

NSE/Reg: 21/012/2022-23

February 14, 2023

To,
National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex,
Bandra (E) Mumbai - 400 051.

Sub: PhantomFX Q3 & 9M FY23 – Earnings release Update

Script Symbol: PHANTOMFX

Dear Sir / Madam,

In continuation to our intimation dated February 13, 2023, please find below earning release on Unaudited Financial Results(Standalone and Consolidated) of the Company for the quarter and period ended December 31, 2022, held on February 7, 2023.

In this regard, we have enclosed the following attachments

Request you to take this on your record.

Thanking you

For Phantom Digital Effects Limited

PALLAVI
TONGIA
Membership Number: A66438
Company Secretary and Compliance Officer
Email Id: cs@phantom-fx.com

Digitally signed by PALLAVI TONGIA
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CIN: U92100TN2016PLC103929

Registered office: 6th floor, Tower-B, One India Bulls Park, Plot No.14, 3rd Main Road, Ambattur, Chennai 600058

Q3 & 9M FY23 – Earnings Update

Revenue from Operations reported at Rs. 129.16 Mn in Q3 FY23 and Rs. 389.63 Mn for 9M FY23

EBITDA stands at Rs. 57.13 Mn in Q3 FY23 and Rs. 164.03 Mn for 9M FY23

PAT at Rs. 39.96 Mn in Q3 FY23 and Rs. 120.32 Mn for 9M FY23

Chennai, 13th Feb, 2023: Phantom Digitals Effects Limited (PDEL), a TPN Certified Company, is a VFX service provider, providing high end visual effect solutions for commercials, feature films, and web series globally, through its offices based in India, USA, and Canada. PDEL, in its board meeting held on 13th February 2023, announced that the Company has inter-alia considered and approved the Unaudited Financial Result for Q3 & 9M FY23.

Financial Summary:

Particulars (Rs. Mn)	Q3 FY23	H1 FY23	9M FY23	FY22
Revenue from Operations	129.16	260.46	389.63	223.33
Other Income	2.36	4.24	6.59	0.33
Total Revenue	131.52	264.70	396.22	223.66
Total Expenses excluding Depreciation, Amortization, & Finance Cost	72.03	153.57	225.60	148.74
EBITDA	57.13	106.89	164.03	74.59
EBITDA Margins (%)	44.23%	41.04%	42.10%	33.40%
Depreciation & Amortization	2.64	2.28	4.92	2.86
Finance Cost	3.09	1.05	4.14	6.55
PBT	53.76	107.80	161.56	65.51
Tax	13.80	27.44	41.24	16.49
PAT	39.96	80.36	120.32	49.02
PAT Margins (%)	30.94%	30.85%	30.88%	21.95%
Diluted EPS	5.50	41.68*	16.55	5.45

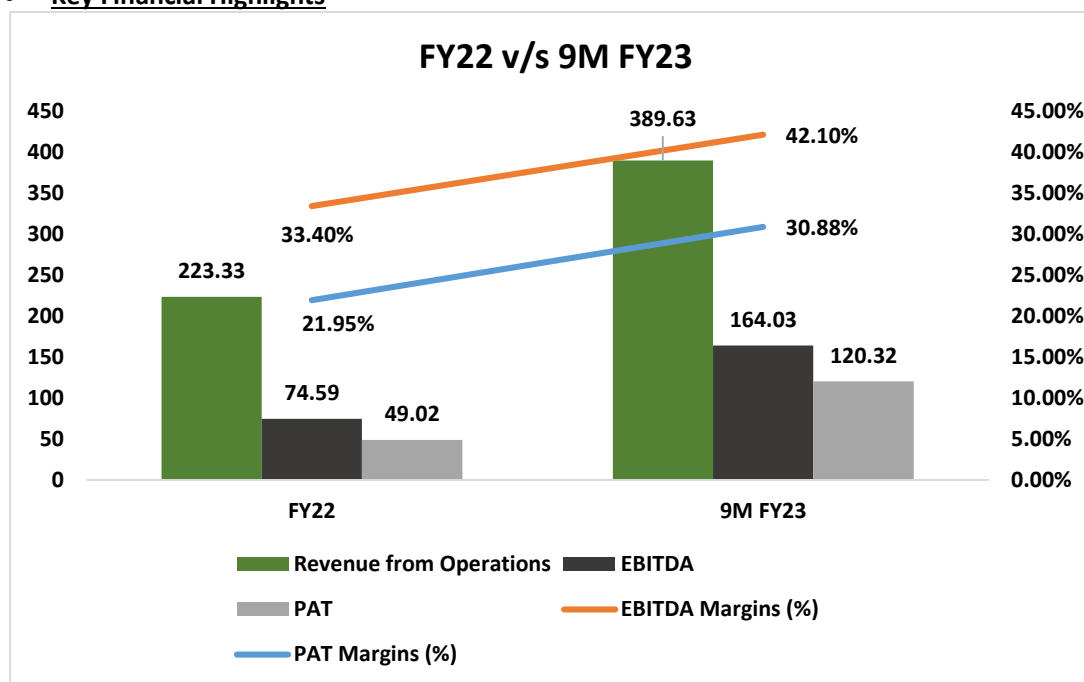
*For every 1 Equity share of Rs. 10/- each. Accordingly, EPS has been restated and adjusted all comparative periods.

