

## Press Release

# **MM2 ASIA'S NET PROFIT UP 17% TO S\$9.12 MILLION IN Q1 OF FY2019**

- **Group's Q1 FY2019 revenue up 99% to S\$49.0 million**
- **North Asia remains key market; Group to co-invest and co-produce 6 Thai and Indonesian films with South Korea's major content player**
- **Investment by strategic investors in the Group's subsidiary- UnUsUaL Limited enhances its access to valuable business networks in the region**
- **Settlement of final payment for acquisition of a subsidiary, Cathay Cineplexes Pte Ltd, in Q1 FY2019**

**SINGAPORE, 14 Aug 2018** – For the first quarter (Q1) of fiscal year 2019 (FY2019), which ended on 30 June 2018, leading producer of films and TV/online content in Asia, **mm2 Asia Ltd.** (“**mm2 Asia**”, “**mm2 全亚影视娱乐有限公司**” or collectively with its subsidiaries, the “**Group**”), is pleased to announce that its net profit rose 17% to S\$9.1 million.

The Group's revenue for the quarter increased by approximately S\$24.4 million, or 99% from the corresponding quarter in FY2018, to S\$49.0 million. The increase was mainly due to the consolidation of revenue from business assets acquired from Lotus Fivestar Cinemas (M) Sdn. Bhd. and a subsidiary, Cathay Cineplexes Pte Ltd, in Q3 of FY2018. The Group's core business, as well as its post-production business also contributed to the increase in revenue.

### **Q1 FY2019 Highlights**

Gross profit during the quarter increased by S\$17.6 million or, 114.4% from the corresponding quarter in FY2018, to S\$32.9 million. The increase was in tandem with revenue growth registered by the Group's businesses in content production, distribution and sponsorship, cinema operation, post-production, event production and concert promotion.

Administrative expenses increased by S\$13.2 million from Q1 of FY2018 to approximately S\$18.9 million in Q1 of FY2019. The increase in administrative expenses was mainly due to increases in employees' costs, depreciation charges, utilities and rental expenses as contributed by acquisitions for the cinema business in Q3 of FY2018.

The Group's first quarter net profit increased by 17% to S\$9.1 million, from S\$7.8 million in Q1 of FY2017. This translated into a net profit attributable to shareholders of S\$7.3 million in Q1 of FY2019, up 13.2% from S\$6.4 million in Q1 of FY2018. The earnings per share (EPS) for the quarter came in at 0.62 cents.

Similar to the Group's financial performance in 4Q of FY2018, the higher percentage increase found in the Group's gross profit than its net profit could primarily be attributed to the higher administrative expenses of the expanded cinema business. In addition, the Group's 1Q of FY2019 net profit was also further impacted by interest costs incurred by additional borrowings and the issuance of medium term note in 1Q of FY2019 and convertible bonds and notes in 4Q of FY2018.

In S\$'million (unless otherwise stated)	Q1FY2019	Q1FY2018	Change
<b>Revenue</b>	<b>49.0</b>	<b>24.6</b>	<b>99.0%</b>
<b>Gross profit</b>	<b>32.9</b>	<b>15.4</b>	<b>114.4%</b>
<b>Net profit</b>	<b>9.1</b>	<b>7.8</b>	<b>17.0%</b>
<b>Net profit attributable to shareholders</b>	<b>7.3</b>	<b>6.4</b>	<b>13.2%</b>
<b>EPS (cents)</b>	<b>0.62</b>	<b>0.61</b>	<b>-</b>

### **Business Expansion in North Asia Remains Key**

North Asia remained a key market for the Group during Q1 of FY2019. Notably, throughout the last fiscal year, the region contributed 34% to the Group's revenue. In September 2017, the Group signed a Memorandum of Understanding (MoU) with several partners, to co-invest over the next 3 years, a total of US\$25 million and to co-produce five films and multiple online films. This was an important milestone for the Group, as it tapped into the fast-growing online video market in China.

With respect to the Group's first quarter results, mm2 Asia's Executive Chairman, **Mr. Melvin Ang (洪伟才)** said: **"Beyond the Chinese market, which offers huge growth potential, the Group is also seeking opportunities of regional film co-productions; In May 2018, mm2 formed a strategic slate partnership to co-finance 6 Southeast Asian films over the next 3 years. In April 2018, the Group's subsidiary, UnUsUaL Limited ("UnUsUaL") also welcomed strategic participation by influential regional investors, which enhances its access to valuable business networks in the region. We look forward to the new phase of growth as a truly Asian company."**

### **Moving Ahead**

The Group's content creation capabilities have extended beyond films and TV. In August 2018, UnUsUaL entered into a binding Heads of Agreement (HOA) with an American partner to develop and produce APOLLO, a show that celebrates the 50th anniversary of Man's first step on the Moon. This is a significant milestone for UnUsUaL, as it moved up the supply chain to become an Intellectual Property (IP) owner, adding an additional revenue stream to the Group. In addition, in March 2018, Vividthree Productions Pte Ltd entered into a binding term sheet to create a VR tour shows based on the popular 2016 Korean blockbuster – "Train to Busan."

**mm2 Asia's CEO, Mr. Chang Long Jong added: "Vividthree Production Pte Ltd ("Vividthree") is entitled to jointly operate self-created shows with partners in all territories outside South Korea. The Group is also in the midst of preparing the subsidiary for its proposed spin-off and listing on the SGX Catalist Board. Similar to the listing of UnUsUaL, the proposed spin-off and listing of Vividthree is about creating the best operating environment for and sharpening the focus of the management of Vividthree. Moreover, this exercise allows Vividthree to raise the funds required for its new growth trajectories in digital IP asset development without relying on the Group's financing; creating real value for the shareholders."**

With the issuance of a multicurrency medium term note (MTN) and the secure loan facilities obtained in April and May 2018 respectively, the Group has completed the payment for the acquisition of Cathay Cineplexes Pte Ltd. The Group's integrated content platforms and capabilities now span across nearly the entire media supply

chain, from production to distribution in various media formats including cinemas, concerts and virtual reality (VR) tour shows, as exemplified by the upcoming Train to Busan Virtual Reality Tour show. The Group has also set up a joint venture company that operates the AsiaOne website, to create engaging digital lifestyle and entertainment content targeted at the growing local and regional demand for interactive digital editorial and video content.

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**Note to media Please read this press release in conjunction with the Company's announcement released on SGXnet on the same date.**

**About mm2 Asia Ltd.**

Headquartered in Singapore, mm2 Asia Ltd. champions "Content and Media for Asia", with businesses in the production and distribution of film, TV and online content, post-production, cinema operation, event production and concert promotion in Singapore, Malaysia, Hong Kong, Taiwan, China and the U.S.

Since being listed on the SGX Catalist in December 2014, mm2 Asia has strengthened its competitive advantage through its acquisition of a majority stake in an award-winning Singaporean 3D animation company, Vividthree Productions, and event-and-concert production company, UnUsUaL Limited (SGX stock code: 1D1). With the establishment of mmCineplexes and the acquisition of Cathay Cineplexes Pte Ltd, mm2 Asia is currently one of the key cinema operators in Malaysia and Singapore.

On 7 August 2017, mm2 Asia successfully transferred to the SGX-ST Mainboard (SGX stock code: 1B0), becoming the first Singaporean film production company to achieve this.

For more information, please visit <http://www.mm2asia.com>

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