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Operator: Ladies and gentlemen, thank you for standing by and welcome to the Altium Investor Call. At this time all participants are just in a listen-only mode. Following the presentation there will be some time for a question and answer session today for investors. To ask a question today, you will just need to press star one on your telephone. Just please be advised that today's call is being recorded. But without further ado, I'll hand the conference over to your speaker today, Chairman, Sam Weiss. Thank you, and please go ahead Sam.

Sam Weiss: Thank you very much. Good morning everyone and welcome to the Altium Investor Call to share details of our vision for electronic industry transformation and our strategy for value creation. Joining me today is our Chief Executive, Aram Mirkazemi, who is in our Headquarters in La Jolla, California, and our Chief Financial Officer, Martin Ive, who is with me in Chatswood in Sydney.

During the call, Aram will demonstrate why Altium is uniquely positioned within the global electronic design and manufacturing industry, and how our Cloud platform, Altium 365, and our industry partner platform, Nexar, connect the electronic value chain from beginning to end. Altium management will re-iterate their commitment to the achievement of the Altium aspirational 2025 financial goals of revenue of \$500 million, and 100,000 subscribers. I will address why the Altium Board of Directors recently rejected an unsolicited acquisition offer from Autodesk Incorporated.

Our CFO, Martin Ive, will provide a brief trading update at the end of the call. Please note, as a reminder, today's call and the question and answer section at the end may include forward-looking statements regarding Altium products, its future operations, or its financial performance. Any such statements are based on current assumptions by Altium management and are subject to risk and uncertainty that may cause actual events and result to differ materially. Please note that all numbers are in US dollars unless specified otherwise. This call will be recorded and will be made available on our website later today. I'd now like to introduce Chief Executive Officer of Altium Limited, Aram Mirkazemi.

Aram Mirkazemi: Thank you Sam, and good morning everyone. As someone who is passionate about Altium and our journey of transformation, given the circumstances that we are in, I feel it is important for me to share with you details of Altium's transformative vision and our strategy for value creation. I also would like to share with you why Altium is

a unique asset in the industry. I'm speaking to you today as Altium's CEO, but also as a significant shareholder myself. Since I returned back to Altium in 2010, the Company has gone from trading at less than a dollar to now trade in the 30 plus range. I believe that if Altium can continue to execute on its growth strategy, a lot more shareholder value will be created.

This is why I support the Altium Board position to reject Autodesk's first and only offer of \$38.50. I have a deep conviction that Altium is uniquely positioned in the engineering software industry and that it can execute on its strategy of transformation through dominance, to deliver unprecedented value to its shareholders. Delivering value for our shareholders has been a hallmark of Altium; I'm proud to say that through extremely focused execution, we have delivered an industry-leading performance with eight consecutive years of double-digit revenue growth and expanding margins.

Altium has established a history of setting and achieving long-term strategic goals and financial targets. In 2014, we set ourselves an aspirational goal of \$100 million in revenue to demonstrate that Altium can perform with potential to lead the industry. We overachieved and delivered \$110 million in 2017. In 2016, we set ourselves the aspirational goal of \$200 million in revenue to claim market leadership. With three months to go, analysts consensus pointed to a revenue target of around \$210 million. But sadly, with COVID going rampant, we fell short at the of FY20.

In 2019 we set ourselves the aspirational goal of \$500 million in revenue, and 100,000 subscribers to claim market dominance as a prerequisite for industry transformation. I am sure that we will achieve this goal by 2025 in the same way that we did the ones in the past. It's never easy, but given our past performances, we are confident to back ourselves. Though these aspirational goals are strategic in nature, we never lose sight of our true [north] and that is value creation for our shareholders. We have been highly focused on delivering value at every stage of our strategy, which has been the underpinning of the success of our journey from market leadership to industry transformation through dominance.

In this phase of our journey we are targeting 100,000 active subscribers to [compulsory] industry stakeholders to support our vision for industry transformation. The key component of our strategy, in this next phase of our journey, is our new Cloud platform, Altium 365, which is driving our pursuit to unify and to align the electronics industry. Our Cloud-Based Integration Platform, Nexar, which is supporting our desire for partnering and building a digital ecosystem, is critical for industry transformation.

What I would like to say next is perhaps the most important part of my presentation, and that is why strategic partners are interested in Altium. Why is it that this block of land is so highly sought after in the engineering software industry? First, it is critically important to recognise that electronics sit at the heart of all Smart products. By way of example, and something that is very topical, Nasa's Mars Ingenuity helicopter, which has to function independently on a distant planet, and I'm proud to say that its electronics were designed using Altium software.

The second critical thing is to appreciate the significance of the electronics industry in the bigger context of the engineering world. To demonstrate this, industry research shows that electronics are responsible for 40% of a new car's total cost. This is most significant, with electronics being part of a car's central information display, engine control system, anti-lock brake system, transmission sensors, radar audio system and self-driving to name but a few. Through Altium's growing dominance, and its innovative approach to the Cloud, Altium is leading the electronics industry in a way that makes Altium unique in the engineering software ecosystem.

More specifically, Altium software and Cloud services provide the unique bridges that connect the product design world to electronic design, and subsequently to the electronics supply chain and the manufacturing of electronics products. With this strong early adoption of our Cloud platform, we are evolving from our PCB design origin, are now playing an essential and growing role in the design and manufacturing of Smart Products and [spans] manufacturability and productivity, research and influence, and component sourcing. All of this effectively means that Altium's products and platform, through Altium 365, Nexar, Octopart, are unique bridges that connect electronics to the rest of the engineering world.

