

**SPACKMAN EQUITIES GROUP INC.**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(PREPARED BY MANAGEMENT)  
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023 AND 2022  
(In Canadian Dollars)**

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim condensed consolidated financial statements of Spackman Equities Group Inc. were prepared by management in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. The most significant of these accounting principles have been disclosed in the notes to the unaudited interim condensed consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim condensed consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim condensed consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim condensed consolidated financial statements and (ii) the unaudited interim condensed consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim condensed consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim condensed consolidated financial statements together with other financial information of the Company for issuance to the shareholders. These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board on August 28, 2023.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Richard Lee"  
Chief Executive Officer

"Alex Falconer"  
Chief Financial Officer

August 28, 2023

**SPACKMAN EQUITIES GROUP INC.****UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

**AS AT**

	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>ASSETS</b>			
Cash	3	\$ 6,533	\$ 7,470
Investment in shares of public company	4	421,349	434,998
Investment in shares of private company	5	151,466	154,943
<b>Total assets</b>		<b>\$ 579,348</b>	<b>\$ 597,411</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	6,11	\$ 262,241	\$ 297,362
Due to related party	10	17,482	17,482
Loan payable	7	1,173,881	1,000,790
<b>Total liabilities</b>		<b>1,453,604</b>	<b>1,315,634</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	11,601,165	11,601,165
Contributed surplus	9	1,558,667	1,558,667
Accumulated deficit		(14,034,088)	(13,878,055)
<b>Total shareholders' equity</b>		<b>(874,256)</b>	<b>(718,223)</b>
<b>Total shareholders' equity and liabilities</b>		<b>\$ 579,348</b>	<b>\$ 597,411</b>

Nature of operations and Going concern (Note 1)

Subsequent event (Note 12)

Approved on Behalf of the Board

*'Richard Lee'* \_\_\_\_\_ Director*'William Hale'* \_\_\_\_\_ Director

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

# SPACKMAN EQUITIES GROUP INC.

## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Notes	Three Months June 30,		Six Months June 30,	
		2023	2022	2023	2022
<b>Investment loss</b>		\$ -	\$ -	\$ -	\$ -
<b>Expenses</b>					
General and administrative	10	129,344	33,268	167,683	85,336
Interest and penalties	7	11,014	9,348	21,465	18,467
(Gain) loss on foreign currency		(11,253)	17,560	(9,290)	18,565
Accretion expense		6,102	3,202	8,175	6,303
Fair value adjustment of loan		(14,359)	-	(32,000)	-
<b>Total expenses</b>		<b>120,848</b>	<b>63,378</b>	<b>156,033</b>	<b>128,671</b>
<b>Loss before income tax</b>		<b>(120,848)</b>	<b>(63,378)</b>	<b>(156,033)</b>	<b>(128,671)</b>
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (120,848)</b>	<b>\$ (63,378)</b>	<b>\$ (156,033)</b>	<b>\$ (128,671)</b>
<b>Net loss per share</b>					
<b>Basic and fully diluted loss per share</b>		<b>\$ (0.01)</b>	<b>\$ 0.00</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of shares outstanding basic and fully diluted</b>		<b>14,889,972</b>	<b>14,889,972</b>	<b>14,889,972</b>	<b>14,889,972</b>

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

**SPACKMAN EQUITIES GROUP INC.****UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

	Share capital		Contributed surplus	Accumulated deficit	Total
	Common shares	Amount			
Balance, January 1, 2022	14,889,972	\$11,601,165	\$ 1,558,667	\$ (13,478,838)	\$ (319,006)
Net loss and comprehensive loss for the period	-	-	-	(128,671)	(128,671)
Balance, June 30, 2022	14,889,972	\$11,601,165	\$ 1,558,667	\$ (13,607,509)	\$ (447,677)
Balance, January 1, 2023	14,889,972	\$11,601,165	\$ 1,558,667	\$ (13,878,055)	\$ (718,223)
Net loss and comprehensive loss for the period	-	-	-	(156,033)	(156,033)
Balance, June 30, 2023	14,889,972	\$11,601,165	\$ 1,558,667	\$ (14,034,088)	\$ (874,256)

