a position to state whether these new and amendments to IFRSs would have a significant impact on its results of operations and financial position:

| | Effective for accounting periods beginning on or after |
|---|---|
| • Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments | January 1, 2026 |
| • Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |
| • Amendments to IAS 21, Lack of Exchangeability | January 1, 2025 |
| • IFRS 18, Presentation and Disclosure in Financial Statements | January 1, 2027 |
| • IFRS 19, Subsidiaries without Public Accountability: Disclosure | January 1, 2027 |

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. MATERIAL ACCOUNTING POLICIES

Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

SPACKMAN EQUITIES GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in US Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

3. MATERIAL ACCOUNTING POLICIES (Cont'd)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary and the disposal is made to a third party, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. When the disposal is made to another entity which is under common control, the resulting gain or loss is regarded as a capital injection from or deemed distribution to that entity. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

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3. MATERIAL ACCOUNTING POLICIES (Cont'd)

Intangible assets (other than Goodwill)

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses and are amortised on a systematic basis over their estimated useful lives using the straight-line method.

The intellectual property was acquired during the year ended December 31, 2024. In accordance with the Company's internal accounting policy, amortization begins four years after the acquisition date and is applied over a total of four years using an accelerated method. Accordingly, as it is not available for use, no amortization expense was recognized in during the year ended December 31, 2024.

The membership is considered an indefinite-lived intangible asset. It does not have a contractual or legal expiry date and is transferable in the market. As there is no foreseeable limit to the period over which the asset is expected to generate economic benefits, the membership is not amortized but is subject to annual impairment testing in accordance with IAS 36.

Investment in theatrical films

Investment in films projects which entitles the Group to receive a fixed and/or variable income based on the Group's investment amount and expected rate of return as specified in the respective film investment agreements. The investments are carried at amortised cost if their cash flows represent solely payments of principal and interest. All other investments that are not solely payments of principal and interest are carried at fair value through profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised and derecognised on the trade date when the Group commits itself to purchase or sell an asset and are initially measured at fair value plus or minus, in the case of financial assets or liabilities other than those measured at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

Financial assets

Measuring fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value of a financial instrument on initial recognition is normally the transaction price, unless it is estimated by using a valuation technique when part of the consideration given or received is for something other than the instruments. After initial recognition, the fair value of a financial instrument quoted in an active market is based on the unadjusted quoted price and, for financial instruments not quoted in an active market, the Group establishes the fair value of such financial instruments by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Classification

Financial instruments are categorised into the following classifications for the measurement after initial recognition:

- (i) Amortised cost

Investments held for the collection of contractual cash flows which represent solely payments of principal and interest are measured at amortised cost. Interest income from the investment is calculated using the effective interest method.

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3. MATERIAL ACCOUNTING POLICIES (Cont'd)

(ii) Fair value through other comprehensive income (“FVOCI”)

Investments other than in equity securities where the contractual cash flows comprise solely payments of principal and interest and where the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale are measured at FVOCI (recycling). Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from the fair value reserve to profit or loss.

The Group can make an election for investments in equity securities not held for trading purposes to be designated, on initial recognition, as FVOCI (non-recycling) such that all subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis and only if the investment meets the definition of equity from the issuer’s perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve until the investment is disposed of, when the amount accumulated can be transferred directly to retained earnings. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as other income.

(iii) Fair value through profit or loss (“FVTPL”)

Investments are measured at fair value at profit or loss (FVTPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI. Changes in the fair value of the investment (including interest) are recognised in profit or loss.

The financial instruments of the Company were classified as follows:

| | IFRS 9 | |
|--|-----------------------------|----------------|
| | Classification | Measurement |
| Cash and cash equivalents | Amortized cost | Amortized cost |
| Pledged bank deposits | Amortized cost | Amortized cost |
| Trade receivables | Amortized cost | Amortized cost |
| Other financial assets (note 9) | FVTPL | FVTPL |
| Investments in theatrical films (note 16) | FVTPL | FVTPL |
| Other non-current financial assets (note 13) | Amortized cost | Amortized cost |
| Trade and other payables | Other financial liabilities | Amortized cost |
| Loan from third parties | Other financial liabilities | Amortized cost |
| Loan from related parties | Other financial liabilities | Amortized cost |

Derecognition

A financial asset is derecognised when the Group’s contractual rights to future cash flows from the financial asset expire or when the Group transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished.

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3. MATERIAL ACCOUNTING POLICIES (Cont'd)

Credit losses from financial instruments

IFRS 9 implements an impairment methodology called the Expected Credit Loss (“ECL”) model which requires an entity to assess the expected (rather than incurred) credit losses on certain categories of financial assets. The Group’s assets subject to the ECL model are financial assets measured at amortised cost (including cash and cash equivalents, pledged deposits and trade and other receivables and debt securities). Financial assets measured at FVTPL by the Group are not subject to the ECL assessment.

The Group measures the ECL allowance for an asset in one of these categories at an amount equal to the 12 month ECL, providing the credit risk of that asset has not increased significantly since initial recognition. These are losses that are expected to result from possible default events within the 12 months after the reporting date. If the credit risk of the asset has increased significantly since initial recognition then the Group will measure the ECL allowance as the lifetime expected credit loss. These are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime ECL allowance for all trade receivables. For all other financial instruments, the ECL is determined as 12 month ECL unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Credit losses are measured as the present value of the expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes. In measuring ECLs and whether there has been a change in credit risk, the Group takes into account the time value of money and reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are re-measured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as a gain or loss in profit or loss. The Group recognises a gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether its tangible non-financial assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less cost of disposal to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash generating unit). If the recoverable amount of an asset or a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

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3. MATERIAL ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods and services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The property, plant and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

| | |
|-----------------------------------|---------|
| Leasehold improvement | 5 years |
| Furniture, fixtures and equipment | 5 years |
| Motor vehicles | 5 years |

Depreciation on property, plant and equipment is provided to write off the cost of items over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for lifetime expected credit losses, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at amortised cost less allowance for 12 month expected credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost. They are included in current liabilities, except for the amounts that are settled or expected to be paid more than 12 months after the end of the reporting period. These are classified as non-current liabilities.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

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3. MATERIAL ACCOUNTING POLICIES (Cont'd)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Except for the recognition exemption, if applicable, right-of-use assets and lease liabilities are recognised for all contracts that are, or contain, leases of identified assets at the commencement date of leases. Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Lease liabilities are initially measured at the present value of unpaid lease payments using interest rate implicit to the lease or, if undeterminable, lessee's incremental borrowing rates and subsequently adjusted with interest on and the settlement of the lease liabilities, and the remeasurement arising from any reassessment of the lease liabilities or lease modifications.

