Press Release

mm2 Asia maintains positive operating cashflows and EBITDA for FY2021; Optimistic on business recovery

- **Generated positive EBITDA and operating cashflows in FY2021**
- **Revenue improved significantly in 2HFY2021 from 1HFY2021 as most business segments saw strong rebound**
- **Pipeline of Core Business projects remains robust as the Group targets 40% of content production revenue to come from these streaming channels by FY2022**

SINGAPORE, 29 May 2021 – mm2 Asia Ltd. ("**mm2 Asia**", "**mm2 全亚影视娱乐有限公司**" or collectively with its subsidiaries, "**the Group**"), today reported its financial results for the financial year ended 31 March 2021 ("FY2021").

Despite the disruption to some of the Group's operating segments due to the Covid-19 pandemic, mm2 Asia achieved positive operating cashflows of S$3.9 million, and generated positive Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") and before impairment of S$7.3 million, in FY2021. This was driven by a strong rebound in revenues across most business segments in 2HFY2021, as well as stringent cost controls and prudent cash management measures during the financial year.

Chief Executive Officer of mm2 Asia, Mr Chang Long Jong (章能容), commented on the Group's results***: "Although the COVID-19 pandemic has massively disrupted several of our operating segments, the underlying fundamentals of our business remain stable, and some segments have even shown signs of a rebound in recent months. Given the versatility of our businesses in content creation, concert and creative services, we are confident of riding the upswing when the market recovers."***

Financial Overview

Group revenue decreased 68.1% YoY to S$75.2 million in FY2021, mainly due to the pandemic, which has adversely affected the Group's major businesses in movies/drama production, film exhibitions and distributions as well as live entertainment since January 2020. In particular, the Cinema and Event businesses were shut for most of the year (i.e. combined FY2021 Cinema and Event revenues declined 89% YoY). Despite the challenging start to the year, there was a noticeable rebound in sales in 2HFY2021 across most business segments, which registered revenue of $58.2 million as compared to $20.0 million in 1HFY2021. Whilst the Group reported a net loss of $102.0 million, it generated positive EBITDA before impairment charges of S$7.3 million, and achieved positive operating cashflow of S$3.9 million, in the current financial year.

S$' Million	FY2021 (Apr 2020 – Mar 2021)	FY2020 (Apr 2019 – Mar 2020)	FY2021 vs FY2020 Change%
Revenue	75.2	235.8	-68.1%
Gross Profit	6.0	89.4	-93.5%
Gross Margin (%)	7.9%	37.9%	
EBITDA (Note 1)	7.3	97.9	-92.5%
Net (Loss)/Profit	(102.0)	6.3	n.m
Net Margin (%)	-135.6%	2.7%	
Net (Loss)/Profit To shareholders	(92.7)	3.3	n.m
(Loss)/Earnings per share (cents)	(8.0)	0.3	n.m

n.m – Not meaningful

Note 1

(a) the reported EBITDA presented is based on the adoption of SFRS(I)16 ("Post-16 EBITDA"). Excluding the effect of SFRS(I) 16, the EBITDA ("Pre-16 EBITDA") for FY2021 and FY2020 will be -S$17.3m and +S$74.2m respectively.

(b) Excluding the (i) non-cash loss on fair value changes in derivative financial instrument of S$6.0m (FY2020: Gain of $5.8 million), (ii) non-cash loss on fair value changes in financial assets, FVPL of $0.4million (FY2020: Loss of $0.06 million) and (iii) expected credit loss on financial assets of $5.1 million (FY2020: $1.0m), the Pre-16 EBITDA for FY2021 will be -S$5.8m and FY2020 will be +$69.4 million respectively.

During the period, the Group recorded higher impairment losses of S$38.8 million, due to the impairment of film rights, film intangibles and inventories, films under production and goodwill in the cinema segment.

S$ million	FY2021	FY2020	Increase	
Film rights	6.2	-	(6.20)	100%
Film intangibles and inventories	3.9	-	(3.9)	100%
Films under production	1.7	-	(1.7)	100%
Goodwill of cinemas	27.0	10.70	(16.3)	152.3%
Total Impairment losses	**38.8**	**10.70**	**(28.1)**	**262%**

This was partially offset by a S$12.1 million decline in other administrative expenses following cost containment measures implemented during the year.