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

**SPACKMAN EQUITIES GROUP INC.****UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

	<u>Notes</u>	2023	Six Months June 30, 2022
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (156,033)	\$ (128,671)
Adjustments not affecting cash:			
Fair value adjustment of loan		(32,000)	-
Accretion expense		8,175	6,303
Foreign exchange (gain) loss		(11,913)	18,081
Changes in non-cash working capital		(191,771)	(104,287)
Accounts payable and accrued liabilities		(35,121)	(5,113)
<b>Cash used in operating activities</b>		<b>(226,892)</b>	<b>(109,400)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loan payable	7	225,955	44,506
<b>Cash provided by financing activities</b>		<b>225,955</b>	<b>44,506</b>
<b>Net decrease in cash</b>		<b>(937)</b>	<b>(64,894)</b>
Cash, beginning of period		7,470	72,996
<b>Cash, end of period</b>		<b>\$ 6,533</b>	<b>\$ 8,102</b>

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

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Spackman Equities Group Inc. (the "Company" or "SEGI") 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.

SEGI 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") at attractive valuations, building a diversified portfolio of such growth companies and, ultimately, delivering the collective value derived from the performance of these businesses to the shareholders.

These unaudited interim condensed 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 not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$14,034,088 as at June 30, 2023 (December 31, 2022 - \$13,878,055). Management believes that it has the ability to raise the required additional funding to operate the business. 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 June 30, 2023, the Company had assets of \$579,348 (December 31, 2022 - \$597,411) to cover liabilities of \$1,453,604 (December 31, 2022 - \$1,315,634).

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. These travel restrictions are also prevalent in most parts of Asia, where the majority of the Company's investments are held. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. Preventative measures are in place to ensure the well-being of employees and contractors and no risks were noted at the end of the reporting period. Management continues to monitor the situation to identify any issues that may affect operational or financial reporting activities.

### 2. BASIS OF PRESENTATION

#### Investment Entity Status

The Company does not qualify as an investment entity as the concentration of its investments is not sufficiently diversified. The Company considers itself to be a venture capital organization. It is determined that the company's main investee company, Spackman Entertainment Group Limited (SEGL), is considered an investment, as the Company is considered not to have significant influence over it. This investment is accounted for as a financial instrument under IFRS 9 at fair value through profit and loss.

#### Statement of compliance

The unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's most recently prepared audited annual financial statements for the fiscal year ended December 31, 2022.

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

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### 2. BASIS OF PRESENTATION (Cont'd)

The policies applied in these unaudited interim condensed consolidated financial statements are consistent with the policies disclosed in Notes 2 and 3 of the audited annual financial statements for the year ended December 31, 2022.

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2023.

#### Basis of measurement and functional currency

The unaudited interim condensed consolidated financial statements are presented in Canadian 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 and its subsidiary's functional currency is the Canadian dollar.

#### Basis of consolidation

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, SEGI Investments Limited, a BVI company. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is determined based on whether the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

### 3. CASH

The Company's cash consist of the following:

	June 30, 2023	December 31, 2022
Cash held in banks	\$ 6,533	\$ 7,470

### 4. INVESTMENT IN SHARES OF PUBLIC COMPANY

	June 30, 2023	December 31, 2022
Spackman Entertainment Group Limited (SEGL)	\$ 421,349	\$ 434,998

The Company owns 7.55% (December 31, 2022 - 7.55%) of SEGL, and based on the June 30, 2023 closing price of SEGL's shares on the SGX of SGD \$0.003 and CAD \$0.0029 per share (December 31, 2022 - SGD \$0.003 and CAD \$0.003 per share), the market value of the Company's stake in SEGL is SGD \$430,563 (CAD \$421,349) (December 31, 2022 - CAD \$434,998).

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

### 5. INVESTMENT IN SHARES OF PRIVATE COMPANY

The Company has historically made investments in private companies through equity and debt investments. Due to uncertainty surrounding these investments, the Company historically wrote down these investments to a nominal value. The Company considers these investments, which were written down in the past, to still be impaired during the current period.

