



Phantomfx

H1 FY23 Shareholders' Letter and Results

NOVEMBER 12, 2022



OUR CAPABILITIES STATEMENT

- A TPN certified studio offering a wide range of reliable, cost effective & high quality VFX services.
- Geographical presence across 5+ countries which helps to cater clients globally.

GOAL

- To emerge as the best VFX company producing high quality industry standard content in both International and Domestic market.



CIN: U92100TN2016PLC103929

Registered Office: 6th Floor, Tower B, One India Bulls Park, Plot No.14, Ambattur,
Chennai, Tamil Nadu -600058

Revenue from Operations reported at ₹ **260.46 Mn for H1 FY23**

EBITDA stands at ₹ **106.88 Mn for H1 FY23**

PAT at ₹ **80.36 Mn for H1 FY23**

H1 FY23 – Earnings update

Chennai, 14th November 2022: Phantom Digital Effects Limited (PDEL), a TPN certified company, is a VFX service provider, providing high end visual effects solutions for commercials, feature films and web series globally, through its' offices based in India, US and Canada. PDEL, in its board meeting held on 12th November 2022, announced that the Company has inter-alia considered and approved the Unaudited Financial Result for half-year ended on 30th September 2022.

Financial Statement Highlights for H1 FY23

| Particulars (₹ Mn) | H1 FY23 |
|--|---------------|
| Revenue from Operations | 260.46 |
| Other Income | 4.23 |
| Total Revenue | 264.69 |
| Total Expenses excluding Depreciation, Amortization & Finance Cost | 153.58 |
| EBITDA | 106.88 |
| EBITDA Margin (%) | 41.04% |
| Depreciation | 2.28 |
| Finance Cost | 1.04 |
| PBT before Exceptional Items | 107.79 |
| Exceptional Items | - |
| PBT | 107.79 |
| Tax | 27.43 |
| PAT | 80.36 |
| Other comprehensive profit / loss | - |
| Net PAT | 80.36 |
| PAT Margin % | 30.85% |
| Diluted EPS | 41.68 |

Financial Performance Note- H1 FY23

- Revenue from Operations is reported at **₹260.46 Mn in H1 FY23** mainly led by robust execution of our contracts related to provision of Vfx services for films, OTT, commercials, etc.
- The EBITDA stands at **₹ 106.88 Mn in H1 FY23** and **EBITDA margin was showcased at 41.04 %** mainly due to efficient utilization of resources, increasing share of higher margin international business and overall increase in scale of operations.
- PAT stood at **₹ 80.36 in H1 FY23** with **PAT margins at 30.85%.**

CASH FLOW & BALANCE SHEET ANALYSIS

| Particulars (₹ Mn) | H1 FY23 |
|--|----------------|
| Net Cash Generation from operation | 7.92 |
| Net Cash Generated/ (Used in) investing activity | (22.52) |
| Net Cash Generated/ (Used) from Financing activity | (1.04) |
| Net Increase in Cash and Cash Equivalents | (15.65) |