These unique bridges are indispensable components of digital transformation that is taking place through our product design and manufacturing companies around the world. At the highest end of the product design and manufacturing companies, such as the [Dassault] and Siemens, they require centralised, fully-integrated solutions to deliver a singular platform for digital transformation. For other players, bringing digital transformation to the mainstream through Cloud and SaaS offerings is the key strategy.

Bringing digital transformation to the masses through long-haul collaboration between design, manufacturing, and supply chain, is yet another strategy that is pursued. All of these need to have access to the electronics industry, which is central and economically most significant for manufacturing of Smart Connected Products. I can tell you that, in this regard, Altium is unique to the industry and there is no real alternative. Of course, having

created a unique position within the global engineering industry of itself is not enough – we must continue to execute well. I'm absolutely confident that we have both a winning strategy and strong executive capability to realise a promising, and even a greater future for Altium.

The early of our Cloud Platform, Altium 365, is most encouraging and continues to surpass our expectations. Today we have over 13,000 monthly active users, and over 6000 monthly active accounts on Altium 365. However, to succeed we must execute well and achieve larger scale adoption. At the core of our execution plan are four flywheels for driving large-scale adoption. We have been highly focused on the spinning of these four flywheels, which at their early stages, take a lot of effort and energy. But once they get going, they will be sights to behold.

This same fly-wheel phenomenon underpin our journey to market leadership through our transactional sales, with that awesome operational and performance over many years. These new flywheels will power the execution of our strategy by driving the option of our Cloud Platform, with a focus on moving design data and processes onto Altium 365. These flywheels will drive the adoption of our ecosystem with a focus on industry partners and the respective users to connect to Altium 365 via our Cloud-Based Integration Platform, Nexar.

As these flywheels build up momentum, they will drive further adoption of our design tools, with a focus on expanding reach and volume through our new digital sales platform. These flywheels also drive the adoption of our design platform with a focus on the high-end of the market through our Nexus product. Our move to the Cloud, and growing adoption by our customers, is changing our traditional maintenance subscription to become more SaaS-like revenue, as our customers move their design activities onto Altium 365. We estimate that by 2025 our recurring revenue will rise from around 60 per cent today to be 80% or more.

We are also seeing a continued demand for term-based licensing, which Martin will speak to later in the call. In addition, Altium 365 and Nexar will provide unique opportunities for direct monetisation. While this is not our focus in the short term, as larger scale adoptions remains our singular focus. In time, a range of direct monetisation opportunities will come from business models, such as Premium Services, similar to Amazon Prime, or Transaction Fees similar to Airbnb. We just need to be patient and focus on larger scale adoption.

One other benefit of our Cloud-Based strategy is natural promotion of term-based licensing for software tools. We have had a great response from our customers in adopting the Cloud, and that is facilitating our business model transition in a way that is natural and not false. Our business model transition to term-based licensing is perhaps the biggest value-creation event in Altium's history. As demonstrated by a successful number of software companies, such as Adobe, Autodesk and [ptc] who have transitioned their software business model to recurring revenue and created a tremendous amount of value for their shareholders. I am sure that this opportunity for value creation in relation to Altium is not lost on Autodesk.

The Altium Board and Altium's leadership team is highly focused on executing with intensity and focus, to capitalise on the changes that have been made, the opportunity that is before us and the rising momentum that is coming from Altium 365 from our users, the industry, and its strategic partners. With recent events, I know that there have been some commentators who are speculating whether Altium remains committed to its 2025 financial goals. Let me categorically say that we remain firmly committed to achieving our aspirational 2025 goals of \$500 million and 100,000 subscribers.

One thing that is worth mentioning is that, unlike our previous phases of growth, for this next phase we have shared a flightpath with the market. Having moved into the ASX100, we felt there was a heightened need by the investment community to model Altium's growth trajectory. Since 2020 we have shared our flightpath with the market to assist with their modelling. As you all know, with COVID, we adjusted our flightpath and introduced pre-vaccine transition and post-transition as legs of that flightpath.

I'm pleased to say that the first leg that ends at the conclusion of this financial year is being successfully completed, as we are on target, or close enough, to our guided range. With the second leg we must get into double-digit revenue growth, which our second-half performance this year is encouraging, as we have now returned back to double digit revenue growth. The key is the third leg starting from FY23, where we need to get into the 20 plus growth rate to make up for the lost momentum from COVID, and the effective pivot to the Cloud. That is when we need those flywheels to be running with full force.

There is also an M&A component to our flightpath. As you know M&A comprises 10% to 20% of our flightpath to \$500 million. I would like to remind everyone that M&A is for strategic purposes. In the same way as our divestment of [TASKING] was for a strategic move, rather than keeping it as a mere prop to support our path to the \$500 million.

But there is one more thing that may not have been obvious for this leg of our journey and that is significance of a strategic partnership with the big engineering software brands such as Dassault, Ansys, ptc and Autodesk. Not only is this relevant to reaching our \$500 million – it is also necessary for our end-to-end market dominance that is a pre-requisite for transformation. There lies Altium’s dilemma, and that’s why we are here today.