During the year ended December 31, 2017, the Company purchased 130,000 common voting shares of Spackman Media Group Limited (SMGL) for USD \$390,000 (CAD \$491,595), or USD \$3.00 (CAD \$3.78) per common share, from an unrelated shareholder of SMGL.

The Company owns 0.41% (December 31, 2022 - 0.41%) of SMGL and the fair value of the Company's stake in SMGL is USD \$114,400 (CAD \$151,466) (December 31, 2022 - USD \$114,400 (CAD \$154,943)). The gain (loss) in the fair value of SMGL for the period was \$nil (December 31, 2022 -\$18,678) and was recognized in the consolidated statements of loss and comprehensive loss. The change in the investment balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the USD.

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023	December 31, 2022
Accounts payable	\$ 44,815	\$ 83,402
Accrued expenses	217,426	213,960
	<u>\$ 262,241</u>	<u>\$ 297,362</u>

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

### 7. LOAN PAYABLE

On August 9, 2017 the Company borrowed USD \$400,000 (CAD \$504,200) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 5% per annum. On June 12, 2019 the Company made a portion repayment of USD \$375,000 (CAD \$513,210). The balance as at June 30, 2023 is USD \$25,000 (CAD \$33,100) and accrued interest expense was \$423 and \$840 for the three and six months ended June 30, 2023, respectively (June 30, 2022: \$390 and \$792). On August 8, 2020 the maturity date of the loan payable by the Company was extended to August 8, 2021 and on August 8, 2021, it was extended to August 8, 2022 and on August 8, 2022, it was extended to August 8, 2023. The extension to the maturity date was not considered a substantial change by management and as such no gain or loss was recorded on modification.

On June 10, 2019 the Company borrowed USD \$400,000 (CAD \$519,520) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 4% per annum. On September 25, 2020 the Company made a portion repayment of USD \$218,000 (CAD \$290,520). The balance as at June 30, 2023 is USD \$182,000 (CAD \$240,968) and accrued interest expense was \$2,481 and \$4,907 for the three and six months ended June 30, 2023, respectively (June 30, 2022: \$2,273 and \$4,590). On June 10, 2020, the maturity date of the loan payable by the Company was extended to June 10, 2021 and on June 10, 2021, it was extended to June 10, 2022 and on June 10, 2022, it was extended to June 10, 2023 and on June 10, 2023, it was extended to June 10, 2024. The extension to the maturity date was not considered a substantial change by management and as such no gain or loss was recorded on modification.

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

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### 7. LOAN PAYABLE (Cont'd)

On August 12, 2020 the Company borrowed SGD \$400,000 (CAD \$390,520) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 5% per annum. The change in the loan balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the SGD. Accrued interest expense was \$5,001 and \$10,060 for the three and six months ended June 30, 2023, respectively (June 30, 2022: \$4,670 and \$9,290). On August 12, 2021, the maturity date of the loan payable by the Company was extended to August 11, 2022 and on August 11, 2022, it was extended to August 11, 2023. The extension to the maturity date was not considered a substantial change by management and as such no gain or loss was recorded on modification.

On August 12, 2020 the Company borrowed SGD \$96,000 (CAD \$93,725) from an unrelated third party, on an unsecured basis for a term of one (1) year at an interest rate of 5% per annum. The change in the loan balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the SGD. Accrued interest expense was \$1,213 and \$2,414 for the three and six months ended June 30, 2023, respectively (June 30, 2022: \$1,109 and \$2,217). On August 12, 2021, the maturity date of the loan payable by the Company was extended to August 11, 2022 and on August 11, 2022, it was extended to August 11, 2023. The extension to the maturity date was not considered a substantial change by management and as such no gain or loss was recorded on modification.

On April 29, 2021 the Company borrowed USD \$20,000 (CAD \$24,992) from a related party, on an unsecured basis with maturity date December 31, 2022 at an interest rate of 2% per annum. On June 10, 2021 the Company made a portion repayment of USD \$14,960 (CAD \$18,143). The balance as at June 30, 2023 is USD \$5,041 (CAD \$6,674). The change in the loan balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the USD. On December 31, 2022, the maturity date of the loan payable by the Company was extended to December 31, 2023.