Depreciation is calculated using the straight-line method to write off the depreciable amount of each right-of-use asset to profit or loss unless it is included in the carrying amount of another asset. If the ownership of the identified asset will be transferred to the Group by the end of the lease term or the Group will exercise a purchase option, depreciation shall be allocated over the estimated useful life of the right-of-use assets; otherwise, depreciation shall be allocated over the shorter of lease term or the estimated useful life of the right-of-use assets.

The Group applies the short-term lease recognition exemption to leases of vehicles, equipment and furniture and fixtures that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position. The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease liabilities are initially measured at the present value of unpaid lease payments using interest rate implicit to the lease or, if undeterminable, lessee's incremental borrowing rates and subsequently adjusted with interest on and the settlement of the lease liabilities, and the remeasurement arising from any reassessment of the lease liabilities or lease modifications.

Revenue

Revenue is recognised when, after entering into a contract with a customer, the entity satisfies a performance obligation by transferring control over a product or service to the customer at the amount of promised consideration to which the Group is expected to be entitled under that performance obligation, excluding those amounts collected on behalf of third parties.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

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3. MATERIAL ACCOUNTING POLICIES (Cont'd)

Revenue is recognised either at a point in time or over time. Control of the promised good or service is regarded as being transferred over time and revenue is recognised over time if one of the following criteria is met:

- (i) When the customer simultaneously receives and consumes the benefits provided by the Group's performance, as the Group performs;
- (ii) When the Group's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (iii) When the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, the Group recognises revenue for the sale of that good or service at a single point in time, being when control has passed.

When the contract with a customer contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financial transaction with the customer. Interest income is accrued separately under the effective interest method. Where the contract contains a financial component which provides a significant financing benefit to the Group, revenue recognised includes the interest expense accrued on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

Revenue - talent management services

The Group manages a roster of Korean artists and revenue is derived from the artists' participation in events, advertisements, TV dramas, movies and other entertainment content projects. Revenue from the artists' appearance at fan-meeting events or other entertainment content projects is recognised when the services are rendered upon completion of the events and when the Group has no remaining obligation to perform.

Revenue from casting fees from TV dramas, movies and other entertainment content projects are recognised over the contractual period based on the number of days for which the services had been performed as a proportion of the total number of days for the project. Endorsement agreements generally require the artists' appearance in a pre-agreed number of events for the customer. Revenue from the endorsement agreements is recognised at the end of each event and when the Group has no remaining obligation to perform based on the number of events attended by the artists as a proportion of the total number of events to be attended by the artists in accordance with the agreements. A contract asset is recognised when the Group has performed under the contract but has yet to bill the customer. The Group will bill the customer in accordance with the billing terms in the agreement. No element of financing is deemed present.

Other income

Interest income is recognised over time as it accrues using the effective interest method.

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3. MATERIAL ACCOUNTING POLICIES (Cont'd)

Foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of group companies which have a functional currency other than US\$ are translated into US\$ at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions are used. Assets and liabilities are translated into US\$ at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in other comprehensive income.

On disposals of group companies, the exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the profit or loss on disposals.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Related parties

A person or an entity is related to the Group if:

(a) A person, or a close member of that person's family, is related to the Group if that person:

- has control or joint control over the Group;
- has significant influence over the Group; or
- is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a) (has control or joint control over the Group) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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3. MATERIAL ACCOUNTING POLICIES (Cont'd)

Employee benefits

Salaries, bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

Provision for long service payment is recognised in respect of probable future long services payment expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group at the end of the reporting period.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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3. MATERIAL ACCOUNTING POLICIES (Cont'd)

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of warrants attached to private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Stock-based compensation

The Company issues share-based awards to its officers and directors. The awards are comprised of equity settled stock options. Fair values of stock options are calculated using the Black-Scholes option pricing model at the date of the grant and adjusted for estimated forfeitures. For awards with graded vesting, the fair value of each tranche is calculated separately and recognized over its respective vesting period. Nonmarket vesting conditions are considered in making assumptions about the number of awards that are expected to vest. At each reporting date, the Company will reassess its estimates of the number of awards that are expected to vest and recognize the impact of any revision in the consolidated statements of loss and comprehensive loss with a corresponding adjustment to reserve.

Any consideration paid on exercise of stock options or purchase of shares, together with the amount initially recorded in reserves, is credited to share capital. When options expire, their grant date fair value is kept in reserve.

Net income (loss) per share

Basic income (loss) per common share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the year. Diluted income (loss) per share is calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding options of the Company. Diluted income (loss) per share for the years presented does not include the effect of stock options as they are anti-dilutive.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Determination on lease term of contracts with renewal options

The lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Expected lifetime credit losses of trade receivables

Expected lifetime credit losses of trade receivables are provided according to the management's projections which are based on a regular review of ageing analysis and evaluation of future collectability. A considerable level of judgement is exercised by the management in formulating these projections. Any increase or decrease in the allowance for expected lifetime credit losses of trade receivables would affect profit or loss in future years.

Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

The impairments of property, plant and equipment, right-of-use assets and intangible assets are based on the management's best estimate to the expected recoverable amounts of the assets that would be determined by reference to fair value less costs to sell and value in use estimated using the discounted cash flow method. Because of inherent risks associated with the available information and estimations, their accuracy may have a significant impact on the carrying amounts of these assets as stated in the statement of financial position and the profit or loss for the next reporting period.