As with all the strategic partners who are important for Altium’s success, our partnership begins by focusing on value-creation for the customer. Once the enormity of the opportunity it revealed, it turns to M&A discussion, and the conversation moves to value creation from respective shareholders. This is where we are with Autodesk now. Based on the above, and in recognition of Altium’s unique position in the industry, any M&A activity by a single strategic partner would, in my view, need to include a significant premium in recognition of the scarcity of this asset, and the opportunity cost for shareholder value creation [foregone] with other strategic partners.

My personal view, which I feel strongly about, given the uniqueness of Altium and its position in the industry, is the strategic investment by the strategic partner in Altium, as an alternative path that can overcome some of the challenges mentioned, and deliver the most value-creation pass for Altium shareholders. This however is ultimately a matter for our shareholders to decide.

Before I pass over to Sam, I hope that I have been able to share with you my excitement about Altium’s future. Why I believe that we are uniquely positioned within the engineering ecosystem, and our confidence that we have the right strategy and the ability to successfully execute to create a truly special truly future for our shareholders. I will now hand over to our Chairman, Sam.

Sam Weiss: Thank you Aram. As the Chairman of Altium, and as a long-time significant shareholder in the Company, I am pleased to share with you my thinking, and that of the Board of Directors, about the unique value of Altium. As Aram has well-articulated, Altium is ideally positioned to transform the global electronics industry. Our Altium 365 Nexar Platform is gaining strong adoption and it is well on its way to becoming an open marketplace for the design and manufacture of printed circuit boards.

It delivers a fully-transparent view of the PCB creation process, from the point that an engineer first has an idea for an electronics product, to the sourcing of the parts for that printed circuit board, to the fabrication of it with open access for all interested parties, whether they are engineers in allied fields, or suppliers, purchasing agents, or

manufacturers. In this way, Altium 365 Nexar is different from the digital platforms of other large software engineering companies, whose principal benefit is to bring a suite of tools from a single owner to a customer.

The opportunity for Altium to establish Altium Designer as the PCB design tool of choice for all engineers. From those working on their own, to the teams of engineers building sophisticated electronics products, such as automobiles or aeroplanes, at the world's largest companies. And to create Altium 365 as the manufacturing platform for the electronics industry is very rare indeed, and we believe is deserving of support. Especially when both Altium Designer and Altium 365 are built upon the strong foundation of our industry-leading position in PCB design software.

That position of strength in software design, as Aram outlined earlier, also has considerable upside potential as we move from the market leader to the de facto standard for PCB design tools. The Altium Board of Directors recently received an expression of interest, in the form of an unsolicited offer from Autodesk Incorporated to acquire our Company. We have long thought of Autodesk as one of the great engineering companies in the world, and one for whom we have the utmost respect. Our management team and their counterparts at Autodesk have had a series of discussions for some time about how our two companies could collaborate and form a partnership that reflected our similar visions for the future of engineering software.

When those conversations very recently changed to one about an acquisition of Altium, we were quite respectful of Autodesk, and we gave them an opportunity to engage directly with us about the value of Altium. Having said that, the Altium Board does not believe that their unsolicited offer of \$38.50 per share reflects the value of Altium and its potential in both PCB design software and in the Altium 365 Nexar Platform. And therefore, we're not, in the interest of our shareholders, to pursue at the current price.

However we believe that we have an open and honest working relationship with the CEO and President of Autodesk and we will continue to engage with him about the value of Altium. We also appreciate that the multiples offered by Autodesk in their proposal are high by industry standards. But we maintain that they do not recognise the underlying value in our Company. In fact, we believe the Autodesk also recognises the future value of the Altium software and platform, and that their offer to acquire the Company is in some part a reflection of their own conviction of the value that they can extract as the owner of Altium.

Of course, as a public Company, we are always mindful of shareholder value, and we have no preconceived resistance to an acquisition of Altium. However we believe it should be at the point, and at a price, that reflects the unique value of Altium as a Company and its demonstrated and future wealth creation potential.

I'd like to now introduce Martin Ive, Chief Financial Officer of Altium.

Martin Ive: Thank you Sam, and good morning everyone. It is pleasing to see that momentum is returning to Altium's business with a stronger second half. However, after a slow first half, due to COVID impacts and our pivot to the Cloud, the full year is likely to be at the low end of our guidance range. We anticipate that the fiscal 2021 revenue to be at, or slightly below, the low end of guidance at \$190 million to \$195 million. EBITDA margin is expected to be at the low end of the guided range at 37% to 39% on an underlying basis, excluding M&A costs and the writeback of a solid works' minimum contractual amount due to the termination of the contract.

Altium's renewal business is performing strongly, Octopart is set for a record performance, and our China business is also delivering a very solid second half performance. We continue to observe an increase in demand for term-based licenses, which is a positive for future-recurring revenue. With a much larger portion of new licences sold in Q4 being term-based. The increase in new term-based licence sales has been at the expense of new perpetual licence sales, particularly in North America and Europe. As Aram mentioned, Altium's adoption of its Cloud Platform, Altium 365, is performing strongly with over 13,100 monthly active users, and over 6300 monthly active accounts.

I'll now handover for Q&A.

Operator: So ladies and gentlemen, we'll begin that question and answer session. Just a reminder, this question and answer session is just for investors only. But if you'd like to ask a question, you can just press star one on your telephone and then just wait for your name to be announced. Just lastly, if you need to cancel your request at any time, you can just press the pound or the hash key. But your first question today comes from the line of Lucy Huang, from the Bank of America; so please ask your question, Lucy?

