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Announcement authorised by:

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2021 Chairman's Address Altium Annual General Meeting

Sydney, Australia, 18 November 2021 - It is a great pleasure to be with you, albeit virtually, for the 2021 Altium AGM. Today, we will review the results of the 2021 financial year, share details about our progress since then and talk about our future plans to dominate and to transform the global electronics industry. Before doing so, however, I would like to take a few moments to reflect on Altium's unique vision and the journey behind our outstanding track record of value creation.

Altium is a rare company in that it cannot be readily associated with a single country or nationality. For example, whilst Google, Facebook and Amazon are ubiquitous organisations operating in markets around the world, they are distinctly American in nature. Unilever is also a global organisation but its' Anglo/Dutch roots are very strong.

Altium sells to, or operates, in virtually every country in the world. We are listed here and our shareholders remain primarily Australian. Our Board whilst it has four Australian citizens on it, comprises five very different individuals from five countries around the world. I am the only one who was born in the United States. Our Executive Team comes from similarly diverse backgrounds.

It would be very hard to argue that Altium is an Australian Company by nature of its workforce or where it operates, nor could one say that it is an American one, despite the United States being our headquarters, location of most of our senior executives and our largest market. As I see it, Altium is a genuinely global corporation.

This expansiveness in our business make up extends to our strategic vision. We began as a small player from Hobart in a relatively small part of the software engineering world, Electronic Design Automation, and specifically in PCB design software. Today we believe that we are the largest provider in that space amongst the four remaining competitors. From that foundation we have set our sights much higher. Our intention is to create the industry platform on which all software engineering disciplines will collaborate to design and build electronics for manufactured products.

In time, Altium 365 will allow not only our electronic engineers but mechanical, electrical, simulation, manufacturing and PLM engineers who are using the software from industry giants like Dassault, Siemens, PTC, Ansys and Autodesk as well as sourcing and procurement specialists to review and work together to build the electronics that are at the

heart of nearly all manufactured products. This opens a market that is vastly bigger than our traditional one for PCB design tools.

Our ambition through Altium 365 is to **transform** the very nature of manufacturing electronics but to do so we shall need to transform Altium itself. We see this much the same way as when in 2012 we dramatically shifted the focus of our Company to concentrate exclusively on PCB design software and we jettisoned a number of activities that cost time and attention so that we could deliver value to customers and shareholders. At that point, we expanded our management team with the addition of industry experts like Henry Potts and Ted Pawela and beefed up our Board as well.

We intend to bring similar changes to Altium over the next few years.

We have appointed Egon Zehnder to assist with a program of Board renewal and expansion. Our plan is to increase the size of our Board to seven members to ensure that we have a majority of members who are “independent” and to add members in the United States who have the industry expertise and experience to assist us to build Altium 365 to the point where it can change how electronics products are designed and manufactured. We expect our program of Board renewal to be completed over the course of the next year.

FY21 Financial Highlights

Turning now to our financial year 2021 performance, which was indeed *a year like no other* for Altium. At the height of the global pandemic, we made a number of significant changes to our business model and organization to support the next phase of our journey to market dominance and industry transformation. These included:

- A hard pivot to the cloud.
- The widespread introduction of term-based licenses.
- An expanded leadership team and the separation of our sales function into high-volume and high-value.

We were also at the forefront of acquisition interest from a global engineering player and were, ourselves, a bidder in a large M&A transaction.

Notwithstanding all of this, Altium returned to double-digit growth in the second half of financial year 2021 with a 16% increase in revenue.

Other highlights for financial year 2021 included:

- Strong growth in annual recurring revenue (ARR) of 29%.
- Recurring revenue of 65% up from 59% one year earlier, with strong growth in term-based licenses, a positive for future recurring revenue.