Financial Highlights for Q3 & 9M FY23 –

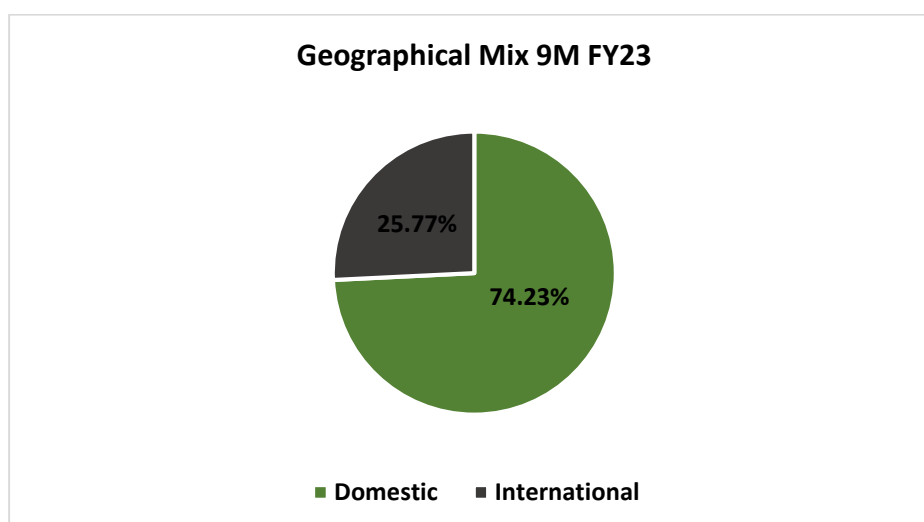
- Revenue from operations stood at Rs. 129.16 Mn in Q3 FY23 and Rs. 389.63 Mn for 9M FY23 owing to robust demand for our services and efficient execution of our orderbook.
- EBITDA stood at Rs. 57.13 Mn for Q3 FY23 and Rs. 164.03 Mn for 9M FY23, and EBITDA margins stood at 44.23% and 42.10% respectively led by efficient utilisation of resources, economies of scale, and increase in business from international clientele, yielding better margins.
- PAT stood at Rs. 39.96 Mn for Q3 FY23 and Rs. 120.32 Mn for 9M FY23, and PAT margins stood at 30.94% and 30.88% respectively.