Lucy Huang: (Bank of America, Analyst) Good morning everyone, and that's for taking questions and hosting this call. So I have three questions. So firstly, are you able to talk through kind of manufacturing in the next ecosystem, and what's the progress like in terms of getting interest from manufacturing partners? Or how many have signed up to this bit on the manufacturing side? Then secondly, are you able to talk through Altium 365

Pro; you have begun to monetise that package. So are you able to give us some colour as to how many subscribers are now taking on this additional or paying for this additional product. Then just thirdly, you mentioned that the third and fourth quarter have seen a higher take-up of term-based licence. So I'm just wondering if you can give us some colour as to what proportion of this base is now sitting on a term-based versus a normal subscription? Thanks.

Sam Weiss: Thank you Lucy, this is Sam – I'm going to try to – to use an American term – be the quarterback in terms of handling the questions. So the first two questions were about our platform, firstly about manufacturing partners and progress there, and the second was about the monetisation of Altium 365 Pro, if I understood you correctly. Aram will address those. Then for an update on our progress on term-based licences in the second half, Martin Ive will make a few comments. So Aram, if you could talk about the platform, thanks.

Aram Mirkazemi: Thanks Sam, and thanks Lucy. With the manufacturing supply chain ecosystem, that is [leader] in gain for Altium 365. So there's a lot of work going into that in America, in China, and also now in Europe. We have made some investment in a very promising company, that some of you might have seen the press release around that, which essentially brings [unclear] manufacturing. That has been a big step for us, because that's a component that has to be done. But the main thing for us is the customer. And being able to present this to the customers on 365 in a way that they would prefer – it's Altium's way of manufacturing, which we actually call Altimade. We are set to raise the curtain on that in January 2022, and we are going through the last miles.

Now in China also we're making good progress, but that's probably a more China-centric question, it's a different ecosystem, if you like. But we're making good progress there as well. But I'll ask Martin to answer the second question.

Martin Ive: Sure. So Lucy, in terms of the Pro-level subscription, we have around 2000 seats that are under a Pro-level subscription, so that's approximately 4% of the total subscriber base. Then just in terms of term-based licences, and this is relating to outside of China – China is pretty much all perpetual licences. But outside of China with new licence sales, we saw about 33% of those being term-based in Q3, and it's around 45% to 50% so far in Q4. Although we would expect that to change somewhat in the last two weeks of the quarter. So that may well change by the time we report numbers in August.

Sam Weiss: Thank you Martin.

Lucy Huang: (Bank of America, Analyst) Wonderful, thanks.

Sam Weiss: Moderator?

Lucy Huang: (Bank of America, Analyst) Sorry, I just had a...

Sam Weiss: Go ahead Lucy.

Lucy Huang: (Bank of America, Analyst) Sorry, I just have a follow-up question for Aram, in relation to manufacturing. So am I able to clarify that right now the vision is to direct customers ultimately onto Altimade over time, as the preferred partner for the actual manufacturing of the PCBs, rather than third parties?

Aram Mirkazemi: Yes. Yes, that is the intention.

Lucy Huang: (Bank of America, Analyst) Great, thank you. Thanks guys.

Sam Weiss: Thank you Lucy.

Operator: Okay, your next question comes from the line of Quinn Pierson of Credit Suisse; so please ask your question Quinn?

Quinn Pierson; (Credit Suisse, Analyst) Hi, good morning, a couple from me. Maybe firstly, in the prepared remarks, I think I heard mention that a strategic investment might make a bit of sense from the shareholder perspective. Could you maybe just elaborate on that comment, what kind of forms might make sense, i.e. minority or majority investment. Would that potentially be an exclusive arrangement with a potential partner? If you could just elaborate on what might make sense in that area, that would be great, please.

Sam Weiss: Thank you Quinn. I'll ask Aram to comment on that because – that was in his section. But firstly, I think we should make it clear, if we haven't already, that we enjoy very positive relationships with all of the large engineering software companies that are in the broader industry that enable customers to build electronics partnerships. And particularly since we have developed Altium 365, those conversations about collaboration and partnership have intensified. Because, as we said, we want to make Altium 365 open for anyone who is interested in building electronics products.

Those conversations sometimes lead to really an open conversation about whether making a strategic investment in Altium would or wouldn't make sense for one of those industry partners. But Aram might comment on that from his perspective.

Aram Mirkazemi: [Unclear] Slide 14 is a good slide to refer to in terms of the commercial significance of partnership, in that slide you'll see these three levels and it's really

important to appreciate the significance of this for the whole industry and the opportunity for value creation for Altium shareholders. With regard to the high end of the market, the partnership and its commercial context is to deliver a centralised, fully integrated solution to deliver a singular platform for digital transformation, you see at the top.

For the mainstream, bringing digital transformation to the mainstream through cloud and [SaaS] solution. That's for the mainstream and that's for [unclear] to singular platform, that second one is more of an open platform ecosystem [pay].

The third one is bringing digital transformation to the masses through long-haul collaboration between design, manufacturing and supply chain. The key to recognise here is that these three dimensions are orthogonal, they are not competing. Each dimension has got bona fide, legitimate customers, that can benefit in the electronic sense from this integration and connection. All those are value creation opportunities.

Altium goes with one in an exclusive way. It is true that our true nodes are shareholders. But customers are also stakeholders. There are many customers who would be deprived of those others, which essentially means the value creation for our shareholders would be limited to only a segment of the market.