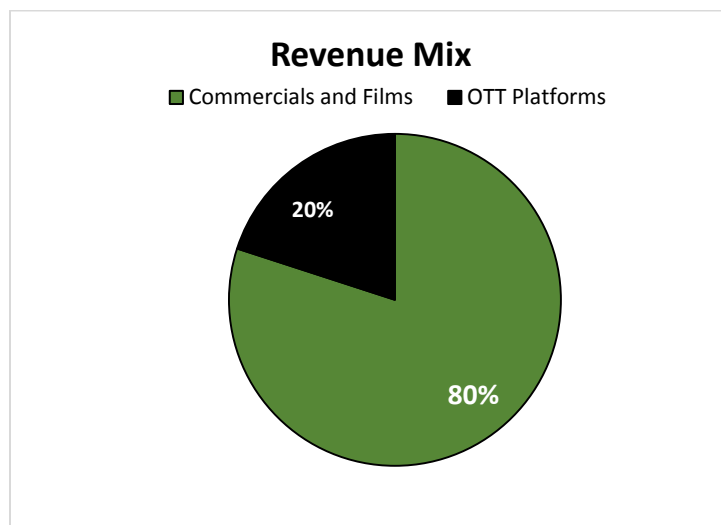
| Particulars (₹ in Mn) | As on 30.09.2022 | Particulars (₹ in Mn) | As on 30.09.2022 |
|---------------------------------|---------------------|--------------------------------------|---------------------|
| Assets | | Liabilities | |
| Non-Current Assets | | Shareholders Fund | |
| Fixed Assets & Others | 27.76 | Equity Share Capital | 90.00 |
| Deferred Tax Assets (Net) | 1.67 | Reserves and Surplus | 42.90 |
| Other Non-Current Assets | 14.40 | Total Equity | 132.90 |
| Total Non-Current Assets | 43.83 | Non-Current Liabilities | |
| | | Borrowings | 29.22 |
| | | Long Term Provisions | 3.60 |
| | | Total Non-Current Liabilities | 32.82 |
| Current Assets | | Current Liabilities | |
| Inventories- WIP | 43.54 | Borrowings | 1.20 |
| Trade Receivables | 161.38 | Trade Payables | 21.69 |
| Cash, Bank and Cash Equivalents | 1.10 | Other Current liabilities | 43.87 |
| Other Current Assets | 1.14 | Short-Term Provisions | 45.72 |
| Short Term Loans and Advances | 27.21 | | |
| Total Current Assets | 234.37 | Total Current Liabilities | 112.48 |
| | | | |
| TOTAL ASSETS | 278.20 | TOTAL LIABILITIES | 278.20 |

- Net Current Asset stood at **₹121.89 Mn in H1 FY23.**

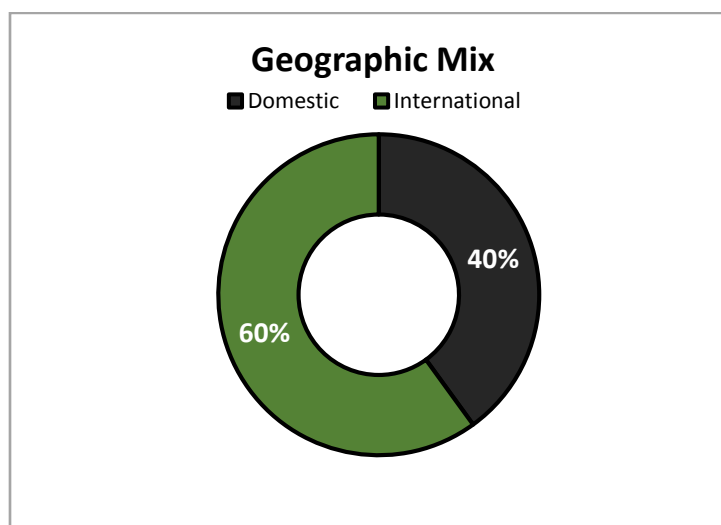
- Long term borrowing stood at ₹ 29.22 Mn in H1 FY23 and Short-term borrowing at ₹ 1.20 Mn.
- Cash flow from operations stands at ₹7.92 Mn for H1 FY23.

Performance snapshot:

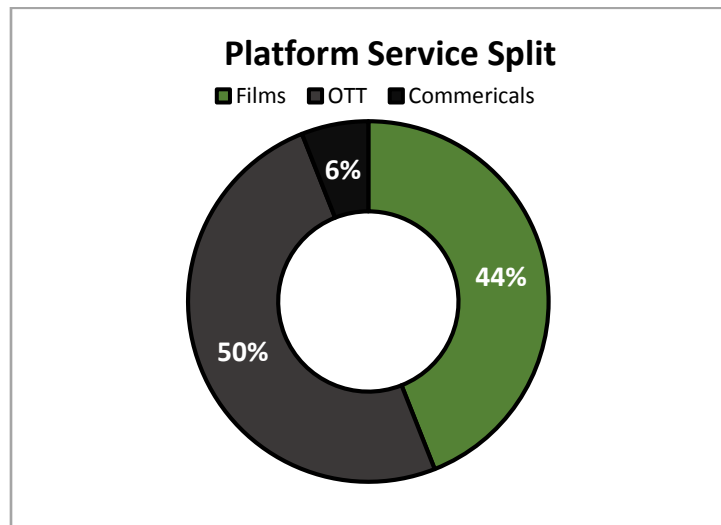
High contribution from commercial films



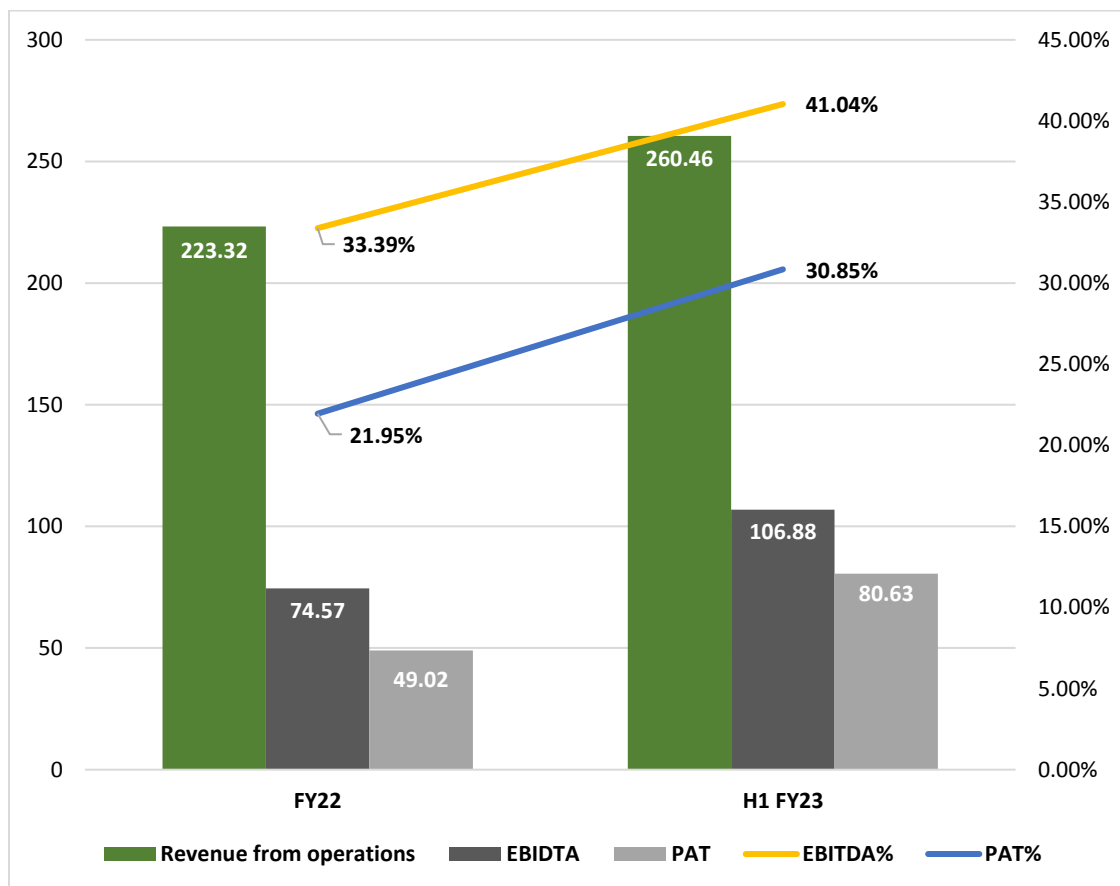
Huge international presence



High contribution towards OTT & Films



Financial Snapshot: H1 FY23 performance higher than FY22



**All Figures are in ₹Mn*

Recent Notable Developments

- **21st October, 2022:** Listed on the NSE SME Stock Exchange with a fresh issue 26,40,000 equity shares having face value of ₹10/- and issue price between ₹88-₹90/-.