Depreciation of property, plant and equipment, right-of-use assets and intangible assets

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment, right-of-use assets and intangible assets. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment, right-of-use assets and intangible assets of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write-down technologically obsolete or non-strategic assets that have been abandoned or sold.

Income taxes

The Group is subject to income taxes in different jurisdictions. Significant estimates are required in determining the provision for income taxes. There are occasions that the tax policy currently adopted by an entity may be subject to review based on subsequent interpretations or for administrative reasons with retrospective effect. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Fair value measurement of investment in theatrical films under Level 3 fair value hierarchy

Certain of the Group's financial assets classified as FVTPL under Level 3 fair value hierarchy amounting to US\$1,106,047 as at December 31, 2024 (2023: Nil) are measured at fair values with fair values being determined based on unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. Further details on fair value measurement are disclosed in note 27 to the consolidated financial statements.

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5. TRANSACTIONS

In connection with the RTO, all of the issued and outstanding ordinary shares of CPL were exchanged for Common Shares.

The Company has accounted for the acquisition as a purchase of assets. The acquisition did not qualify as a business combination under IFRS 3, Business Combinations, as the significant inputs, processes and outputs, that together constitute a business, did not exist in these projects at the time of acquisition.

Key Transaction Events:

- As of November 30, 2024, SQG had 14,899,972 common shares outstanding.
- On November 29, 2024, SQG implemented a 5:1 share consolidation, reducing the total outstanding shares to 2,977,978 ;
- CPL raised \$6,442,339 through a financing round of 46,269,759 shares at US\$2.72 per share.
- A financing of \$359,000 (CAD\$504,000) was completed through the issuance of 2,520,000 subscription receipts at CAD\$0.20 per share.
- The CPL shares were exchanged for 18 SQG shares per CPL share.

Accounting Treatment under IFRS 2

Under IFRS 2, this transaction is classified as a share-based payment transaction rather than a business combination under IFRS 3. Since CPL is the accounting acquirer, the transaction is accounted for as an issuance of shares by CPL in exchange for obtaining control over SQG. The share consideration issued was calculated as the equity that CPL would have had to issue to provide SQG with an equivalent amount of equity interest as such shareholders held in CPL after the Transaction.

These consolidated financial statements reflect the assets, liabilities, and operations of CPL for the year ending 2023 and 2024.

The following table summarizes the preliminary purchase price allocation:

| | December 4, 2024 |
|---|-----------------------------|
| <u>Consideration</u> | |
| Shares issued to SQG Shareholders | 2,977,978 |
| Fair value per SQG Common Share | \$ 0.15 |
| Fair value of SQG Shares Retained by SQG Shareholders/Consideration | \$ 447,029 |
| Consideration - per above | 447,029 |
| Fair value of net assets acquired (net liabilities assumed) - see below | (1,559,603) |
| Listing expense | \$ 2,006,632 |
| <u>Fair value of net assets acquired (net liabilities assumed) detail</u> | |
| Cash and cash equivalents | \$ 3,284 |
| Loan payable to CPL | (1,054,127) |
| Trade and other payables | (548,760) |
| Net Assets Acquired | \$ (1,559,603) |

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6. CASH AND CASH EQUIVALENTS

The Company's cash consist of the following:

| | December 31, | December 31, |
|--------------------------------|---------------------|---------------------|
| | 2024 | 2023 |
| Cash held in banks and in hand | \$ 2,960,693 | \$ 2,596,280 |

7. PLEDGED BANK DEPOSITS

As at December 31, 2024, such bank balances amounting \$54,422 (2023: \$38,778) were pledged to banks for securing credit facilities granted to the Group. The pledged deposits carry fixed interest rate of 3.37% (2023: 3.69%).

8. TRADE RECEIVABLE AND OTHERS

| | December 31, | December 31, |
|---|---------------------|---------------------|
| | 2024 | 2023 |
| Trade receivables | \$ 291,353 | \$ 259,048 |
| Less: expected credit loss allowance | - | - |
| Trade receivables, net | 291,353 | 259,048 |
| Work-in-progress | 39,456 | - |
| Prepayments | 166,157 | 60,130 |
| Deposits (a) | 208,298 | 219,501 |
| Interest receivable from bank | 6,948 | 7,724 |
| Interest receivable from a third party | - | 87 |
| Interest receivable from immediate parent company | - | - |
| Advances paid | 996,016 | 1,988,452 |
| Other receivables | 2,759 | 13,379 |
| Amount due from intermediate parent company | 62,904 | - |
| | \$ 1,773,891 | \$ 2,548,321 |

The aging analysis of the carrying amounts of trade receivables that are not considered to be impaired is as follows

| | December 31, | December 31, |
|-------------------------------|---------------------|---------------------|
| | 2024 | 2023 |
| Neither past due nor impaired | \$ 291,353 | \$ 259,048 |

Receivables that were neither past due nor impaired relate to customers have no recent history of default. Receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management believes that no expected credit loss allowance is necessary in respect of these balances as there has not been a significant increase in credit risk and the balances are expected to be fully recoverable.