So logically, and this is my personal view and I mentioned this, that this is ultimately a decision that has to be made by Altium shareholders. But I have a logical perspective on this. The perfect scenario is that if Altium could actually serve all these customers, so that they can all access these bridges onto the electronics platform. But the key thing is that such a relationship has to be commercial and significant in that way for serving the customer. I hope I have answered your question.

Quinn Pearson: (Credit Suisse, Analyst) That is helpful, thank you. I guess following onto that, I guess could you maybe elaborate on - I guess a little bit more detail on what a partnership with some of these large EDA companies might look like.

I guess where I'm coming at this from is, Altium has aspirations to build a key platform and build out an ecosystem, but I guess these other EDA companies have kind of equal aspirations to control eyeballs, control customers and build up their own platform. So I guess my question is, what might these partnerships look like more from a commercial arrangement perspective, such that everyone feels like they're winning?

Related to that, the [unclear] opportunity or partnership didn't quite work out, I think maybe related to this type of friction. I guess why do we think partnerships with some of

these other players will work out better? So a bit of a long question there, but any kind of comments on it would be helpful.

Aram Mirkazemi: I understand that question and, Sam, if I can answer that question?

Samuel Weiss: Yes [unclear].

Aram Mirkazemi: There's slide number 12, and this addresses this question. Industry solutions are moving to the cloud and giving rise to a system of ecosystems. This is really important, system of ecosystems, not a single ecosystems, a system of ecosystems. Very much in the same way that internet is a system of networks rather than replacing any of the existing networks.

That's the key, and you can see Office, which was the king of desktop integration, it has transition to Office 365 where you have Atlassian, where you have Slack, where you have Box and Salesforce and Azure, and it's not bound to the Windows platform.

This system of ecosystems is the future of engineering software, as there are so many [unclear] in silos, there is no way that one platform can actually serve all of them mainstream. I appreciate that for the very high end, maybe for Boeing or Airbus, a singular platform is necessary. But for the majority of companies, there needs to be a system of ecosystems, and in that regard, [unclear] remains in the cloud and that requires unbundling on the desktop and re-bundling on the cloud.

So just think of our world the same way you see Atlassian, Zoom, Slack, Box, Google Drive, they are systems of ecosystems.

Quinn Pearson: (Credit Suisse, Analyst) That's helpful. Just lastly from me, on more of a short-term trading considerations. In the December half you called out there was about a \$1 million revenue headwind from [mix shift] to term licenses. It looks like mix shift is accelerating, I can see with some of your pricing changes for term licenses on discounts, a perpetual price rise coming, it looks like you're trying to accelerate that shift. Is there any guidance you could provide in terms of how to be thinking about the annual revenue headwind over the next couple of periods from that mix shift? Thanks.

Samuel Weiss: Thank you, Quinn. Martin will comment on the mix of our license sales.

Martin Ive: Sure, thanks Sam. So, Quinn, we would expect that the second half impacts will be somewhere in \$3-\$4 million range. Albeit we've still got two weeks of the quarter left to go and as you know they are generally the busiest two weeks of the year.

We haven't - we still want to proceed from a licensing perspective and giving customers choice as to whether they use perpetual or turn-based licensing which makes it difficult to call out a specific number in terms of what a headwind may be in the short-term as more customers pick up turn-based licenses.

But our view is that this is an extremely positive thing in the longer-term as that recurring revenue base grows over years two and three over the customer's lifecycle. So whilst there may be a short-term headwind, we feel that the benefit from customers moving to that recurring revenue stream is much more beneficial.

Samuel Weiss: Thank you Martin.

Quinn Pearson: (Credit Suisse, Analyst) Thank you.

Samuel Weiss: Thank you very much, Quinn.

Operator: Okay your next question comes from the line of Siraj Ahmed from Citigroup. Please ask your question, Siraj.

Siraj Ahmed: (Citigroup, Analyst) Thanks Sam, Aram and Martin. I have three questions. The first one, can you give us an update on Autodesk? Not regarding the bid but more in the strategic partnership side, given they are an important player in the ecosystem, where that's standing at.

Samuel Weiss: Thank you, Ahmed. In the call I think we well canvassed our view of the acquisition. Aram has been across the discussions at the management level in terms of collaboration and can share a brief update on the status of them.

Aram Mirkazemi: Siraj, this is Aram. The [tier] on slide 14 I see as Fusion 360 and I see Fusion 360 as quite promising for the masses of engineers, it's very popular, it's something that Altium is very attracted towards and connecting Altium 365/Nexar to Fusion 360 and their forge which is equivalent of Nexar is exciting, we've been working on that.

Essentially, in my view the transformational scenario, the transformational scenario, is going to be most resonant with Fusion 360 and they have done really well, I have a lot of respect for the Fusion 360 platform, and I believe that Altium 365 and Nexar is the perfect match with Fusion 360 and in the pursuit of transformation.

One thing that is also worth mentioning is that they have always viewed that their customers and their users do not design things, they make things. Their legendary CEO, Carl Bass that was his mantra, that users don't design things, they make things. So for

them, merging, converging, design and make is a big thing, maybe even bigger than our vision of connecting design to manufacturing floor.

But you can see that this too can be so resonant and of course that is the thesis for the partnership and there is a great deal of excitement around that.

Siraj Ahmed: (Citigroup, Analyst) Okay so would it be fair to say that discussions are ongoing, Aram? Just because the bid has now stopped somewhat.