On August 24, 2021 the Company borrowed USD \$50,000 (CAD \$63,015) and on November 23, 2021 USD \$50,000 (CAD \$62,850) from a related party, on an unsecured basis with maturity date December 31, 2022 at an interest rate of 2% per annum. The balance as at June 30, 2023 is USD \$100,000 (CAD \$132,400). The change in the loan balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the USD. On December 31, 2022, the maturity date of the loan payable by the Company was extended to December 31, 2023.

The interest rate for the 2021 loans were determined to be below market. The initial fair value of the loans was \$134,734 which was determined using an estimated discount rate of 13%. The difference between the principal and the fair value of the loans has been recorded as a fair value change in loans cost on the consolidated statements of loss and comprehensive loss for the year ended December 31, 2021. Total accrued interest expense was \$711 and \$1,411 for the three and six months ended June 30, 2023, respectively (June 30, 2022: \$656 and \$1,332).

On February 25, 2022 the Company borrowed USD \$35,000 (CAD \$44,506) from a related party, on an unsecured basis with maturity date December 31, 2023 at an interest rate of 2% per annum. The change in the loan balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the USD. Accrued interest expense was \$237 and \$470 for the three and six months ended June 30, 2023, respectively (June 30, 2022: \$85 and \$225).

On July 12, 2022 the Company borrowed USD \$20,000 (CAD \$25,884) from a related party, on an unsecured basis with maturity date December 31, 2023 at an interest rate of 2% per annum. The change in the loan balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the USD. Accrued interest expense was \$135 and \$269 for the three and six months ended June 30, 2023.

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

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### 7. LOAN PAYABLE (Cont'd)

Initial recognition of the below-market interest rate 2022 loans were measured in accordance with IFRS 9 (Financial Instruments), which requires this loan to be initially measured at its fair value. Fair value has been calculated as the present value of the expected future cash flows discounted using a market-related interest rate (determined to be 13%). The difference was determined to be immaterial.

On January 20, 2023 the Company borrowed USD \$25,000 (CAD \$33,555) from a related party, on an unsecured basis with maturity date December 31, 2023 at an interest rate of 2% per annum. The change in the loan balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the USD. Accrued interest expense was \$169 and \$299 for the three and six months ended June 30, 2023, respectively. Accretion expense was \$1,295 and \$1,295 for the three and six months ended June 30, 2023, respectively.

On February 8, 2023 the Company borrowed USD \$25,000 (CAD \$33,625) from a related party, on an unsecured basis with maturity date February 7, 2024 at an interest rate of 2% per annum. The change in the loan balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the USD. Accrued interest expense was \$169 and \$264 for the three and six months ended June 30, 2023, respectively. Accretion expense was \$1,273 and \$1,966 for the three and six months ended June 30, 2023, respectively.

On March 14, 2023 the Company borrowed USD \$45,000 (CAD \$61,569) from a related party, on an unsecured basis with maturity date March 13, 2024 at an interest rate of 2% per annum. The change in the loan balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the USD. Accrued interest expense was \$305 and \$362 for the three and six months ended June 30, 2023, respectively. Accretion expense was \$2,256 and \$2,671 for the three and six months ended June 30, 2023, respectively.

On April 20, 2023 the Company borrowed USD \$20,000 (CAD \$26,970) from a related party, on an unsecured basis with maturity date April 19, 2024 at an interest rate of 2% per annum. The change in the loan balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the USD. Accrued interest expense was \$103 and accretion expense was \$771 for the three and six months ended June 30, 2023, respectively.

On June 3, 2023 the Company borrowed USD \$38,000 (CAD \$50,494) from a related party, on an unsecured basis with maturity date June 5, 2024 at an interest rate of 2% per annum. The change in the loan balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the USD. Accrued interest expense was \$64 and accretion expense was \$491 for the three and six months ended June 30, 2023, respectively.

