Press Release

mm2 Asia reports FY2020 EBITDA S$98.3 million and net profit S$6.6 million despite challenging environment

- **Despite the Covid-19 pandemic's profound impact on global entertainment businesses, the Group maintained the momentum in its strategic transformation and demonstrated resilience to weather the crisis with the support of industry regulators, Management and employees**
- **Well-diversified businesses across the entertainment supply chain and across key geographical markets helped mm2 remain profitable and cashflow positive amidst challenges from Covid-19**

S$' Million	Reported FY2020	Adjusted FY2020*	FY2019	Adjusted FY2020 vs FY2019 Change%
Revenue	235.8	235.8	266.2	-11.4%
Gross Profit	89.4	89.4	124.2	-28.0%
Gross Margin (%)	37.9%	37.9%	46.7%	N.A.
EBITDA	98.3	74.5	78.5	-5.1%
Net Profit	6.6	9.7	28.7	-66.2%
Net Margin (%)	2.8%	4.0%	10.8%	N.A.
Net Profit To shareholders	3.5	N.A.	19.1	N.A.
EPS (cents)	0.30	N.A.	1.65	N.A.

**For comparison purposes, adjusted FY2020 numbers exclude the effect of SFRS(I)16.*
See page 10 and 19 of financial statements for further details.

SINGAPORE, 30 May 2020 – mm2 Asia Ltd. ("**mm2 Asia**", "**mm2 全亚影视娱乐有限公司**" or collectively with its subsidiaries, the "**Group**"), announced its financial results for the financial year ended 31 March 2020 ("**FY2020**").

Chief Executive Officer of mm2 Asia, Mr Chang Long Jong (章能容), commented on the Group's results, ***"The operating landscape has become increasingly challenging with the Covid-19 pandemic. We are operating in unprecedented times and, we are navigating this uncertainty as best we can. We continue to be optimistic about the underlying growth fundamentals of the business."***

"The Group was able to remain profitable and improve the cashflow generation during the year, owing to our diversified businesses across the areas of content creation, live entertainment, cinema operations and digital content and technology, as well as across different geographical markets. We are appreciative of the various support schemes in each market as well as the support of the Management and the employees. We are confident that mm2 will emerge from this pandemic stronger than before," *said Mr Chang Long Jong.*

Financial Overview

Adoption of new SFRS(I)16

The Group adopted the new ***SFRS(I)16*** in this fiscal year which is effective for the accounting periods beginning on or after 1 April 2019. The adoption of the SFRS (I) 16 has an impact on the reported net profit and earnings before interest, tax, depreciation, and amortisation ("**EBITDA**") of the Group. Our Group recorded EBITDA of S$98.3 million. Excluding the effect of SFRS(I) 16, FY2020 EBITDA would have been S$74.5 million, a decline of 5.1% from a year ago[1].

Revenue decreased 11.4% year-on-year to S$235.8 million, mainly due to a decline in contributions from the Core business, Cinema and Post-production business segments, offset partially by a rise in revenue from the Concerts & Events ("**Events**") segment. The operations of Core business and Post-production segment in North Asia and Southeast Asia have been disrupted during 4QFY2020 by the enforcement of social distancing and travel restrictions to contain the Covid-19. Consequently, the release of various project titles and tour shows have been rescheduled. Cinema segment sales were also affected during 4QFY2020 due to a slowdown in economic activities in Malaysia and Singapore from the end of January 2020, and cancellation of several global releases of lunar new year movies during the period. Our cinema operations were also forced to temporarily cease operations to comply with Malaysia and Singapore government directives on 18 March 2020 and 26 March 2020 respectively.

The lower revenue, coupled with a drop in gross margin, resulted in gross profit declining 28.0% to S$89.4 million in FY2020. In view of the negative impact of Covid-19 on the cinema operations, the Group also recognised an impairment loss on goodwill of S$10.7 million during the year. Consequently, the Group recorded a profit before tax and net profit of S$10.0 million and S$6.6 million respectively for FY2020. Excluding the effects of SFRS (I) 16 and the impairment loss of goodwill, the Group would have recorded an adjusted profit before tax of S$20.7 million versus S$39.8 million a year ago.

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[1] *See pg 10 and 19 of financial statements for further details.*

Reclassification of convertible bond and notes

The Group also reclassifies its convertible bond and notes ("**CBCN**") of S$47.4 million from non-current liabilities to current liabilities in accordance with the terms and conditions of the subscription agreements. The CBCN issued in 2018[2] as part of the Group's financing plan for the expansion of its cinema operations, carries an option to convert the CBCN into shares of the proposed future spin off the cinema operations.

Deferment of Loan Repayment

Prior to 31 March 2020, management submitted a request to the financial institutions for deferment of loan repayment for total amount of $15.5 million ("**Deferment Amount**") due to the Group's businesses affected by the Covid-19 in 4QFY2020. Subsequent to 31 March 2020, the financial institutions have granted the approval in principal and subject to finalising of loan document of which will be completed by July 2020. Accordingly, the Deferment Amount will be reclassified as non-current liabilities in the next reporting period.

<u>Group's Outlook</u>

The Covid-19 pandemic has impacted billions of people globally and many businesses have been adversely affected. Likewise, the Group will also face its challenges. The Group's core business in content development will continue to be a key driver, and its diversified businesses and multi-market presence will help mitigate the impact on other group businesses that have been more adversely affected by Covid-19.

Recognising the increasing demand for Asian content, the Group's strategy remains focused on North Asia. With strong presence and proven track records, the Group will continue to produce more projects in these markets.

In addition, the increasing number of platform providers has resulted in an increase in demand for quality content. The Group will continue to strengthen its content creation capabilities to cater to these platform players, both broadcast networks and streaming service providers (OTT), based on a B2B business model.

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2 https://links.sgx.com/FileOpen/MM2%20Asia_%20Issues%20S$47%20850%20000%20in%20Convertible%20Debt%20Securities.ashx?App=Announcement&FileID=488215

The Group foresees a pent-up demand for out-of-home and live entertainment after Covid-19 lockdowns ease. This coincides with its original pipeline with most shows planned for the second half of the financial year.

The Group is committed to ensure the initial reopening of cinemas will come with necessary safety measures to provide a safe environment for all customers. Since the beginning of Covid-19, a strong pipeline of Hollywood and Asian movies has accumulated to be released. The magic and draw of the movie-going experience is unparalleled and the Group remains optimistic about the cinema business over the longer term.

Executive Chairman of mm2 Asia, Mr Melvin Ang (洪伟才) annotated, ***"We have performed well as a Group and have remained profitable for the year, despite the cinema and event businesses being affected by Covid-19 during the fourth quarter. While, our cinema and events businesses will likely continue to be affected in 1HFY2021, we are positioning ourselves well to optimise any pent-up demand for these two businesses for the rest of the financial year. In addition, our core content business and other investments are on track, particularly in the North Asia markets and some new markets in South-east Asia. We have a strong pipeline of movies pending release in all the Chinese-speaking markets in Asia."***

"I would like to thank all our business partners, respective market industry regulators, our Management and employees who have been very supportive throughout this period. With this continued support, mm2 is ready to weather the challenges ahead," *added Mr Melvin Ang.*

– 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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