Aram Mirkazemi: Fusion 360 and Altium 365, they're so, so close and compatible in terms of - they're like hand and glove. So I'm pretty sure that the connection is going to be made one way or another and of course because of the situation we're in we just have to deal with this. But I very much hope that Autodesk, regardless of the outcome and the decision that be made by the board and our shareholders would continue to collaborate with us.

Or if we ended up being with Autodesk, I very much look forward to pursuing this transformational journey, which to be honest is the most exciting part of Altium.

Siraj Ahmed: (Citigroup, Analyst) Got it. There are three other logos in there, what about the partnerships with them? Where are the discussions on that?

Aram Mirkazemi: Bringing transformation to the mainstream, there are so many large companies that they're not electronics centric, like you know, John Deere, Caterpillar, et cetera, but they do require electronics and they need to have digital transformation to go through this last mile into the electronics.

So PTC is a perfect partner for us and with Ansys, the perfect partner for us to get into the advanced electronics, as their simulation tools are [the world's best]. Of course with 3D Experience there is a track record of our view about the significance of that and there are many circumstances, if not [unclear] 3D experience would be the right partner for us.

Siraj Ahmed: (Citigroup, Analyst) Got it. The second thing, just on the trading update, maybe this one is for Martin, but is the weakness in US, that's a bit of a surprise given the economy has opened up. Can you just touch on that? Secondly, are you assuming that there is a pick-up in perpetual licence in two weeks when you give the guidance update?

Martin Ive: So just to clarify, regarding the US comments, they're around the switch to term licensing. Whilst the number of perpetual licenses may have reduced from last year, this is because customers are choosing to switch to term-based licensing, and that's really what's driven any change in the US.

We expect over the next two weeks to have a switch more to perpetual license sales, as you're aware there has been a promotion on turn-based licenses over the last couple of months which ends tomorrow, or today in Asia and Friday in the US, tomorrow. We expect that we will see a ramp up in perpetual license sales over the next two weeks as we close out the quarter.

Siraj Ahmed: (Citigroup, Analyst) So Martin, just to clarify, you're saying the license sales in the US itself are doing okay, it's just the [unclear].

Martin Ive: Yes, that's correct.

Siraj Ahmed: (Citigroup, Analyst) Last thing from me, just on M&A, on your own M&A, Aram, can you give an update on that? Because that's part of your FY25 targets.

Aram Mirkazemi: Yes, as I said M&A is a component of our flight paths and is strategic in nature for us now that we've got this ecosystem all opened up. In supply chain, in manufacturing, there is like a - you would have seen on slide 15, our team is not going to get into factories and so on. There is a layer that sits between factory floor and the customer in terms of all the things that need to happen in between a factory and a customer getting his product, we have been looking at various opportunities.

There was one that we came markedly close and we put every bit of our effort into it a month ago, [unclear] and yes it's now - the field has opened up and that's something that we are definitely very active on.

I again like to remind that this is not for revenue, this is a strategic rezone, and you can see that we've diversified [sic] the tasking for a strategic reason. We could have kept it to prop our - you know, path to 500,000,000 but we didn't. So we're very kind of true to ourselves and M&A is again a key part of our strategy.

Siraj Ahmed: (Citigroup, Analyst) Thanks Aram.

Aram Mirkazemi: Thanks.

Martin Ive: Thank you, Siraj.

Operator: Okay your next question comes from the line of Roger Samuel, from Jeffries. So please ask your question, Roger.

Roger Samuel: (Jeffries, Analyst) Hi guys, thanks for taking my questions. First one is just going back to your slide 20, you've got a pie chart there showing the mix of the software business excluding Nexar revenue in first half fiscal '21. I'm just wondering if you can tell

us what the Nexar revenue was in the first half of '21 and what sort of portion of revenue do you expect to come from XR going forward.

Samuel Weiss Ives: Thank you. Go ahead, Aram.

Aram Mirkazemi: As I said in former parts of this presentation, our focus is singularly on the adoption of our cloud platform. Direct monetisation of our platform in time will come. We just need to be patient, we don't want to lose a kingdom for a horse. There are examples there, [Siraj], premium services, just like Amazon Prime, transaction fees and manufacturing just like Airbnb. We just can't get ahead of ourselves.

Roger Samuel: (Jeffries, Analyst) Yep.

Aram Mirkazemi: It's absolutely important, we're putting everything in to get the cloud adoption, our cloud adoption is really, really impressive in the engineering world. The engineering world is not like Facebook or Instagram, that you can just adopt it over two clicks. You have to spend weeks to actually move your whole design process onto the cloud. That's where the money is, that's where the value creation is for customers, and we've got to stay focused on that.

Martin Ives: So, Roger, this is Martin. I think the point on that slide is that it excludes the Octopart revenue from the first half.

Roger Samuel: (Jeffries, Analyst) Okay, got you, all right.

My second question is, just on your guidance from now until FY25 and your margin for the next two or three years is still around - yes call it 36-39% margin. I'm just wondering how comfortable you are with that margin and forecast given that you need to work harder to sell more turn-based licenses and I imagine you need to market the product a lot harder and to more users.

Samuel Weiss: Martin is going to respond, Roger.

Roger Samuel: (Jeffries, Analyst) Yep.

Martin Ives: One of the points that Aram raised during the call was around spinning up the flywheels, and one of those was the digital sales channel. Our thinking is, as more of our product and service moves to the cloud, that we would have the benefit of that digital sales channel flywheel which would reduce the cost of selling versus an enterprise sales channel or our traditional transactional sales channels.

