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DIGITAL DOMAIN HOLDINGS LIMITED

數字王國集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

PROFIT WARNING

The board of directors (the “**Directors**” and “**Board**” respectively) of Digital Domain Holdings Limited (the “**Company**” together with its subsidiaries, collectively the “**Group**”) notes media reports that the Screen Actors Guild - American Federation of Television and Radio Artists (**SAG-AFTRA**) has recently authorized a strike of its members, in addition to the strike approved by the Writers Guild of America (**WGA**) which commenced on 2 May 2023. Having noted that the strike of WGA members has contributed to delays in production schedules of certain of the Group’s clients in the latter part of the six months ended 30 June 2023 (“**1H2023**”), the Company expects that the additional actors’ strike is likely to lead to more delays in the Group’s visual effects (“**VFX**”) projects and therefore lower revenue being recognized for so long as these strikes remain unresolved.

Based on the preliminary assessment of the unaudited consolidated management accounts of the Group for 1H2023, the Company expects that the Group would record a consolidated net loss before taxation for 1H2023 (not yet include loss attributable to the Group’s feature film referred to below) within the range of approximately HK\$135 million to HK\$145 million (whereas its consolidated net loss before taxation for the six months ended 30 June 2022 was approximately HK\$126 million). Due to the tepid interest of the public in the feature film “Children of the Corn” which was co-produced by the Group with other partners and globally released in March 2023, the Company expects that all or part of its investment in the feature film (of approximately HK\$128 million) recognized on its consolidated balance sheet will need to be charged to the Group’s income statement and contribute to additional loss to the Group for 1H2023. Excluding the impact of the performance of the feature film, the Group’s operating performance has remained relatively stable in 1H2023 albeit affected by the reduction of revenue for its VFX service segment due to delays in clients’ production schedules as a result of the writers’ strike, increased administrative and financing costs and impairment of financial assets measured at fair value through profit or loss.

The Group is still preparing its consolidated financial statements for 1H2023. Accordingly, the financial information contained in this announcement are subject to adjustment and is subject to further assessment of the Company's management and review by the Company's audit committee. The detailed financial information of the Group for 1H2023 will be reported in the interim results announcement for 1H2023, which is expected to be published in August 2023.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By Order of the Board
DIGITAL DOMAIN HOLDINGS LIMITED
Seah Ang
Executive Director and Chief Executive Officer

Hong Kong, 31 July 2023

As at the date of this announcement, Mr. Seah Ang and Dr. Sun Ta-Chien are the executive Directors; Mr. Li Weiqiang, Mr. Cui Hao, Ms. Alla Y Alenikova and Mr. Brian Thomas McConville are the non-executive Directors; and Ms. Lau Cheong, Mr. Duan Xiongfei, Dr. Elizabeth Monk Daley and Mr. Woo King Hang are the independent non-executive Directors.