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8. TRADE RECEIVABLE AND OTHERS (Cont'd)

(a) Deposits

| | | | | December 31, | | December 31, | | | |
|--------|------------------|------------|--------------------|---------------|----------|--------------|--|--------------------------|--|
| | | | | 2024 | | 2023 | | | |
| | | Deposits | Maturity date | Interest rate | Interest | Interest | | Terms of the deposits | |
| MSTeam | Office | \$ 68,026 | April 6, 2025 | 5.14% | \$ 2,492 | \$ 4,275 | | redeemable upon maturity | |
| MSTeam | Vehicles 1 | 13,947 | January 26, 2025 | 3.59% | 379 | 941 | | redeemable upon maturity | |
| MSTeam | Vehicles 2 | 24,606 | May 26, 2025 | 3.79% | 1,542 | 2,389 | | redeemable upon maturity | |
| MSTeam | Vehicles 3 | 29,317 | July 15, 2025 | 4.69% | 753 | - | | redeemable upon maturity | |
| MSTeam | Vehicles 4 | 14,490 | October 10, 2028 | 4.64% | 512 | - | | redeemable upon maturity | |
| MSTeam | Others | 293 | December 31, 2025 | 0.00% | - | - | | redeemable upon maturity | |
| SBD | Office | 34,014 | April 14, 2025 | 3.67% | 317 | 453 | | redeemable upon maturity | |
| SBD | Employee housing | 13,605 | February 24, 2025 | 3.67% | 80 | 228 | | redeemable upon maturity | |
| CPL | Employee housing | 10,000 | September 30, 2025 | 0.00% | - | - | | redeemable upon maturity | |
| | | \$ 208,298 | | | \$ 6,075 | \$ 8,286 | | | |

9. OTHER FINANCIAL ASSETS

Classified under current assets

Time deposits in insurance companies (a)

| | | December 31, | |
|--|--|--------------|--------------|
| | | 2024 | |
| | | 2023 | |
| | | \$ 1,782,438 | \$ 2,414,099 |

(a) Time deposits in insurance companies

| | | | | December 31, | | December 31, | | | |
|------------|--|--------------|--------------------|---------------|-----------|--------------|--|--------------------------|--|
| | | | | 2024 | | 2023 | | | |
| | | Deposits | Maturity date | Interest rate | Interest | Interest | | Terms of the deposits | |
| MSTeam (i) | | \$ 1,442,302 | June 23, 2024 | 2.80% | \$ 39,039 | \$ 51,276 | | redeemable upon maturity | |
| MSTeam | | 340,136 | September 11, 2026 | 2.67% | - | - | | redeemable upon maturity | |
| | | \$ 1,782,438 | | | \$ 39,039 | \$ 51,276 | | | |

(i) The maturity date refers to the payment due date, after which termination is permitted at the Company's discretion. As of December 31, 2024, this deposit has reached its maturity but has not been terminated and is still being held.

10. LOAN TO A THIRD PARTY

The loan is unsecured, interest bearing at 2% per annum and repaid at year end (2023: \$50,000).

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11. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvement | Furniture, fixtures and equipment | Motor vehicles | Total |
|--|--------------------------|--------------------------------------|----------------|--------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2023 | \$ 97,609 | \$ 52,762 | \$ 187,461 | \$ 337,832 |
| Additions | 19,102 | 4,202 | 107,432 | 130,736 |
| Disposals | (74,842) | - | (103,899) | (178,741) |
| Exchange realignment | (2,366) | (853) | (98) | (3,317) |
| Balance at December 31, 2023 | \$ 39,503 | \$ 56,111 | \$ 190,896 | \$ 286,510 |
| Additions | - | - | 15,461 | 15,461 |
| Disposals | - | - | (55,835) | (55,835) |
| Exchange realignment | (4,853) | (6,893) | (20,540) | (32,286) |
| Balance at December 31, 2024 | \$ 34,650 | \$ 49,218 | \$ 129,982 | \$ 213,850 |
| <u>Accumulated depreciation</u> | | | | |
| Balance at January 1, 2023 | \$ (59,061) | \$ (44,122) | \$ (150,663) | \$ (253,846) |
| Depreciation for the year | (2,729) | (3,662) | (11,027) | (17,418) |
| Disposals | 37,421 | - | 73,863 | 111,284 |
| Exchange realignment | 1,444 | 712 | 3,363 | 5,519 |
| Balance at December 31, 2023 | \$ (22,925) | \$ (47,072) | \$ (84,464) | \$ (154,461) |
| Depreciation for the year | (3,656) | (2,900) | (24,528) | (31,084) |
| Disposals | - | - | 55,834 | 55,834 |
| Exchange realignment | 3,080 | 5,993 | 8,117 | 17,190 |
| Balance at December 31, 2024 | \$ (23,501) | \$ (43,979) | \$ (45,041) | \$ (112,521) |
| <u>Net Book Values</u> | | | | |
| As at December 31, 2022 | \$ 38,548 | \$ 8,640 | \$ 36,798 | \$ 83,986 |
| As at December 31, 2023 | \$ 16,578 | \$ 9,039 | \$ 106,432 | \$ 132,049 |
| As at December 31, 2024 | \$ 11,149 | \$ 5,239 | \$ 84,941 | \$ 101,329 |

12. RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

| | Properties leased for own use | Motor vehicles | Total |
|------------------------------|----------------------------------|----------------|------------|
| <u>Cost</u> | | | |
| Balance at January 1, 2023 | \$ 127,576 | \$ 567,935 | \$ 695,511 |
| Additions | 153,138 | 24,897 | 178,035 |
| Disposals | (112,303) | (246,046) | (358,349) |
| Exchange realignment | (1,680) | (12,481) | (14,161) |
| Balance at December 31, 2023 | \$ 166,731 | \$ 334,305 | \$ 501,036 |
| Additions | 4,629 | 115,041 | 119,670 |
| Disposals | (13,561) | (117,808) | (131,369) |
| Exchange realignment | (19,839) | (40,871) | (60,710) |
| Balance at December 31, 2024 | \$ 137,960 | \$ 290,667 | \$ 428,627 |

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12. RIGHT-OF-USE ASSETS (Cont'd)

| | Properties leased for own use | Motor vehicles | Total |
|--|----------------------------------|----------------|--------------|
| <u>Accumulated depreciation</u> | | | |
| Balance at January 1, 2023 | \$ (84,786) | \$ (291,737) | \$ (376,523) |
| Amortization for the year | (97,127) | (138,115) | (235,242) |
| Disposals | 112,303 | 246,046 | 358,349 |
| Exchange realignment | 1,643 | 6,341 | 7,984 |
| Balance at December 31, 2023 | \$ (67,967) | \$ (177,465) | \$ (245,432) |
| Amortization for the year | (78,916) | (83,073) | (161,989) |
| Disposals | 13,561 | 104,533 | 118,094 |
| Exchange realignment | 13,063 | 20,255 | 33,318 |
| Balance at December 31, 2024 | \$ (120,259) | \$ (135,750) | \$ (256,009) |
| <u>Net Book Values</u> | | | |
| As at December 31, 2022 | \$ 42,790 | \$ 276,198 | \$ 318,988 |
| As at December 31, 2023 | \$ 98,764 | \$ 156,840 | \$ 255,604 |
| As at December 31, 2024 | \$ 17,701 | \$ 154,917 | \$ 172,618 |