When you look at companies like Atlassian, much more of their business is conducted online, whether that's through the actual platform itself, or without the need for a heavy sales involvement, and that's something that we see as customers adopt the cloud and they're able to kind of go through a self-service process rather than deal in a large scale engagement with a sales channel.

Roger Samuel: (Jeffries, Analyst) Okay, all right, and just a quick one on FY25 target and 100,000 subscribers, is that an organic number to get to 345,000,000 to 423,000,000 or does that 100,000 subscribers correspond to the 500,000,000 in revenue?

Samuel Weiss: Thank you Roger, you're asking whether there's a correlation of the 100,000 subscribers to 500,000,000 or whether the number of subscribers will be lower if the revenue was at 420,000,000, for arguments sake?

Roger Samuel: (Jeffries, Analyst) Yes that's right.

Martin Ive: So the 100,000 corresponds to the range that we provide around that 400,000,000 number, the additional revenue, as we've discussed, would potentially come from M&A. That may bring additional subscribers to the platform but the 100,000 is related to that range as opposed to the 500,000,000.

Roger Samuel: (Jeffries, Analyst) Okay, got you, thank you.

Samuel Weiss: Thank you, Roger.

Operator: Okay, we have another question from Paul Mason from E&P, so please ask your question, Paul.

Paul Mason: (Evans and Partners, Analyst) Hey guys, I just had three. The first one is just a clarifying point on the guidance. The write back of the [Solid Works] minimum contractual amount. Is that a one-time gain that you're excluding or is that an expense that you're excluding? [I wasn't - that's quite clear].

Martin Ive: Sure, that's a one-time expense that we're excluding.

Paul Mason: (Evans and Partners, Analyst) Okay, thank you. Now in terms of your Altium 365 user adoption, I just wondered if you could give us a bit of colour on top of the mix that are Altium designers, subscribers or license holders versus people that are sitting in the ecosystem, given you want it to be a central collaboration platform. Is it mainly coming from your subscribers purchasing alongside - taking up alongside designer, or are you starting to see manufacturers collaborate with your designer audience?

Aram Mirkazemi: Thank you, it's mainly Altium designer customers, and they're the most important ones, they're the ones we focused on, because without them other participants would not be attracted to go on to the platform.

There are quite a number of mechanical designers that are actually connecting, many of them actually are excited that, through Altium 365, they can have a completely different experience in connecting to their ECAD colleagues in ECAD systems. There are collaborations beyond just PCB designers, but our focus and the main participants are Altium PCB designers at this stage.

Paul Mason: (Evans and Partners, Analyst) Okay and the last question from me was just a clarifying comment. You guys have talked around this a bit, so apologies for sort of revisiting it. But on slide 11 and then also on slide 13, you were very clearly placing Altium 365 in a completely separate field from, say, Dassault's 3D Experience [dot works], and by implication, Autodesk Forge price which is also collaboration platforms.

So is your vision that basically Altium 365 doesn't go head to head with those collaboration platforms, they literally just sit side by side and there's different forms of collaboration going on in each of those platforms and they're both required to exist side by side for the transformation of the industry? Or do you regard those platforms as things that you need to win an audience against? Maybe if you can expand on that.

Samuel Weiss: Thanks, Paul. Aram, do you want to comment on that?

Aram Mirkazemi: Yes. It's absolutely the case that these ecosystems, these platforms, are complementary. I would say that they're 99.9% complementary, I don't even know what that 0.1% is, what it is which would make them overlapping. This is not collaboration in the way that, for example Atlassian collaboration is, which is teamwork. This is computer aided collaboration, we call it model-based collaboration. Which means that collaboration happens at the model level.

You know with engineering work there is an incredible complexity associated with models. Now electronic models are entirely different to mechanical models, entirely different to simulation models. Collaboration happens in the context of a model [is version controlled] is [trade] is an entirely different world to the concept of collaboration or social collaboration.

Think of social collaboration like graphics design. Think of model based collaboration like CAD. They superficially look the same because it's about lines and rectangles and squares, but they're entirely different and the difference is the fact that it's model based. It changes

the nature of the game almost as much as when CAD was introduced back in the 80s. No overlap at all, they're completely complementary.

Paul Mason: (Evans and Partners, Analyst) Thank you, appreciate it.

Samuel Weiss: Thanks, Paul.

Operator: Okay we have another question from [Mark Travil] from - just an investor. So please, ask your question, Mark.

Mark Travil: (Investor) Yes I'm a private investor, plus a member of [unclear]. From 2016 to 2018, long-term incentives was purely based around EPS growth. Then 2019 you went to 50% revenue, 50% EPS. I note in the annual report there was a change just to 100% revenue, but the targets would remain the same going forward. I was just wondering whether you were planning to go back to EPS or you're keeping a mixture of revenue and EPS.

Samuel Weiss: Thank you, Mike. The change to revenue in fiscal '20 I'm sure you can appreciate, was because we were completely focused on achieving that revenue goal that we had set in 2016. Typically we find that our financial discipline means that our margin and revenue tend to go in harmony and we're more concerned that we would have any downward pressure on EBITDA or EPS with a focus on revenue.

Of course the intervention of COVID upset the apple cart so we didn't pay out any incentive compensation as a consequence of that. We are looking at a mixture of - or we have in place a mixture of hurdles for fiscal '21 which will get revealed after the publication of our accounts.

