

# spackmanentertainmentgroup

## NEWS RELEASE

### SPACKMAN ENTERTAINMENT GROUP RECORDS 31% INCREASE IN REVENUE AND NET PROFIT OF US\$0.6 MILLION FOR 1Q FY2018

- Higher revenue and profitability as a result of contributions from Novus Mediacorp's post-theatrical sales for *THE OUTLAWS*, Frame Pictures' leasing equipment business and newly acquired Constellation Agency
- Performance of Novus Mediacorp and Frame Pictures affirm the potential of the proposed listing of the combined entity to independently expand in the fast growing post-theatrical market

**Singapore, 14 May 2018** – Spackman Entertainment Group Limited (“**Spackman Entertainment Group**” or the “**Company**” and together with its subsidiaries, the “**Group**”), one of Korea's leading entertainment production groups founded by investment veteran Mr. Charles Spackman, recorded a net profit of US\$0.6 million for its first quarter ended 31 March 2018 (“**1Q FY2018**”).

Revenue increased 31% year-on-year (“**YoY**”) to US\$10.5 million for 1Q FY2018 mainly as a result of an increase of US\$0.8 million from distribution of films and others, an increase of US\$1.0 million from the equipment leasing business of Frame Pictures Co., Ltd. (“**Frame Pictures**”) and US\$0.7 million contribution from Constellation Agency Pte. Ltd. (“**Constellation Agency**”), which the Group acquired in January 2018. The higher revenue from distribution of films and others is mainly a result of US\$4.5 million sales recognition from the post-theatrical distribution of *THE OUTLAWS*, co-presented by the Group's 51%-owned subsidiary Novus Mediacorp Co., Ltd. (“**Novus Mediacorp**”), in Korea.

Gross profit stood at US\$3.1 million for 1Q FY2018 mainly comprising gross profit of US\$1.1 million from the post-theatrical distribution of *THE OUTLAWS*, gross profit of US\$1.0 million from the equipment leasing business of Frame Pictures and gross profit of US\$0.4 million from Constellation Agency, which is primarily involved in the business of overseas agency for Korean artists venturing into the overseas market.

The Group posted profit before tax of US\$1.1 million and tax expense of US\$0.5 million for 1Q FY2018, mainly from taxable earnings on post-theatrical sales in Korea for *THE OUTLAWS*. As a result, the Group's net profit amounted to US\$0.6 million for 1Q FY2018.

Mr. Richard Lee, Interim Chief Executive Officer & Executive Director of Spackman Entertainment Group, said, “We are pleased to announce that the continued revenue growth and profitability for the first quarter were driven by acquisitions that materially contributed to our bottom line, in particular, our majority-owned subsidiary, Novus Mediacorp, and our 100%-owned subsidiaries, Frame Pictures and Constellation Agency. We believe that the timing is ripe for Novus Mediacorp and Frame Pictures to seek a separate listing in order to take advantage of the rapidly

growing post-theatrical market and to unlock higher value as a combined stand-alone entity independent of the Group.”

In terms of film production, the Group’s indirect wholly-owned subsidiary, Zip Cinema Co., Ltd. (“**Zip Cinema**”), will be producing a Korean financial crisis movie, *SOVEREIGN DEFAULT*, starring top Korean actors Yoo Ah-in, who is managed by SMGL and Kim Hye-soo. The film, which is distributed by CJ Entertainment, is expected to open in Korean theatres in the second half of 2018. The estimated total production budget (including prints and advertising costs) for *SOVEREIGN DEFAULT* is tentatively set at approximately KRW 9.7 billion (or US\$8.6 million).

The Group’s wholly-owned subsidiary, Take Pictures Pte. Ltd., which wholly-owns film production company Studio Take Co., Ltd., shall be producing an upcoming human drama movie with the working title, *DAMAGED*. The film has commenced filming and is slated to be released by the second half of 2018, subject to changes in final filming schedule.

The Group has also been preparing to enter into the Korean drama series production and intends to form a strategic partnership with Mongjakso Co. Ltd., a Korean TV drama producer, to co-develop and co-produce TV dramas including upcoming drama, starring So Ji Sub of SMGL, which is scheduled to be released in the second half of 2018.

The Makers Studio Co. Ltd., which the Group has invested in, plans to produce and release four films from 2018 to 2020, the first of which will be *THE ISLAND OF THE GHOST’S WAIL*, a comedy horror film with a tentative budget of KRW 3 billion (or US\$2.7 million), excluding prints and advertising costs. The film is slated to be released in the second half of 2019.

On 7 May 2018, the Group announced that it has engaged RHT Capital Pte. Ltd. as the financial adviser, issue manager and full sponsor for the Proposed Spin-off and Proposed listing of Novus and Frame Pictures. The Group believes that the separate listing of Novus and Frame Pictures shall enable the combined standalone entity to independently raise the capital necessary to unlock the full potential of its operations and projects, and to capitalize on the rapidly growing post-theatrical and camera equipment leasing markets. The Group will make the necessary announcements in relation to the Proposed Spin-off and Proposed Listing of Novus and Frame Pictures. Accordingly, there is no assurance that the Proposed Spin-off and Proposed Listing will materialise.

