

mm2 ASIA RELEASES AUDITED FINANCIAL STATEMENTS WITH POSITIVE POST-FINANCIAL YEAR EVENTS OF OVER \$100M

- **Auditor has issued an unmodified audit opinion with a Material Uncertainty Related to Going Concern for the Group’s financial statements ended 31 March 2022.**
- **Management believes there are no current issues and/or concerns on the Company’s ability to operate as a going concern.**
- **The Group is able to access the capital markets repeatedly post financial year end; fundraising could exceed \$100 million cumulatively, a strong signal of investors’ confidence.**

Singapore, 13 July 2022 **mm2 Asia Ltd.** (“**mm2 Asia**”, “**mm2全亚影视娱乐有限公司**” “**the Company**” or collectively with its subsidiaries, “**the Group**”) wishes to announce that the Group’s independent auditor, Nexia Ts Public Accounting Corporation (“the Independent Auditor”), has included a separate section under the heading of Material Uncertainty Related to Going Concern in its auditor’s report (“the Independent Auditor’s Report”) on the Group’s audited financial statements for the financial year ended 31 March 2022 (“FY2022 Audited Financial Statements”).

In forming the audit opinion, the Independent Auditor has considered both the adequacy of the disclosure made in the financial statements and management’s use of the going concern basis of accounting in preparation of the financial statements, which remain appropriate.

The financial statements of the Group have been prepared on a going concern basis, with the assumption that the Group will be able to meet its liabilities as and when they fall due.

In the audited financial statements, the Group reports a net loss of \$42.0 million (2021: \$99.5 million) for the financial year ended 31 March 2022. As of that date, the Group’s current liabilities exceeded its current assets by \$76.3 million (2021: \$119.5 million). Included in the current liabilities are borrowings amounting to \$154.4 million as of 31 March 2022.

However, as of 13 July 2022, the Group has taken the following steps to address the going concern, and the Board is of the opinion that there are no concerns on the Group’s ability to operate as a going

concern basis:

- 1) The Group raised \$19.5 million in new share Placement, completed on 4 April 2022. The placement agreements relate to the allotment and issuance of 390 million placement shares in the capital of the Company at an issue price of \$0.05 per placement share.
- 2) On respective dates of 12 May 2022, 6 June 2022 and 22 June 2022, mm Connect Pte. Ltd., a wholly owned subsidiary of the Group, entered into agreements to issue unsecured convertible bonds in an aggregate of \$12.0 million, carrying a coupon rate of 5% per annum and maturing on the second anniversary of the respective dates of issue. These transactions were completed as of the date of this press release.
- 3) On 16 June 2022, the Group entered into a term sheet with UOB Kay Hian Private Limited as arranger in relation to a proposed issue of Exchangeable Bonds coupled with detachable warrants by the Group (“Proposed Issuance”). The Proposed Issuance remains subject to entry into the definitive agreements after negotiations between the parties. The principal amount of Exchangeable Bonds is \$54.0 million, with a coupon rate of 5% per annum and a tenure of 2 years from the issue date which will automatically be extended for 1 year in the event the Exchange Right is not exercised at the end of the tenure. The Exchangeable Bonds are issued together with 250 million Warrants, each carrying the right for a period of 5 years from the issue date to subscribe for one new ordinary share in the Company at an exercise price of \$0.065 per new share. If fully exercised, the consideration from issuance of the Warrants will be \$16.25 million. The total funds expected to be raised from this Proposed Issuance amounts to \$70.25 million. The transaction is in progress as of the date of this press release.
- 4) The Group has been engaging continually with various lenders since the last financial year ended 31 March 2021 to obtain letters of waiver on certain compliances in facility agreements, refinancing of its existing loans and/or to extend existing loans tenure. The negotiations on the corporate exercise with the lenders are still ongoing as of the date of this press release.

For example, one of the financial institutions has agreed in principle to defer a loan repayment to more than 12 months, specifically, the principal repayment of \$21.93 million due in the next financial year will be deferred to more than 12 months. These refinancing exercises would allow the Group to preserve sufficient working capital to sustain its recovery from the impact of the COVID-19 pandemic.

- 5) Management will continue to implement comprehensive cost-containment measures, including but not limited to re-negotiation of the lease terms with lessors.

“We would like to take this opportunity to thank our shareholders for their continued support. The Group has been working on a strategy of recovery following the COVID-19 pandemic. We are glad that recovery is well on its way. We have made significant progress to strengthen our financial position, including right-sizing our businesses and innovating our offerings, to deliver value to our customers and shareholders. In the past one year, we have raised more funds than we have in the three years before the pandemic. For this we are very grateful to our backers who believe in our vision and are helping us to achieve our goal to be the leading media and entertainment company in Asia,” says Mr. Melvin Ang, Executive Chairman, mm2 Asia.

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About mm2 Asia

Headquartered in Singapore, mm2 Asia Ltd. (“mm2 Asia”, or together with its subsidiaries, the “Group”) champions “Content and Media for Asia”, with integrated businesses across the content, entertainment, cinema, event and concert industries in Singapore, Malaysia, Hong Kong, Taiwan, China and the United States of America.

Since our listing on the Catalist Board of SGX-ST in December 2014, and the successful transfer to the Mainboard of SGX-ST in August 2017, mm2 Asia has strengthened its competitive advantage through its acquisitions of a majority stake in an award-winning virtual reality, visual effects and computer-generated imagery studio, Vividthree Holdings Ltd. (SGX Stock Code: OMK), and an 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. (www.mm2asia.com)

For more information, please contact:

Bianca Leong
Director, Corporate Marketing & Business Development
mm2 Asia
Mobile and WhatsApp: (+65) 9455 8211
Email: biancaleong@mm2asia.com