Mark Travil: (Investor) Thank you.

Samuel Weiss: Thanks for the question, Mark.

Mark Travil: (Investor) Thank you.

Operator: We have another question from Stuart Turner from Blue Ocean Equities. I'll go to you next, Stuart. Pardon me, Stuart, your line is open, you might have yourself on mute.

Stuart Turner: (Blue Ocean Equities, Analyst) Sorry about that. Sam, Aram, Martin, hello. I was wondering if we could just clarify the accounting treatment of tasking, which obviously was taken out as a continuing item in the first half accounts, and how that sort of contributes to the guidance on revenue.

Samuel Weiss: Thank you, Stuart, nice to have you with us this morning. Much as I'd like to dive into the intricacies of accounting I think it's better that I hand this over to Martin.

Stuart Turner: (Blue Ocean Equities, Analyst) Thank you.

Martin Ive: Thanks, Sam. So, Stuart, when we talked about the guidance range post the divestment of tasking, what we - or how we built that was that we would include the pre-divestment revenue for tasking in the number, in the 190 to 195. I think the revenue for the first half was just under \$10 million and there was approximately \$1 million worth of revenue pre-divestment in the second half.

Stuart Turner: (Blue Ocean Equities, Analyst) Okay, that's great. So what does that mean then, excluding tasking for the second half? So what would the maths be? Let's just take 190, we take out 10.6...

Martin Ive: So I'd take out around 11 for the full year and it'll be 1.2, 1.3 I think for the second half.

Stuart Turner: (Blue Ocean Equities, Analyst) Okay, so the 190 includes the first half contribution from tasking and the \$1 million [stub] in the second half.

Martin Ive: Yep.

Stuart Turner: (Blue Ocean Equities, Analyst) So excluding tasking and that guidance, would be approximately \$179.

Martin Ive: Yep.

Stuart Turner: (Blue Ocean Equities, Analyst) So 80 of that being, what was it, 89.6, less the 9.6, it's roughly 80 in the first half. So really 80 for the first half means that for the second half you're looking at 99 which is a great increase on the 80 in the first half.

Martin Ive: Yep and I think our goal as we went into the second half, and I think as we talked through the flight path to 2025 and in particular the post-COVID period, or the transitional period, was really to get momentum back into the business. Regardless of whether we hit 190 or 195 or 188, we wanted to just get momentum back into the business and we feel that that is what we've achieved in the second half.

Stuart Turner: (Blue Ocean Equities, Analyst) That's a considerable jump really, between the first and the second half, if we use that bottom end of the range. So when you talk about momentum, is it - how do you sort of attribute it? We can obviously see that vaccination rates in the US have come up and there's been a great resumption in mobility

in the early months of the calendar year in the US. I'm just wondering how you break that down, or is it perhaps more to do with China or perhaps something else?

Martin Ive: Certainly we've seen - as we talked through the call and in the announcement - record growth we're expecting for Octoparts, and we've also seen a good result in China. So China, last year when we're looking on a period to period basis, it's effectively had a wash out in Q3 because of the COVID situation last year. We've also got the benefit in the current year of the push for volume that we had last year in terms of our subscriptions and our subscription renewals.

Stuart Turner: (Blue Ocean Equities, Analyst) Okay, thank you very much.

Martin Ive: Stuart, when we go through August and we've finished off Q4, we'll obviously go through region by region in much more detail.

Stuart Turner: (Blue Ocean Equities, Analyst) Terrific, that's all I wanted, just a clarification there, that's great. Thanks a lot.

Samuel Weiss: Thank you, Stuart.

Operator: We just have one follow up question from Quinn Pearson from Credit Suisse, so please ask your question, Quinn.

Quinn Pearson: (Credit Suisse, Analyst) Hi, thanks, apologies for the follow up. I just wanted to clarify. So earlier when we were speaking about Autodesk and the interests they have in Altium and potential partnerships. It certainly came away to me that Fusion 360 is kind of really the best use case and the best kind of marriage of [unclear].

So Fusion 360 does have some PCB capabilities, presumably from their acquisition of [EAGLE], several years ago now. I guess could you maybe just help fill in the gaps on where Altium comes in? Is it Altium that could then completely replace and upgrade and improve that existing PCB capability? Or is it more about Nexar providing the extension from 360 deeper into the PCB value chain? Or something else that I'm confused about. Any elaboration would be appreciated, thanks.

Aram Mirkazemi: Sam, I could answer that question. This is not - this ecosystem and what we're talking about is not really about this PCB tool against the other PCB tool, the game is much bigger. You know you have Google drive, you have VoxNet, you have OneDrive, it's a much bigger game than thinking it's about PCB A against PCB B. If PCB B is a better PCB tool and people prefer to have it, then so be it.

On the cloud it is true that the best tool wins, but it's not about that. It's about giving the choice to the customer and not having artificial barriers that will prevent them from switching. It goes both ways.

Quinn Pearson: (Credit Suisse, Analyst) Thank you, Aram.

Samuel Weiss: Moderator, we've gone considerably over time, so we're going to have to end the Q&A session now, but we greatly appreciate the attendance and all of the questions and we're always available. Should investors have more questions, please contact us directly.

Operator: Thank you, ladies and gentlemen. That does conclude today's conference call. So once again, thank you all for participating today, but you may now all disconnect.

Samuel Weiss: Thank you.

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