- Strong Altium 365 adoption with 12,800 monthly active users and over 6,000 monthly active accounts (as reported at August full year results).
- Record revenue growth of 42% by Octopart to US\$27.0 million for the full year.
- Strong second half growth in China of 47% to deliver full year double-digit growth.
- Solid growth of 7% in the subscription base to 54,394 subscribers.
- 100% increase in cash balance of US\$191.5 million as a consequence of improved operating cash flow and the sale of TASKING.
- Final partially franked (15%) dividend of AU 21 cents (AU 40 cents for the financial year up 3%).
- Improved ESG reporting with plans to establish targets in Financial Year 2022.

The rapid adoption of Altium 365 continued. This delivers benefits to our Company and our customers on two fronts. First, Altium 365 enhances the value of our maintenance subscription for our customers and delivers SaaS-like subscription benefits, thereby reducing churn which will enhance our push for dominance. Second, the rapid adoption of Altium 365 is catching the attention of the industry and attracting strategic partners that will help us accelerate our transformative vision to digitally connect electronic design to the broader engineering ecosystem.

In addition, during the financial year 2021, Altium made a strategic investment in Macrofab of US\$3 million to secure the supply side of Altimade. Macrofab has access to 75 factories in the US for PCB board manufacturing and will be digitally connected to Altium 365 as part of our design to realization strategy.

It is no surprise that, today, Altium is commanding industry leading multiples with strategic interest:

- Altium sits at the heart of the digital engineering ecosystem as the increasingly dominant provider of electronic design tools.
- Altium Designer is the most widespread professional PCB design tool used by over 100,000 engineers worldwide.
- Altium 365 is the world's first digital platform for the design and the realization of electronics hardware and now has over 17,300 active users (up from 12,800 active users as reported in August) and over 7,300 active accounts (up from 6,000 active accounts as reported in August). Altium has 15% of seats on cloud subscription with 40% in transition. 13% of accounts have moved to the cloud with a further 34% of accounts in transition.

FY22 Focus for Dominance and Transformation

For the financial year 2022, we have signaled a “return to winning” for Altium. We have committed to achieve 16-20% growth in revenue (\$209 million - \$217 million) and an underlying EBITDA margin of 34-36%.

Our two engines of growth: our CAD software and our Cloud platform power this performance. These two engines have begun to build considerable momentum in our core business.

We expect to drive organic growth through the following:

- Strong Altium 365 adoption will improve our subscription renewal rate.
- The roll-out of our Digital Sales Platform will take our transactional sales capabilities to global markets.
- The scaling of our high-end Enterprise Sales through strategic partnerships will expand TAM within the PCB market and drive further revenue.
- Expansion of the Octopart TAM with the addition of ECAD and PLM APIs from Nexar is already providing significant revenue growth.
- License compliance will continue to grow in China and, in time, recurring revenue will come through *Altium 365 China*.
- Demand for smart manufacturing will, in time, scale in revenue with high gross profit margin.

Accelerate Adoption of Our Cloud Platform Altium 365 and Nexar Ecosystem

For our users, the adoption of our cloud platform and ecosystem is designed to be ‘frictionless;’ we do not require them to change their existing software licensing model. They need only a valid software maintenance subscription to access the Altium 365 cloud platform for collaboration purposes. This has increased our subscription renewal rates and, in time, will reduce churn, which will have a strong positive impact on our revenue and our climb to 100,000 subscribers for market dominance.

Altium 365 is designed as a platform for users beyond the design community to include professionals from manufacturing and supply chain to compliance and third-party service providers. The standard membership to Altium 365 is free for all users. This will drive the network effect and make the platform attractive for collaboration across all segments of the industry.

Scale Enterprise Sales

Altium’s end-to-end market dominance and our flight path to revenue of US\$500 million includes the establishment of a significant presence in the high-end of the enterprise PCB market.

Our strategic partnerships with key industry partners combined with the Altium 365 Cloud platform and its open digital ecosystem will enable Altium to remove the last stronghold of our competitors in the high-end of the market.