13. OTHER NON-CURRENT FINANCIAL ASSETS

| | December 31, 2024 | December 31, 2023 |
|--------------------------------|----------------------|----------------------|
| Financial assets at fair value | | |
| Quoted equity instruments | \$ 953,341 | \$ - |

The fair values of the financial assets are determined based on the quoted market price in an active market. \$104,878 has been recorded as a fair value losses on financial assets measured at FVTPL on the consolidated statements of loss and comprehensive loss for the year ended December 31, 2024.

The Company has the intention of keeping the investments for long term appreciation thus classified as non-current financial assets.

14. INTANGIBLE ASSETS

| | Contracts | Intellectual property | Membership | Total |
|------------------------------|------------|-----------------------|------------|------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2023 | \$ 626,156 | \$ - | \$ 254,146 | \$ 880,302 |
| Additions | 418,028 | - | - | 418,028 |
| Write-off | (502,726) | - | - | (502,726) |
| Exchange realignment | (1,906) | - | (4,356) | (6,262) |
| Balance at December 31, 2023 | \$ 539,552 | \$ - | \$ 249,790 | \$ 789,342 |
| Additions | - | 230,000 | - | 230,000 |
| Exchange realignment | (66,288) | - | (30,689) | (96,977) |
| Balance at December 31, 2024 | \$ 473,264 | \$ 230,000 | \$ 219,101 | \$ 922,365 |
| | - | | | |

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14. INTANGIBLE ASSETS (Cont'd)

| | Contracts | Intellectual property | Membership | Total |
|--|--------------|-----------------------|------------|--------------|
| <u>Accumulated depreciation</u> | | | | |
| Balance at January 1, 2023 | \$ (553,816) | \$ - | \$ - | \$ (553,816) |
| Amortization for the year | (152,047) | - | - | (152,047) |
| Write-off | 502,726 | - | - | 502,726 |
| Exchange realignment | 3,969 | - | - | 3,969 |
| Balance at December 31, 2023 | \$ (199,168) | \$ - | \$ - | \$ (199,168) |
| Amortization for the year | (155,690) | - | - | (155,690) |
| Exchange realignment | 35,698 | - | - | 35,698 |
| Balance at December 31, 2024 | \$ (319,160) | \$ - | \$ - | \$ (319,160) |
| | Contracts | Intellectual property | Membership | Total |
| <u>Net Book Values</u> | | | | |
| As at December 31, 2022 | \$ 72,340 | \$ - | \$ 254,146 | \$ 326,486 |
| As at December 31, 2023 | \$ 340,384 | \$ - | \$ 249,790 | \$ 590,174 |
| As at December 31, 2024 | \$ 154,104 | \$ 230,000 | \$ 219,101 | \$ 603,205 |

15. GOODWILL

| | December 31, 2024 | December 31, 2023 |
|------------------------------------|----------------------|----------------------|
| Acquisition of subsidiaries | | |
| Balance at beginning | \$ 1,479,568 | \$ 1,505,370 |
| Exchange realignments | (181,775) | (25,802) |
| Balance at ending | 1,297,793 | 1,479,568 |
| Less: Impairment loss | - | - |
| | \$ 1,297,793 | \$ 1,479,568 |

The Group tests for impairment of goodwill annually and in the financial year in which the acquisition takes place, or more frequently if there are indications that goodwill might be impaired.

For the purposes of impairment testing, the carrying value of the goodwill set out above has been allocated to the respective CGUs which all provide talent management agency services.

As at December 31, 2024, goodwill of approximately \$1,297,792 (2023: \$1,479,568) is allocated to the different cash generating units ("CGUs"). The recoverable amounts of the individual CGUs have been determined based on the value in use calculations of each of the CGUs using the following assumptions for the year and in last year:

| | |
|---|-----------------------------|
| Period of cash flow projections | 5 years (2023: 5 years) |
| Growth rate within 5-year period in the financial budgets approved by the management | 0.7%-2.7% (2023: 0.4%-2.4%) |
| Growth rate beyond 5-year period extrapolated in the financial budgets approved by the management | 1.7% (2023: 1.4%) |
| Discount rate | 11.4% (2023: 10.1%) |

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15. GOODWILL (Cont'd)

This growth rate within the 5-year projection period of 0.7%-2.7% (2023: 0.4%-2.4%) is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the respective CGU's past performance and management's expectations for the market development. No impairment loss is identified for the goodwill acquired during the financial year.

16. INVESTMENT IN THEATRICAL FILMS

| | December 31, | December 31, |
|--------------------------|---------------------|---------------------|
| | 2024 | 2023 |
| Theatrical film projects | <u>\$ 1,106,047</u> | <u>\$ -</u> |

Investment in theatrical films production represents fund advanced to licensed production houses for co-financing the production of films. The investment is governed by the relevant investment agreement entered into between the Group and the production house whereby the Group is entitled to benefits generated from the distribution of the related film. The amount will be recoverable by the Group from a pre-determined share of the net distribution revenue of the respective co-financed film to be provided and confirmed by the relevant production house.

All investments which do not entitle the Company to receive cash flows that are not solely payments of principal and interest are carried at fair value through profit or loss.

During the year ended December 31, 2024, the cost of these investments is deemed to be a fair approximation of their fair value at December 31, 2024.

At December 31, 2024, the investment in theatrical films of \$1,106,047 is denominated in Korean Won.

