

Date: 31st May, 2023

BSE Limited,
PhirozeJeejeebhoy Towers,
Dalal Street, Mumbai - 400 001

National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G, Bandra Kurla
Complex, Bandra (E), Mumbai - 400 051

Scrip Code: 540879

Symbol: APOLLO

ISIN: INE713T01028

Dear Sir(s),

Sub: Investors Presentation.

With reference to the captioned subject, please find attached the Investors Presentation. The same is published on the website of the Company at www.apollo-micro.com under investors section.

We Request you to kindly take on record the information and disseminate the same.

Thanking You
Yours Faithfully
For Apollo Micro Systems Limited

Karunakar Reddy Baddam
Managing Director (DIN: 00790139)
Encl: As mentioned above.

APOLLO MICRO SYSTEMS LIMITED

Regd. Off: Plot No. 128/A, Road No. 12, IDA-Mallapur, Uppal Mandal, R.R. Dist - 500076, Telangana, India.

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CIN No: L72200TG1997PLC026556

EARNINGS UPDATE AND SHAREHOLDERS' LETTER

Q4 FY23 | MAY 31, 2023

In This Report, We Cover

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2. Our Key Differentiator
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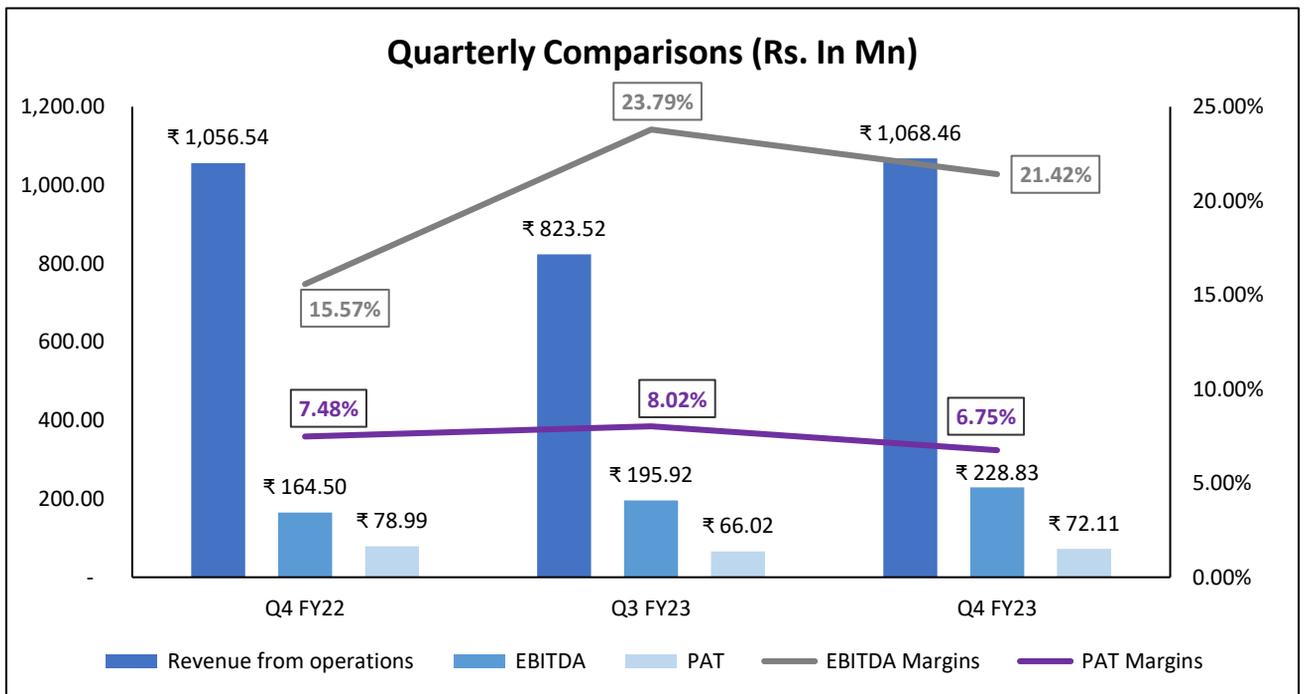
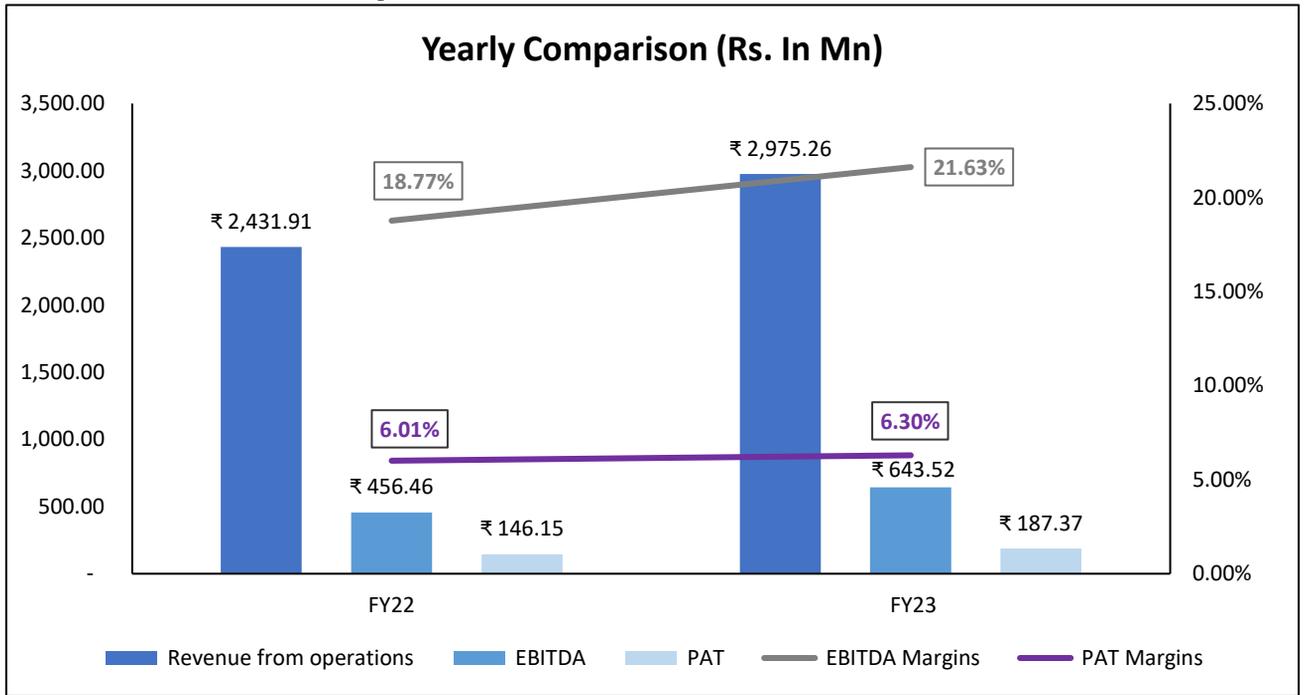
About us:

- ❑ Apollo Micro Systems Limited (AMS) has become one of the leading companies in the Indian Defence sector for electronic manufacturing, hardware designing, weapon integration, and platform integration.
- ❑ AMS specializes in the design, development, and sale of high-performance solutions that are critical for missions and time-sensitive operations.
- ❑ Company's products are used across multiple industries including Aerospace Systems, Ground Defence, Space, Avionics Systems, Homeland Security, and Transportation.
- ❑ AMS's manufacturing facility is located in Hyderabad and has a built-up area of 55,000 sq.ft. with a team of 300+ employees, including 150+ employees in R&D.

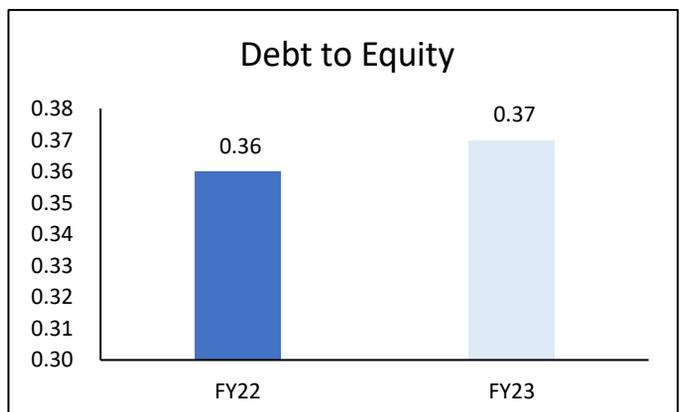
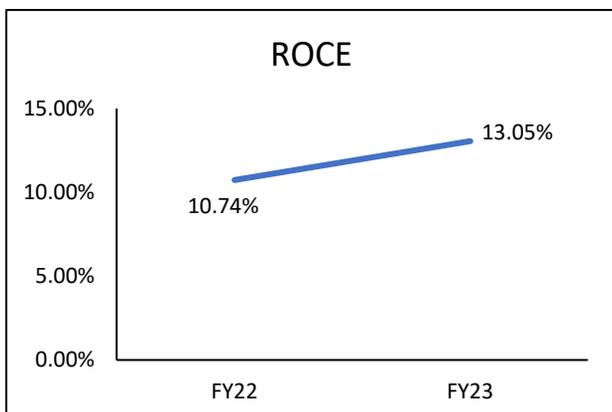
Our Key Differentiator:

- ❑ Over 38 years of experience in the Design, Development and Assembly of Custom-Built Electronics and Electro-mechanical solutions.
- ❑ AMS provides a gamut of products and services which includes designing, electronic manufacturing services, PCB fabrication, embedded software design and development, circuit board assembly, hardware design services, concept-to-product development, host interface development, and custom-built electronic systems.
- ❑ Company's manufacturing plant boasts a full-fledged ESS testing facility, and the inspection is in line with DGQA standards.
- ❑ ISO, CEMILAC certified and DRDO approved partner with key roles in multiple ongoing defence programmes.
- ❑ AMS actively invests an average of 7-8% of the revenue in R&D for developing and testing critical components under DRDO programmes. Some of the key strategic projects are mentioned below:
 1. Universal Homming System for Light & Heavy Weight Torpedoes
 2. Landing Gear Actuators for Avionic Platforms
 3. Digital RF Seeker Signal Processor
 4. Integrated Guidance Kit for Various Platforms
 5. Under Water Mines
- ❑ Company's clientele consists of prominent government institutions such as the DRDO, Indian Army, Indian Navy, DPSU's, as well as private players like Adani, L&T and many more.

Consolidated Key Financial Metrics:



Balance Sheet Ratios:



Consolidated Financial Summary:

Income Statement:

Particulars (Rs. Mn)	Q4 FY23	Q4 FY22	YoY%	Q3 FY23	FY23	FY22	YoY%
Revenue from Operations	1,068.46	1,056.54	1.13%	823.52	2,975.26	2,431.91	22.34%
Other Income	0.05	0.30		3.40	8.24	7.59	
Total Revenue	1,068.51	1,056.83		826.92	2,983.50	2,439.51	
Total Expenses excluding Depreciation, Amortization & Finance Cost	839.62	892.03		627.60	2,331.75	1,975.45	
EBITDA*	228.83	164.50	39.11%	195.92	643.52	456.46	40.98%
EBITDA Margin (%)	21.42%	15.57%		23.79%	21.63%	18.77%	
Depreciation & Amortization	26.44	23.90		26.30	103.66	89.77	
Finance Cost	74.98	52.80		63.46	226.29	171.78	
PBT & Exceptional Items	127.47	88.10		109.56	321.79	202.51	
Exceptional Items	14.19	-		18.03	32.22	-	
PBT	113.27	88.10		91.53	289.57	202.51	
Tax	41.16	9.11		25.51	102.20	56.36	
PAT	72.11	78.99	(8.70%)	66.02	187.37	146.15	28.20%
PAT Margin %	6.75%	7.48%		8.02%	6.30%	6.01%	
Diluted EPS	3.47	3.80		3.18	9.02	7.04	

*EBITDA is calculated excluding Other Income

Balance sheet:

