

IndexAtlas Successfully Advised Digital Domain on Strategic Changes and a Move to Profitability

March 31, 2023, Basel, Switzerland, -- IndexAtlas AG has successfully advised Digital Domain Holdings Limited (547:HKG) on strategic repositioning aimed to build a profitable and sustainable business model around focus on high quality visual effects and post-production services for world's leading content producers, mostly Hollywood studios and global game publishers.

IndexAtlas advised Digital Domain throughout 2021-2022 and congratulates the company with its 2022 financial results announced today evidencing strong positive turnaround of the company's business and finances, with the company reporting its all-time record revenue in the 30 years of history and positive EBITDA from the core business.

[Immediate Release]

DIGITAL DOMAIN (547)
HK\$ **0.270**
+0.035 (+14.89%)

PREV. CLOSE	HK\$0.235	BID	HK\$0.265
OPEN	HK\$0.234	ASK	HK\$0.270
TURNOVER	HK\$1.63M	EPS	-
VOLUME	6.48M	P/E	-
MKT CAP	HK\$1.22B	DIV YIELD	-
LOT SIZE	5,000		

	INTRA-DAY	52W
High	HK\$0.270	HK\$0.650
Low	HK\$0.234	HK\$0.224

Information is available after the market opens and is delayed by at least 15 minutes.

Updated: 31 Mar 2023 15:48 HKT



DIGITAL DOMAIN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 547)

Digital Domain Reports 2022 Results: Turns to Positive EBITDA of Media Entertainment Business Segment Driven by Record Revenue in 30 Years of the Business and Laser Focus on Core VFX business

March 31, 2023, Hong Kong – Los Angeles, -- Digital Domain Holdings Limited (“Digital Domain” or the “Group”), Hong Kong listed visual effects (“VFX”) and virtual human technology company, reports full year results for 2022 that reflect the Group’s largely completed reorganization plan aimed to refocus its business on providing the highest quality VFX services to the world’s leading content producers (mostly Hollywood studios and global game publishers).

In 2022, the Group has recorded a **revenue of HK\$959 million (US\$123 million)**, compared to **HK\$864 million (US\$111 million)** or **11% increase** from the same period in 2021 – this is the all-time highest revenue in the 30 years of the Group’s operations.

Following Digital Domain’s refined focus on VFX services, closure of loss-making activities, combined with achieving over HK\$780 million (US\$100 million) in sustainable revenue scale of the business and significant investment in high quality or lower-cost production hubs in Canada and India, Digital Domain has been transforming itself into a firmly profitable operation, with gross margin of 23% in 2022 compared to 14% in 2021 and 11% in 2020. This systemic change in profitability of Digital Domain led to the Group reporting positive EBITDA of Media Entertainment Business Segment first time since 2014, -- in 2022 Digital Domain generated positive HK\$6.1 million (US\$0.8 million) EBITDA of Media Entertainment Business Segment versus the negative HK\$304.7 million (US\$39.2 million) in 2021. On the net basis Digital Domain reporting HK\$215 million (US\$28 million) net loss in 2022 (a reduction by 72% compared to 2021 net loss of HK\$781 million (US\$100 million) – those losses largely explained by impairments and write-offs of multiple non-core legacy activities accumulated by Digital Domain over the years before the Group’s focus had been shifted to building profitable and scalable VFX operations in 2021.

“Our 2022 results evidence successful completion of the Group’s reorganization aimed to building scale and profitability in our core VFX business”, commented Daniel Seah, CEO of Digital Domain. “We intend to preserve focus on profitability and positive operating cash flows and we’ll look for further profitable growth opportunities both in our core VFX business and in commercial exploitation of our technologies that are highly relevant for artificial intelligence”, added Mr. Seah.

About Digital Domain

Digital Domain Holdings Limited (“Digital Domain”) is the pioneer of creating transportive experiences. Throughout the last 30 years, Digital Domain has grown to lead the visual effects industry, expanding globally the arm of virtual humans and visualization. Digital Domain’s rich legacy consists of hundreds of feature films and episodes, thousands of advertising, game cinematics and experimental immersive experiences. A creative force in cutting-edge technologies, Digital Domain has brought exceptional artistry to Academy Award-winning blockbusters of Titanic, What Dreams May Come and The Curious Case of Benjamin Button, Marvel Cinematic Universe titles crushed all time worldwide box office, such as Avengers franchise, and Stranger Things made a splash with Season IV.

As the first independent visual effects studio to successfully enter Greater China, Digital Domain has further paved the way towards virtual race since 2016. Leaning into technologies of artificial intelligence and virtual reality allows Digital Domain to create photorealistic and emotionally expressive virtual humans, all in real time, as well as provides an advanced medium for human-computer and human-human interactions in diverse virtual scenarios.

Digital Domain Holdings Limited is listed on the Hong Kong Stock Exchange (Stock code: 547). Digital Domain has ten locations including Los Angeles, Vancouver, Montreal, Beijing, Shanghai and Hyderabad.

Digital Domain Official Website - WWW.DIGITALDOMAIN.COM

For more information:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0331/2023033101025.pdf>