17. TRADE AND OTHER PAYABLES

| | December 31, | December 31, |
|---|---------------------|---------------------|
| | 2024 | 2023 |
| Trade payables | \$ 434,823 | \$ 493,310 |
| Accrued expenses | 443,010 | 303,427 |
| Interest payable to fellow subsidiaries | 6,971 | 16,585 |
| Advances received from customers | 1,546,870 | 3,109,697 |
| Other payables | 166,433 | 32,345 |
| Amount due to a fellow subsidiary | - | 58,444 |
| | <u>\$ 2,598,107</u> | <u>\$ 4,013,808</u> |

Accounts payable and accrued liabilities are current obligations expected to be settled in the normal course of operations.

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18. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

| | December 31, 2024 | | December 31, 2023 | |
|------------------------------------|----------------------|-------------------------------------|----------------------|-------------------------------------|
| | Total lease payments | Present value of the lease payments | Total lease payments | Present value of the lease payments |
| Within 1 year | \$ 94,526 | \$ 88,589 | \$ 167,445 | \$ 159,328 |
| After 1 year but within 5 years | 93,692 | 89,939 | 109,402 | 105,921 |
| Total lease payments | 188,218 | 178,528 | 276,847 | 265,249 |
| Total future interest expenses | (9,690) | | (11,598) | |
| Present value of lease liabilities | 178,528 | | 265,249 | |
| Amount due within 1 year | 88,589 | | 159,328 | |
| Amount due after 1 year | \$ 89,939 | | \$ 105,921 | |

The analysis of expense items in relation to lease liabilities recognised in profit or loss is as follows:

| | December 31, 2024 | December 31, 2023 |
|--|----------------------|----------------------|
| Balance at beginning | \$ 265,249 | \$ 312,897 |
| Capital element of lease rentals paid | (206,391) | (225,683) |
| Interest element of lease rentals paid | (9,702) | (13,028) |
| | 49,156 | 74,186 |
| Add: new lease | 119,670 | 178,035 |
| Interest expenses (note 7(c)) | 9,702 | 13,028 |
| Balance at ending | \$ 178,528 | \$ 265,249 |

19. LOAN FROM RELATED PARTIES

As as December 31, 2024, the loan of \$82,000 (2023: \$82,000) is unsecured, interest bearing at 2% (2023: 2%) per annum and repayable by December 31, 2025 (2023: December 31, 2024).

As at December 31, 2023, an unsecured loan of \$393,652 bearing interest at 2% per annum was outstanding. The loan was repaid during the year ended December 31, 2024.

As at December 31, 2023, an unsecured loan of \$46,533 bearing interest at 4.6% per annum was outstanding. The loan was repaid during the year ended December 31, 2024.

| | December 31, | |
|---|--------------|-----------|
| | 2024 | 2023 |
| Interest expenses to a related party(a) | 11,472 | 13,582 |
| Interest expenses to a related party(b) | 124 | 3,504 |
| | \$ 11,596 | \$ 17,086 |

- (a) Spackman Media Group Pte. Ltd.
(b) Spackman Media Korea Inc.

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20. LOAN FROM THIRD PARTIES

The following table shows the remaining loan from an unrelated third parties, on an unsecured basis for a term of one (1) year at an interest rate of 4% to 5% per annum at the end of the reporting period:

| Interest Rate | Maturity date | December 31,2024 | |
|---------------|-------------------|------------------|---------|
| | | | Balance |
| 5% | August 8, 2025 | \$ | 25,000 |
| 4% | December 31, 2025 | | 99,333 |
| 5% | December 31, 2025 | | 16,930 |
| 5% | December 31, 2025 | | 70,324 |
| | | \$ | 211,587 |

21. SHARE CAPITAL

(a) Authorized:

An unlimited number of common shares

(b) Issued and outstanding

| | Number of Shares | Amounts |
|---|------------------|--------------|
| Balance, December 31, 2022 | 197,052,866 | \$ 2,012,903 |
| Issued for cash | 3,294,259 | 500,192 |
| Balance, December 31, 2023 | 200,347,125 | 2,513,095 |
| Issued for cash, net of share issue costs (i) | 48,789,759 | 6,305,922 |
| Shares issued for RTO | 2,977,978 | 447,030 |
| Balance, December 31, 2024 | 252,114,862 | \$ 9,266,047 |

(i) On December 4, 2024, the Company closed a first tranche, issuing 46,269,759 common shares at a price of \$0.15 (CAD \$0.20) per share for net proceeds of \$5,993,354. Share issuance costs consisted of \$448,985. And a seconde tranche issuing 2,520,000 units at a price of \$0.15 (CAD \$0.20) per units for net proceeds of \$312,568. Each unit consists of one common share and one half warrant, with each warrant entitling the holder to purchase one additional share at an exercise price of \$0.21 (CAD \$0.30) for a period of 36 months from the date of the closing of the issuance. Share issuance costs consisted of \$46,432 paid in cash and 151,000 broker warrants valued at Nil with an exercise price of \$0.21 for a period of 36 months from the date of the closing of the issuance.

(c) Stock options

The Company has an incentive stock option plan for the officers and directors enabling them to purchase common shares. Each option granted under the plan is for a maximum term of 5 years. The exercise price is determined by the Company's board of directors at the time the option is granted, subject to regulatory approval, and may not be less than the most recent closing price of the common shares at the date of grant. Vesting provisions are also determined at the time of grant by the Company's board of directors.

During the year ended December 31, 2024 and year ended December 31, 2023, no options were granted.