Particulars (Rs. Mn)	As on 31.03.23	As on 31.03.22	Particulars (Rs. Mn)	As on 31.03.23	As on 31.03.22
Assets			Equity & liabilities		
Non-current assets			Equity		
Property, plant and equipment	1,048.12	858.85	Equity share capital	207.64	207.64
Capital WIP	316.37	296.25	Other equity	3,627.28	2,985.46
Goodwill	0.19	0.19	NCI	7.10	7.22
Intangible Assets	1.17	1.76	Total equity	3,842.01	3,200.32
Rights of Use Assets	11.83	-	Financial Liabilities		
Financial Assets			-Borrowings	18.66	6.71
-Other Financial Assets	-	-	-Lease Liabilities	8.46	-
Other non-current assets	15.24	5.39	Other financial liabilities	-	-
Total non-current assets	1,392.90	1,162.43	Provisions	2.43	8.84
Inventories	3,415.30	2,961.56	Deferred tax liabilities	265.07	197.71
Financial Assets			Total non-current liabilities	294.62	213.26
-Investments	-	-	Financial Liabilities		
-Trade Receivables	1,465.95	1,364.08	-Borrowings	1,398.45	1,145.62
-Cash & Cash equivalents	2.49	3.43	-Lease Liabilities	-	-
-other bank balances	180.52	158.86	-Trade Payable	1,122.88	1,280.56
Loans	7.34	1.72			
Other current assets	461.81	339.98	Other Financial Liabilities	99.31	85.78
			Current tax liabilities	50.27	46.34
			Provisions	12.05	2.55
			Other Current liabilities	106.73	17.62
Total current assets	5,533.41	4,829.63	Total current liabilities	2,789.69	2,578.47
TOTAL ASSETS	6,926.31	5,992.05	TOTAL EQUITY & LIABILITIES	6,926.31	5,992.05

Business Updates:

- ❑ Company has Purchased 2.5 Acres Land from Telangana State Industrial Infrastructure Corporation Limited.
- ❑ Board approved a stock split in the ratio of 10 for 1, the record date was set for 4th May 2023.
- ❑ In Q4 FY23, the company received projects worth Rs 43.98 Crores
- ❑ A Retired Senior Naval officer has joined AMS as President (Strategic Projects). The appointment will be effective from 1st July 2023.

Management Commentary:

Commenting on AMS's performance, management team stated:

"We are pleased to report a successful year for Apollo Micro Systems Ltd. We achieved strong financial results and made significant progress in our operations during the year.

*In FY23, AMS clocked revenue of **Rs. 2,975.26 Mn**, representing a **22.34%** increase YoY, on the back of an increase in the orders executed. Our EBITDA margins grew to **21.63%** from **18.77%** in FY22 on the back of lower material cost and continued focus on efficient cost management. Net income for the year was **Rs. 187.37 Mn**, a **28.20%** increase over the prior year. In Q4 FY23, revenue from operations stood at **Rs. 1,068.46 Mn** and EBITDA at **Rs. 228.83 Mn** with EBITDA Margins growing at **585 bps** YoY. PAT Margins reduced to **6.75%** from **7.48%** due to **exceptional item of Rs. 14.19 Mn** representing custom duty along with accrued interest for non-fulfilment of export obligation under EPCG Scheme opted in 2014-15.*

Our management team recognizes the critical role of R&D in shaping the future of defence technologies. We invest in top talent, state-of-the-art facilities, and advanced research capabilities to foster a culture of innovation and excellence. Our research and development efforts alongside DRDO are yielding positive results. As a result, successful programmes would go into the production phase in upcoming years that will generate multiple new orders.

We take pride in our strong and enduring relationships with our customers, which are built on trust, reliability, and customer-centricity. We have worked closely with our customers to understand their unique requirements and provide them with innovative and customized solutions. As a forward-thinking defence company, we have been actively pursuing strategic initiatives to drive growth and enhance our competitive advantage. We have been investing in technology upgradation, innovation, and diversification to expand our product portfolio and address emerging defence needs.

I would like to thank our shareholders, customers, DRDO and employees for their continued support. We look forward to another successful year ahead and remain committed to delivering value and growth for our shareholders."

Management Guidance:

- ❑ Revenue is expected to grow by 45%-50% in FY24 led by growth opportunities in Defence and key interest of Indian Government to enhance Defence production and capability of domestic market.
- ❑ EBITDA margins are expected to be in the corridor of 22%-23% led by increasing in scale of operations.
- ❑ Company is anticipating a healthy growth in the order book from recent orders released to various Defence PSUs.

Disclaimer:

Certain statements in this document may be forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. Apollo Micro Systems Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward- looking statements to reflect subsequent events or circumstance

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