Management Comments:

Commenting on the performance, Mr. Bejoy Arputharaj, Founder/CEO/VFX Supervisor said:

“We are ecstatic to present a stellar half-year financial performance on back of efficient execution of our projects helping us scale our topline to ₹260.46Mn in H1 FY23. Our EBITDA margins stood at 41.04% and PAT margins at 30.85% showcasing a highly efficient execution.

We at Phantomfx provide end-to end creative visual effects services like Completing a Shot with final compositing, Creating 3D elements, Photo real creatures, and Environments, Rig/Wire removal, paint clean-up, rotoscopy, 3D match move, 3D animation (storyboard & animation), Pre-visualization Game cinematics , Fire/water Fx and other Natural phenomena 3D ride animation for commercials, feature films, and Web series globally. We take great pride in our Trusted Partner Network (TPN) certification which places us in the leagues of major global visual effects studios like Pixar, Walt Disney Animation, and Animal Logic amongst others. This is reflective of our vigor to provide highly reliable, timely and creative vfx service for a profound impact on our end-user particularly the audience. We intend to branch out beyond visual effects and venture into industries such as animation and gaming in the coming years.

Owing to increasing demand and patronage enjoyed from our clients we have already executed 70 projects during H1 FY23 and stand at a current order book valuing up to ~INR 550 Mn - 600 Mn with 57 projects in pipeline for which we plan on increasing our human capabilities from 300 - 1000 by FY23. We have also developed an ERP software which will effectively streamline our operational activities and help us to fixate on our core activities.

Our geographical presence is currently spread across Mumbai and Chennai in India with International offices located in Los Angeles, Vancouver and Montreal. We intend to increase our presence rapidly. We plan to open 2 studios in Mumbai and Cochin during H2 FY23 and expand operations in our international offices in Canada & Los Angeles.

Lastly, I want to express my sincere congratulations to the Phantom team & all the stakeholders for successfully listing on the NSE (SME) stock exchange platform. At Phantomfx we aspire our growth story to be backed by happy personnel, enhanced shareholder value and positive impact on our audiences simultaneously achieving our desired results in an optimistic manner.”

Management Guidance:

- The management expects the top line in FY23 to conservatively double from FY22, mainly driven by the order wins both domestically and internationally.
- The EBITDA margins to remain in the corridor of 38%-40% due to increasing scale of operations and higher share of international projects.
- Management anticipates that the Cochin and Mumbai studio will be fully operational by next quarter that will provide end-to-end vfx solutions.
- The management plans to foray into animation and gaming space gradually.

About Phantom Digital Effects Limited

Phantom Digital Effects Limited (PDEL) is a Certified Trusted Partner Network (TPN) company which operates with a full-fledged creative VFX studio, based in India with offices operating in US and Canada. PDEL was incorporated in the year 2016 and as a TPN Certified studio, they offer end-to-end services to production houses encompassing services like Completing a Shot with final compositing, Creating 3D elements, photo real creatures, and environments, Rig/Wire removal, paint clean-up, rotoscopy, 3D match move, 3D animation (storyboard & animation), Pre-visualization Game cinematics, Fire/water Fx and other natural phenomena 3D ride animation for commercials, feature films, and Web series globally. PDEL operates globally in USA and Canada through agencies and additionally they have two operating studios in Mumbai and Chennai. Phantom is confounded with a team of creative-driven professionals who are capable of managing complex and scalable VFX production tasks to deliver high-quality, industry standard content for the client. Currently they are one of India's trusted Visual Effects provider backed by esteemed clientele and vast industry experience and aim to build strong relationships with the existing clients to build competitive advantage.

For further information on the Company, please visit www.phantom-fx.com

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