Key Performance Snapshot –

- Key Financial Highlights



- Geographical Mix



Recent Notable Developments –

- **Update on CAPEX**
 - PDEL has commissioned a new office in Mumbai which acts as a state-of-the-art studio space having a capacity to accommodate ~200 personnel.
 - PDEL has commissioned its third office having an area of 3,358 sq. feet at Chennai, with an ability to accommodate 50 employees.
- **New Orders Received**
 - PDEL has bagged a VFX service contract with a renowned client in the commercial film industry valuing at ~ Rs. 95 Mn and yielding a profit margin of 32-35%.
- **Business Update**
 - PDEL has been endorsed as an Amazon-approved VFX Studio and has been added to the Amazon Studio's Vendors Portal. PDEL will now be providing its various services to Amazon's Production
 - PDEL has received recognition from the Walt Disney Company and is authorised to receive content from Walt Disney Studios and/or Television Groups.
 - DNEG, one of the world's leading visual effects and animation studios for feature film and television, has approved PDEL as an Outsourcing Vendor to handle various assignments pertaining to their feature film, television, and multiplatform content.
 - PDEL has been honoured as the "Company of the Year" by Outlook Business Spotlight and DigiTech Media reflecting upon accomplishments of India's foremost business icons in their respective domains.
 - PDEL has been recognised and rewarded for the team effort towards carrying out VFX of movie Vikram, starred by Kamal Hassan.

Management Comments:

Commenting on the performance of Q3 and 9M FY23, the management team said:

"We are pleased to present our business performance for Q3 and 9M FY23 period. In terms of financial performance, Revenue from operations stood at Rs. 129.16 Mn for Q3 FY23 and Rs. 389.63 Mn for 9M FY23 as compared to Rs. 223.33 Mn in FY 22. This robust growth was led by increasing demand and efficient execution of our projects. Our EBITDA stood at Rs. 57.13 Mn for Q3 FY23 and Rs. 164.03 Mn in 9M FY23 and margins were recorded at 44.23% in Q3 FY23 and 42.10% in 9M FY23 as compared to 33.40% in FY22 owing to economies of scale, efficient utilisation of resources, and expanding international business. PAT stood at Rs. 39.96 Mn in Q3 FY23 and Rs. 120.32 Mn in 9M FY23. PAT margins were witnessed at 30.94% in Q3 FY23 and 30.88% in 9M FY23.

We at Phantom are determined to expand our business and cater to a wide range of customers. With this vision in mind, we have already executed 110 projects during 9M of FY23 and are witnessing continually healthy demand for our services seen by receipt of service contract worth Rs. 95 Mn from a renowned client in the commercial film industry along with a standing order book value of ~Rs. 750 Mn for FY23 with 57+ projects in the pipeline. Adding on to this robust order book, we have been approved as one of the outsourcing vendors of DNEG, one of the world's leading visual effects and animation studios for feature film and television. This association will further boost our order book and further enhance the quantum of projects.

Further, we would like to provide an update on the receivables that were outstanding as on 30 September 2022, the same to the extent of INR 130 Mn have been received during the current quarter. The balance is expected to be received during the Q4FY23. We see no issue of credit quality in our receivables and are quite confident to bring down trade receivable days in upcoming quarters.

It also gives me immense pleasure to highlight the recognition we received from world's largest and renowned production houses, namely Amazon.com INC and The Walt Disney Company. This provides a testimony of our superior capabilities and quality work, enabling us to rapidly grow our VFX service suit and capture the fast-growing opportunities.

In order to make the best out of upcoming opportunities, we are expanding our offices and studios, and have recently acquired new establishment at Mumbai, Hyderabad, Chennai which commenced its operation in February, 2023, these efforts are in line with our vision of expanding our operations in international offices in Canada & Los Angeles.

Owing to our high focus on the quality of work and tremendous team efforts we have been honoured as the “Company of the Year” by Outlook Business Spotlight and DigiTech Media. To add on to glory, the Phantom team was recognised and awarded by Ulaga Nayagam, Kamal Hassan, and Ace Director Mr. Lokesh for exemplary work showcased in the Movie Vikram.

Lastly, I want to express my sincere congratulations to the Phantom team & all the stakeholders for being with us and believing in our business. At Phantom 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% owing to increasing share of high margin projects which shall balance the adverse impact of increase in training expenses on new fresher hirings.
- 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, rotoscoping, 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 providers 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: <https://phantomfx.com>

Pallavi Tongia (CS)
Phantom Digital Effects Limited
Contact: 044-43846228.
Email: cs@phantom-fx.com

Krunal Shah/ Naman Maheshwari
Captive IR Strategic Advisors Pvt. Ltd.
Contact: +919372467194
Email: krunal@cap-ir.com/ naman@cap-ir.com

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