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### **About Spackman Entertainment Group Limited**

Spackman Entertainment Group Limited (“**SEGL**” or the “**Company**”), and together with its subsidiaries, (the “**Group**”), one of Korea’s leading entertainment production

groups founded by investment veteran, Mr. Charles Spackman, is primarily engaged in the independent development, production, presentation, and financing of theatrical motion pictures in Korea. In addition to our film business, we also make investments into entertainment companies and film funds that can financially and strategically complement our existing core operations. SEGL is listed on the Catalist of the Singapore Exchange Securities Trading Limited under the ticker 40E.

SEGL's Zip Cinema Co., Ltd. ("**Zip Cinema**") is one of the most recognised film production labels in Korea and has originated and produced some of Korea's most commercially successful theatrical films, consecutively producing 8 profitable movies since 2009 representing an industry leading track record. Recent theatrical releases of Zip Cinema's motion pictures include some of Korea's highest grossing and award-winning films such as *MASTER* (2016), *THE PRIESTS* (2015), *COLD EYES* (2013), and *ALL ABOUT MY WIFE* (2012). For more information on Zip Cinema, do visit <http://zipcine.com>

SEGL also owns Novus Mediacorp Co., Ltd. ("**Novus Mediacorp**"), an investor, presenter, and/or ancillary distributor for a total of 76 films (53 Korean and 23 foreign) including *SECRETLY, GREATLY*, which was one of the biggest box office hits of 2013 starring Kim Soo-hyun of *MY LOVE FROM THE STARS* fame, as well as *FRIEND 2: THE GREAT LEGACY*. In 2012, Novus Mediacorp was also the ancillary distributor of *ALL ABOUT MY WIFE*, a top-grossing romantic comedy produced by Zip Cinema. In 2018, *THE OUTLAWS*, co-presented by Novus Mediacorp broke the all-time highest Video On Demand ("**VOD**") sales records in Korea. For more information on Novus Mediacorp, do visit <http://novusmediacorp.com>

Our films are theatrically distributed and released in Korea and overseas markets, as well as for subsequent post-theatrical worldwide release in other forms of media, including cable TV, broadcast TV, IPTV, video-on-demand, and home video/DVD, etc. We release all of our motion pictures into wide-theatrical exhibition initially in Korea, and then in overseas and ancillary markets.

We also operate a café-lounge called Upper West, in the Gangnam district of Seoul and own a professional photography studio, noon pictures Co., Ltd..

The Company holds an effective shareholding interest of 33.76% in Spackman Media Group Limited ("**SMGL**"). SMGL, a company incorporated in Hong Kong, together with its subsidiaries, is collectively the largest entertainment talent agency in Korea in terms of the number of artists under management, including some of the top names in the Korean entertainment industry. SMGL operates its talent management business through renowned agencies such as MS Team Entertainment Co., Ltd., UAA & Co Inc., Fiftyone K Inc., SBD Entertainment Inc., and Kook Entertainment Co., Ltd. Through these full-service talent agencies in Korea, SMGL represents and guides the professional careers of a leading roster of award-winning actors/actresses in the practice areas of motion pictures, television, commercial endorsements, and branded entertainment. SMGL leverages its unparalleled portfolio of artists as a platform to

develop, produce, finance and own the highest quality of entertainment content projects, including theatrical motion pictures, variety shows, and TV dramas. This platform also creates and derives opportunities for SMGL to make strategic investments in development stage businesses that can collaborate with SMGL artists. SMGL is an associated company of the Company.

On 31 March 2017, the Group completed the acquisition of 100% equity interest in Frame Pictures Co., Ltd. ("**Frame Pictures**"). Frame Pictures is a leader in the movie/drama equipment leasing business in Korea. Established in 2014, Frame Pictures has worked with over 25 top directors and provided the camera and lighting equipment for some of Korea's most notable drama and movie projects including *LIVE* (2018) starring Lee Kwang-soo of *RUNNING MAN*, *MY MISTER* (2018), *SUITS* (2018) showcasing Park Hyung-sik of SMGL, *MISTRESS* (2018), *LIFE* (2018), Netflix's first Korean original production *LOVE ALARM* (2018), *DECEPTIVE MURDER* (2017), *TUNNEL* (2017), *VOICE* (2017), *THE LEGEND OF THE BLUE SEA* (2016) featuring Jeon Ji-hyeon and Lee Min-ho, as well as *VETERAN* (2015), the number one movie at the Korean box office in 2015 starring Yoo Ah-in.

On 27 October 2017, the Company completed the acquisition of 100% equity interest in Take Pictures Pte. Ltd. ("**Take Pictures**") which owns a strong lineup of 10 film projects including the co-production with Zip Cinema for *THE PRIESTS 2*.

On 26 January 2018, the Company completed the acquisition of 100% equity interest in Constellation Agency Pte. Ltd. ("**Constellation Agency**"). Constellation Agency, which owns The P Factory Co., Ltd. ("**The P Factory**") and Platform Media Group Co., Ltd. ("**PMG**"), is primarily involved in the business of overseas agency for Korean artists venturing into the overseas market. The P Factory is an innovative marketing solutions provider specializing in event and branded content production. PMG is a talent management agency which represents and manages the careers of major artists in film, television, commercial endorsements, and branded entertainment.

For more details, do visit <http://www.spackmanentertainmentgroup.com/>

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*This press release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this press release.*

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