We are developing digital bridges from Altium 365 to the adjacent engineering domains of mechanical CAD (MCAD), product lifecycle management (PLM) and computer aided simulation (CAE). This allows us to forge new partnerships with industry leaders such as PTC, Ansys and others.

Expand Reach Through Our Digital Sales Platform

We have expanded the reach of our transactional sales model with our Digital Sales Platform, and online digital stores. We are no longer leading with promotional discounts or running “Black Friday” sales in June and December. During the financial year 2021, our realized sales price increased by close to 30%. While unit volume was affected by COVID in the financial year 2021, higher realised prices enabled us to achieve a double-digit sales increase in the second half.

This year we will start to build Digital Hubs to serve customers in specific counties or small groups of countries closely related by language or geography (for example, Benelux and Scandinavia).

Digital Hubs will use the power of the Digital Sales Platform to create a stand-alone operating unit for key countries, which is a shift from the current regional approach for all of Europe or the whole of Asia Pacific. Digital Hubs and Digital Stores will be led by a country manager, with a vertical stack comprised of:

- New logo (digital acquisition) sales team
- Customer account self-management
- Digital marketing capability with localization
- Technical support and customer services
- Billing and payment function
- Local cloud infrastructure with a local Development & Operations team

The first Digital Hub will be in the US with localised marketing and promotion materials and a unique user experience for the mainstream engineering market for our electronic design tools.

Launching China 365

Earlier this year, Altium undertook a pilot of *Altium 365 China* with a large local manufacturing and supply chain partner. The pilot generated strong interest and sign ups to the platform and provided us with insights into why and how users adopt the cloud platform in China. For many users, supply chain intelligence was the main attraction of the platform as well as the ability to directly link design to the manufacturing of Printed Circuit Boards.

Launching Altimade

Running on Altium 365, *Altimade* is a first of its kind manufacturing service that helps companies who create electronics products to accelerate their manufacturing process. Altium customers can request an instant quote and place an order to produce their printed circuit boards in any quantity.

Once ordered, detailed status updates ensure that users always know the precise “what and when” of the board’s progress towards delivery. *Altimade* creates, maintains, and displays a complete and continuous digital data trail that represents a true “golden record” for every step in the design, procurement, and manufacturing process for a PCB. Any changes to the original bill of materials or design details automatically update the golden record, ensuring that re-orders are exactly what was received as an approved prototype - no matter how many changes have been made. This aspect of *Altimade* is unique to the industry and differentiates it from other cloud-based manufacturing.

Enhanced by Altium’s investment in Macrofab, we plan to launch *Altimade* in Q3 of fiscal year 2022.

Strategic Partnerships and M&A

Altium has been at the heart of significant M&A interest given its unique position within the digital engineering ecosystem. As we pursue our vision to transform the electronics industry, we will establish partnerships with large players within the engineering industry to leverage the power of our Altium 365 cloud platform and the digital bridges that we are building to the adjacent engineering worlds of mechanical CAD, product lifecycle management and computer aided engineering and more.

At the same time, we are well positioned to make acquisitions that can accelerate our Altium 365 cloud platform capabilities in the areas of supply chain intelligence, and Cloud/SaaS offerings.

Director Fee Pool

As a Company we have a deeply ingrained belief system that the innovative solutions that we provide to engineers around the world should be accompanied by superior financial discipline and a steady increase in returns for our shareholders. Doing both at the same time has been a hard won discipline at Altium and we have no intention to deviate from either deliverable.

However, we also recognise that building great software, and now building a great platform, requires investment, and in our business, investment is almost always in people, rather than capital infrastructure. For the past six years we have neither increased Director’s Fees nor increased our Fee Pool.

Over the next year or two we intend to increase the size of the Board to at least seven and for most of that increase to come in the United States. We intend to set our sights high for our next generation of Directors and to add those who we believe have the experience and capability to assist us to realise our ambition to create the global platform for electronics manufacturing.