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21. SHARE CAPITAL (Cont'd)

(d) Warrants

The warrants activity during the years ended December 31, 2024 and 2023 is as follows:

| | Number of Warrants | Exercise price |
|---------------------------------------|-----------------------|----------------|
| Balance at December 31, 2023 and 2022 | - | \$ - |
| Issued | 1,411,200 | 0.21 |
| Expired | - | - |
| Balance at December 31, 2024 | 1,411,200 | \$ 0.21 |

At December 31, 2024, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

| Warrants | Exercise Price | Expiry date | Weighted average life remaining (in years) |
|------------------|----------------|------------------|---|
| 1,260,000 | \$ 0.21 | December 4, 2027 | 2.93 |
| 151,200 | \$ 0.21 | December 4, 2027 | 2.93 |
| 1,411,200 | | | |

22. REVENUE AND SEGMENT INFORMATION

| | December 31, 2024 | December 31, 2023 |
|---------------------------------------|----------------------|----------------------|
| Revenue from contracts with customers | | |
| Talent management income | \$ 5,646,807 | \$ 14,088,671 |
| Other revenue | | |
| Other sales | - | 30,642 |
| Others | 579 | 2,234 |
| | \$ 5,647,386 | \$ 14,121,547 |

The Group has reviewed its operating segment and concluded there is one business segment in one geographical location in Korea. 100% revenue was generated in Korea and \$2,576,271 of total non-current assets located in Korea and \$1,670,341 in Hong Kong.

During the years ended December 31, 2024 and 2023, the Group had the following major sources of talent management income:

| | December 31, 2024 | December 31, 2023 |
|--------------------------------------|----------------------|----------------------|
| Talent management income 10% or more | | |
| EJ Partners Co., Ltd. | \$ 637,119 | \$ - |

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23. OTHER INCOME AND GAIN

| | December 31, 2024 | December 31, 2023 |
|---|------------------------------|----------------------|
| Bank interest income | \$ 23,068 | \$ 7,754 |
| Interest income from a third party | - | 87 |
| Interest income from other financial assets | 39,039 | 86,363 |
| Gain on disposal of other investments | - | 2,760 |
| Gain on disposal of property, plant and equipment | 13,995 | - |
| Gain on disposal of right of use assets | 809 | - |
| Net foreign exchange gain | 87,607 | 8,674 |
| Rental income | - | 2,661 |
| Sundry income | 10,486 | 21,209 |
| | <u>\$ 175,004</u> | <u>\$ 129,508</u> |

24. 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:

REMUNERATION OF KEY PERSONNEL

| | 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 a related company(d) | 52,787 | - |
| Service fee paid to a related company(e) | 880 | 919 |
| | <u>\$ 472,086</u> | <u>\$ 654,271</u> |

- (a) Spackman Equities Group Inc.
- (b) The Group
- (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.

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25. PROVISIONS

| | December 31, 2024 | December 31, 2023 |
|----------------------------------|----------------------|----------------------|
| Severance payments | | |
| Balance at beginning | 6,256 | 46,907 |
| Additional provisions recognized | 4,234 | 32,235 |
| Provisions utilised | (4,824) | (71,594) |
| Exchange realignment | (727) | (1,292) |
| Balance at ending | \$ 4,939 | \$ 6,256 |

Analysed for reporting purposes as:

| | December 31, 2024 | December 31, 2023 |
|---------------------|----------------------|----------------------|
| Non-current portion | \$ 4,939 | \$ 6,256 |

26. INCOME TAXES

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

| | December 31, 2024 | December 31, 2023 |
|--------------------------------------|----------------------|----------------------|
| Current tax – Korean income tax | | |
| Provision for the year | 136,895 | 180,154 |
| Deferred tax (credit)/expense | (33,674) | 51,238 |
| Income tax (recovery) expense | \$ 103,221 | \$ 231,392 |

(a) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made in the financial statements, as the Group has no income chargeable to Hong Kong profits tax for the year.

(b) Korea corporate income tax

Korea corporate income tax is calculated at the rates prevailing in the respective jurisdictions.

(b) Canada corporate income tax

Canada corporate income tax is calculated at the rates prevailing in the respective jurisdictions.

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26. INCOME TAXES (Cont'd)

The reconciliation of income taxes attributable to operations computed at the combined statutory income tax rate of 26.5% (2023 - 26.5%) to income tax recovery is as follows:

| | December 31, 2024 | December 31, 2023 |
|--|----------------------|----------------------|
| Net income(loss) before recovery of income taxes | \$ (2,669,350) | \$ 915,533 |
| Expected income tax (recovery) expense | (707,000) | 184,919 |
| Change in statutory, foreign tax, foreign exchange rates and other | 218,221 | 37,863 |
| Permanent differences | 583,000 | 39,095 |
| Share issue cost | (13,000) | - |
| Change in unrecognized deductible temporary differences | 22,000 | (30,485) |
| Income tax (recovery) expense | \$ 103,221 | \$ 231,392 |
| Current income tax expense | \$ 136,895 | \$ 180,154 |
| Deferred tax expense (recovery) | \$ (33,674) | \$ 51,238 |

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

| | December 31, 2024 | Expiry Date Range | December 31, 2023 | Expiry Date Range |
|-----------------------|----------------------|-------------------|----------------------|-------------------|
| Temporary Differences | | | | |
| Share issue costs | \$ 36,000 | 2045 to 2048 | \$ - | |
| Non-capital losses | 173,000 | 2044 | 8,065,450 | 2026 to 2043 |
| Canada | \$ 173,000 | 2044 | \$ 8,065,450 | 2026 to 2043 |

(b) Deferred income taxes

The following are the deferred tax assets/(liabilities) recognized by the Group and movements thereon during the year:

| | Provisions | Tax loss | Total |
|------------------------------|-------------|----------|-------------|
| Balance at January 1, 2023 | \$ (8,408) | \$ 8,456 | \$ 48 |
| Charged to profit or loss | (43,029) | (8,209) | (51,238) |
| Exchange realignment | (391) | (247) | (638) |
| Balance at December 31, 2023 | (51,828) | - | (51,828) |
| Credit to profit or loss | 33,674 | - | 33,674 |
| Exchange realignment | 3,940 | - | 3,940 |
| Balance at December 31, 2024 | \$ (14,214) | \$ - | \$ (14,214) |

Reconciliation to the consolidated statement of financial position:

| | December 31, 2024 | December 31, 2023 |
|--------------------------|----------------------|----------------------|
| Deferred tax liabilities | \$ (14,214) | \$ (51,828) |

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's significant financial instruments comprise of cash and cash equivalents, trade receivables, other financial assets, investments in theatrical films, investments in shares of public companies, loans payable and accounts payable and accrued liabilities.