S$ million	FY2021	FY2020	Savings	
Staff costs from non-direct operating & management	10.3	14.2	3.9	27.5%
Repairs & maintenance of cinema halls and other admin offices	1.0	2.5	1.5	60.0%
Utilities of cinema halls and other admin offices	2.0	4.4	2.4	54.5%
Cleaning fees for cinema halls	1.2	2.8	1.6	57.1%
Travelling expenses	0.1	0.6	0.5	83.3%
Others	28.7	30.9	2.2	7.1%
Total admin expenses excluding depreciation, amortisation and impairment	**43.3**	**55.4**	**12.1**	**21.8%**

Segmental Performance

Revenue S$' Million	1HFY2021	2HFY2021	Total
Core	13.4	41.8	55.2
Post-Production	0.3	1.7	2.0
Cinema	3.6	12.3	15.9
Events	1.1	0.2	1.3
Others	1.6	2.2	3.8
Total (before intersegment eliminations)	**20.0**	**58.2**	**78.2**
Less: Intersegment eliminations			(3.0)
Total			**75.2**

Revenue from the Group's Core business dropped 29.9% YoY to S$55.2 million in FY2021 due to fewer projects completed and lower distribution income on the back of intermittent cinema closures in countries where it operates, as well as deferment of movie title releases. The Group completed 12 production titles in in FY2021 compared to 18 in FY2020. Nonetheless, the Core business rebounded strongly in 2HFY2021 with increased activities and project execution from its production business. Revenue from the Post-Production segment declined by 67.2% YoY to $2.0 million in FY2021, led by the deferment of live entertainment projects in its digital content production business, including MICE (Meetings, Incentives, Conferences and Exhibitions). Similar to its Core business, the Post-Production business performed well from 2HFY2021, as its revenue grew more than five-fold from 1HFY2021 to $1.7 million in 2HFY2021. Revenue from Cinema segment fell 81.9% YoY to $15.9 million in FY2021 due to reduced admissions, deferral of movies titles, as well as the Singapore government's Covid-19 safe management measures to contain the pandemic. Revenue from its Singapore operations has improved since the beginning of 2HFY2021 as compared to 1HFY2021, despite reduced seating capacity and other Covid-19 safe management measures.

The Group's operations in Malaysia have also been severely affected by intermittent cinema closures and operating with reduced seating capacity due to social distancing measures. Despite this, the Cinema segment has shown signs of a gradual recovery, registering a total revenue of $12.3 million in 2HFY2021 as compared to $3.6 million in 1HFY2021. Revenue from Concert and Events ("Events") segment decreased by 97.8% to $1.3 million in FY2021, as the majority of projects, such as concerts and large-scale events, were deferred. Revenue from Other segment – consisting of media advertising activities, news agency activities, development of software for interactive digital media, brand consulting services, streaming of digital films and short video content – gained 4.6% YoY to S$3.8 million in FY2021.

Group's Outlook

The Group remains upbeat on the back of signs of rebound that have emerged in its operations since 2HFY2021, and more so with China nearing a complete recovery over the last six months. The challenges of the Cinema business will also ease once Hollywood starts releasing the content that has been deferred since the beginning of 2020, and as the Group executes its cinema transformation plans post-COVID-19.

Executive Chairman of mm2 Asia, Mr Melvin Ang (洪伟才) said: "***We firmly believe that the worst is almost over. We are confident that with tenacity, clear-mindedness, cost controls and discipline, we will be able to overcome the current headwinds to our businesses."***

"Furthermore, we will continue to expand into non-Chinese content markets, e.g. Thailand and South Korea, by utilising our competency and methodologies that have performed well in the Chinese content markets. With over a decade-long track record spanning many segments in the content creation value chain, mm2 Asia remains a formidable player in the region, boasting a strong pipeline of core projects valued at S$80.7 million, which offers earnings visibility up to FY2022. The Group is currently working with over half the major OTT content players in the industry, and is targeting 40% of its content production revenue to come from these streaming channels by FY2022." added Mr Ang.

Following the Group's success in raising aggregated gross proceeds amounting to $54.65 million from the rights issue to redeem its Medium Term Note ("MTN"), mm2 Asia has re-engaged with its principal bankers to refinance existing borrowings and seek new credit facilities to secure its financial sustainability. In the meantime, the Group will continue to exercise strict cost controls and prudent cash management.

– End of Press Release–

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 champions “Content and Media for Asia”, with integrated businesses across the content, immersive media, cinema, event and concert industries in Singapore, Malaysia, Hong Kong, Taiwan, China and the U.S.

Since being listed on the SGX Catalist in December 2014 and the successful transfer to the SGX Mainboard in August 2017, mm2 Asia has strengthened its competitive advantage through its acquisitions of a majority stake in an award-winning virtual reality, animation and visual effects studio, Vividthree Holdings Ltd. (SGX stock code: OMK), and event production and concert promotion 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.

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

For investor relations matters, please kindly email ir@mm2asia.com

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