What we don’t intend to do is to squander shareholder funds on a Board that doesn’t add value to the Company. It is difficult to predict what the cost of employing the Directors that we seek to hire will be, but as is the case with our Executives, it is likely that it will be benchmarked against US standards, rather than Australian ones by those whom we want to attract. It is always difficult for a Board to determine just the right amount to ask our shareholders to agree to for the Company’s fee pool and this time we decided to err on the side of caution to cover our plans (as we did in 2015) for some time into the future.

Looking Ahead

Our outlook for fiscal 2022 is very positive. We are committed to achieve:

- Revenue of \$209-\$217 million (16%-20% growth)
- Underlying EBITDA margin of 34-36%
- ARR growth of 23-27%

I am pleased to report that we have had a strong first four months of the fiscal year across the entire Altium Group. Term based licences, subscription revenue and renewal rates are all growing well for our core PCB business. Octopart is out-performing with favorable industry tailwinds behind it. China and Nexus are performing well with the impact of COVID behind us and our Altium 365 cloud platform adoption is accelerating.

Moreover, we are spinning up our four strategic flywheels that will power the business to 2025 and beyond for dominance and transformation centered on:

- Design tools adoption
- Design platform adoption
- Cloud adoption
- Ecosystem adoption

Altium will review its market guidance at its February results, and based on business momentum, we are confident that it is not likely to be at the low end of the guided range.

Annual General Meetings

As I conclude, I would like to make some final remarks about the format of our AGM. I think that Altium, more than most companies, understands the power and value of face-to-face meetings. We have not had a Board meeting except by Zoom since February of last year. I have not been in the same room with our CEO since then. This year we booked a large room in the Sydney CBD to hold our AGM but of course our plans were dashed by the Coronavirus. Next year we plan to return to an AGM in Sydney.

But we are also realists and pragmatic and the circumstances of the past two years have led us to believe that we should be prepared for any contingency. Whilst we have no intention in future to conduct virtual meetings, we feel that it is good planning to amend our constitution to allow us to do so should the need arise and our proposed changes are consistent with the legislation currently in the Federal Parliament.

Virtual Annual General Meetings are not a replacement for in-person ones, but they can be a useful and practical alternative when circumstances, such as those we have faced in the past two years, demand them.

And virtual AGMs are neither an Altium matter nor one for our shareholders in isolation. They are part of a much broader societal movement to a digital world. For our part, we shall endeavour to make the virtual experience as compelling as the real one.

Thank you.

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About Altium

Altium (ASX:ALU) is a multinational software corporation headquartered in San Diego, California, that focuses on electronics design systems for 3D PCB design and embedded system development. Altium products are found everywhere from world leading electronic design teams to the grassroots electronic design community. With a unique range of technologies, Altium helps organizations and design communities to innovate, collaborate and create connected products while remaining on time and on budget. Products provided are ACTIVEBOM®, ActiveRoute®, Altium 365®, Altium Concord Pro™, Altium Designer®, Altium NEXUS®, Altium Vault®, Autotrax®, Camtastic®, Ciiva™, CIIVA SMARTPARTS®, CircuitMaker®, CircuitStudio®, Common Parts Library™, Draftsman®, DXP™, Easytrax®, EE Concierge®, NanoBoard®, NATIVE 3D™, OCTOMYZE®, Octopart®, P-CAD®, PCBWORKS®, PDN Analyzer™, Protel®, Situs®, SmartParts™, Upverter®, X2®, XSignals®, PCB:NG®, and Gumstix®. Founded in 1985, Altium has offices worldwide, with US locations in San Diego, Boston, Dallas and New York City, European locations in Karlsruhe, Kiev, St Petersburg, Moscow, Munich, Markelo and Zug, and Asia Pacific locations in Shanghai, Beijing, Shenzhen, Tokyo and Sydney. For more information, visit www.altium.com. You can also follow and engage with Altium via Facebook, Twitter, LinkedIn and YouTube. www.altium.com