The Company classifies financial instruments in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value at the various reporting dates:

December 31, 2024

| Recurring fair value measurements | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|------------|---------|--------------|--------------|
| Financial assets measured at FVTPL | \$ 953,000 | \$ - | \$ 1,106,047 | \$ 2,059,047 |

December 31, 2023

| Recurring fair value measurements | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|---------|---------|---------|-------|
| Financial assets measured at FVTPL | \$ - | \$ - | \$ - | \$ - |

During the year ended December 31, 2024, there were no transfers between level 1 and level 2, or transfers into or out of level 3.

Various factors were considered in making these investments, and this approach aligns with common practices in the entertainment industry.

As at December 31, 2024, the costs of the investments in theatrical films of \$1,106,047 approximate the fair value which is estimated based on the stage of the films and changes from the initial recognition dates during 2024 and December 31, 2024.

All financial instruments are carried at amounts not materially different from their fair values as at December 31, 2024.

Risk management

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

The Company has exposure to the following risks from its use of financial instruments:

(a) Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

For the year ended December 31, 2024, a 10% decrease (increase) in the closing prices of the Company's investments would result in an estimated decrease (increase) in pre-tax net income of \$95,334 (2023 - \$nil).

(b) Credit risk

Credit risk arises from trade and other receivables and bank balances.

In respect of trade receivables, all talent agency income and sales made to customers have credit terms. Trade receivables are due within 30 days to 1 year from the date of billing. The Group has policies in place for the control and monitoring of its credit risk such as granting credit limits only to customers with an appropriate credit history. The Group makes evaluations of the credit risk of its customers from time to time or when the credit risk has significantly increased since recognition. These evaluations are made on an expected credit loss ("ECL") basis over the lifetime of the receivable and focus on information such as the customer's past history of making payments when due and financial ability to pay, information specific to the customer as well as pertaining to the economic environment in which the customer operates.

These ECL rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Accordingly, the directors are of the opinion that the related credit risk to the Group is low.

The credit risk on liquid funds is limited because they are placed with reputable financial institutions with high credit ratings and no history of default.

In respect of other receivables due from third parties, the Group reviews the exposures and manages them based on the need of operation

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

(c) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long terms.

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

December 31, 2024

| | Carrying amount | Total contractual undiscounted cash flow | Within 1 year | Over 1 year |
|---------------------------|---------------------|--|---------------------|------------------|
| Trade and other payables | \$ 2,598,107 | \$ 2,598,107 | \$ 2,598,107 | \$ - |
| Loan from related parties | 82,000 | 83,640 | 83,640 | - |
| Loan from related parties | 211,587 | 211,587 | 211,587 | - |
| Lease liabilities | 178,528 | 188,218 | 94,526 | 93,692 |
| | <u>\$ 3,070,222</u> | <u>\$ 3,081,552</u> | <u>\$ 2,987,860</u> | <u>\$ 93,692</u> |

December 31, 2023

| | Carrying amount | Total contractual undiscounted cash flow | Within 1 year | Over 1 year |
|---------------------------|---------------------|--|---------------------|-------------------|
| Trade and other payables | \$ 4,013,808 | \$ 4,013,808 | \$ 4,013,808 | \$ - |
| Loan from related parties | 1,322,185 | 1,363,876 | 531,876 | 832,000 |
| Loan from third parties | - | - | - | - |
| Lease liabilities | 265,249 | 276,847 | 167,445 | 109,402 |
| | <u>\$ 5,601,242</u> | <u>\$ 5,654,531</u> | <u>\$ 4,713,129</u> | <u>\$ 941,402</u> |

(d) Foreign exchange risk

Foreign currency exchange risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. The Company currently has financial instruments denominated in US dollars ("USD"), Singapore dollars ("SGD"), Hong Kong dollars ("HKD") and Korean Won. The currency giving rise to this risk is primarily Korean Won ("KRW").

The following assets were denominated in foreign currencies presented in US dollars as of:

| | December 31, 2024 | |
|---------------------------|--------------------------|--------|
| | | KRW |
| Cash and cash equivalents | \$ 1,138,643 | |
| Pledged bank deposits | | 54,422 |
| | <u>\$ 1,193,065</u> | |
| | December 31, 2023 | |
| | | KRW |
| Cash and cash equivalents | \$ 2,373,409 | |
| Pledged bank deposits | | 38,778 |
| | <u>\$ 2,412,187</u> | |

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

Sensitivity analysis

The following table indicates the instantaneous change on the Group's profit after tax and equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

| | December 31, 2024 | December 31, 2023 |
|----------------------------------|--|--|
| | (Decrease)/increase in equity/profit or loss after tax | (Decrease)/increase in equity/profit or loss after tax |
| KRW 10% (2023:10%) strengthening | \$ 119,307 | \$ 241,219 |
| KRW 10% (2023:10%) weakening | (119,307) | (241,219) |

(e) Concentration risk

The Company is exposed to the possible risk inherent in the concentration of the investment portfolio in a small number of industries or investment sectors. As at December 31, 2024 and 2023, the percentages of the Company's investment in each industry sector were as follows:

| Sector | As a % of Total Investments | |
|-----------------------|------------------------------|----------------------|
| | December 31, 2024 | December 31, 2023 |
| Media / Entertainment | 99.9 | 99.9 |
| Other | 0.1 | 0.1 |
| Total | 100.0 | 100.0 |

28. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to continue its business and maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company's capital includes the components of its shareholders' equity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets, or adjust the amount of cash. In order to preserve cash, the Company does not pay any dividends.

The Company is not subject to any externally imposed capital requirements. There were no changes in management's approach to capital management during to the year ended December 31, 2024, compared to the year ended as at December 31, 2023.

29. 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 value 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 Transaction. 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.