On June 28, 2023 the Company borrowed USD \$14,800 (CAD \$16,742) from a related party, on an unsecured basis with maturity date December 31, 2024 at an interest rate of 2% per annum. The change in the loan balance as at June 30, 2023 is due to the effects of movements in the exchange rates for the USD. Accrued interest expense was \$2 and accretion expense was \$15 for the three and six months ended June 30, 2023, respectively.

The interest rate for the 2023 loans were determined to be below market. Fair value has been calculated as the present value of the expected future cash flows discounted using a market-related interest rate in accordance with IFRS 9 (Financial Instruments). The initial fair value of the loans was \$193,955 which was determined using an estimated discount rate of 17%. The difference between the principal and the fair value of the loans has been recorded as a fair value change in loans cost on the consolidated statements of loss and comprehensive loss for the period ended June 30, 2023. Subsequent measurement is at amortized cost.

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

### 8. SHARE CAPITAL

(a) Authorized:

An unlimited number of common shares

(b) Issued and outstanding

On August 13, 2021, the Company executed the consolidation of the outstanding common shares on the basis of ten existing common shares for one new common share. This resulted in a reduction of outstanding shares from 148,900,183 to 14,889,972 (subject to fractional rounding), the prior year presentation in the consolidated financial statements has been restated.

	Number of Shares	Amounts
<b>Balance, December 31, 2021, 2022 and June 30, 2023</b>	14,889,972	\$ 11,601,165

(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 period ended June 30, 2023 and year ended December 31, 2022, no options were granted.

### 9. CONTRIBUTED SURPLUS

The June 30, 2023 contributed surplus of the Company was \$1,558,667 (June 30, 2022 - \$1,558,667). The contributed surplus was resulted from the fair market value of stock options granted through 2007 - 2014.

### 10. RELATED PARTY TRANSACTIONS

The following related party transactions occurred and were reflected in general and administrative expense in the consolidated financial statements during the periods ended June 30, 2023 and 2022 as follows:

#### REMUNERATION OF KEY PERSONNEL

	Three Months June 30,		Six Months June 30,	
	2023	2022	2023	2022
Management consulting fees	\$ 18,270	\$ 17,309	\$ 36,533	\$ 34,480

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.

Included in accounts payable and accrued liabilities are consulting and directors' fees of \$12,133 and \$7,500 (December 31, 2022 - \$24,462 and \$7,500) to companies controlled by officers, directors and chief financial officer in common with the Company.

At period end, the Company owes \$17,482 to a related party (December 31, 2022 - \$17,482).

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

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### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's significant financial instruments comprise of cash, investments in shares of private and 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 determination of what constitutes observable data, requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, reliable, verifiable and provided from independent transactions.

#### **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.

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.

#### (b) Credit risk

Credit risk is attributable to cash. The Company's cash and cash equivalent are held with reputable financial institutions. The carrying value of cash represents the Company's maximum exposure to credit risk.

#### (c) Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is available on demand. There are adequate resources to meet any obligations as they fall due and mature within a year.

The Company's Board of Directors reviews and approves any material transactions out of the ordinary course of business including acquisitions or other major investments. Management believes that the risk associated with liquidity is low.

# SPACKMAN EQUITIES GROUP INC.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

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### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

#### (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 U.S. dollars, Singapore dollars and Hong Kong dollars.

#### (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 June 30, 2023 and 2022, the percentages of the Company's investment in each industry sector were as follows:

Sector	As a % of Total Investments	
	June 30, 2023	June 30, 2022
Media / Entertainment	99.9	99.9
Other	0.1	0.1
Total	100.0	100.0

### 12. SUBSEQUENT EVENT

The Company and Crystal Planet Limited ("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. Prior to completion of the Transaction, the Company will complete a share consolidation on the basis of five (5) pre-consolidation common shares for every one (1) post-consolidation common share (the "Consolidation").

On August 4, 2023, the Company and CPL have agreed to amend the share exchange agreement due to changing market conditions, pursuant to which the Company will acquire all of the issued and outstanding shares in the capital of CPL from the shareholders of CPL.