



Performing While Transforming

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# Altium Full Year 2023 Investor Presentation

21 August 2023



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## Financial data

All dollar values are in US dollars (US\$) unless otherwise presented.

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# Agenda

1

2023 Full Year Highlights

2

2023 Full Year Financial Performance

3

Growth Metrics and Business Drivers

4

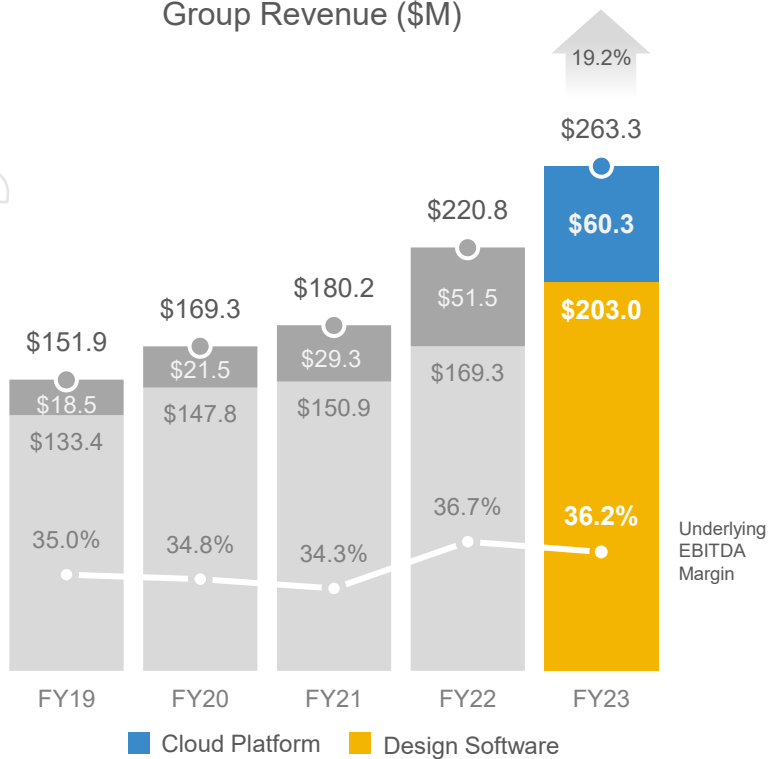
Altium's Unique Position in the Engineering Ecosystem

5

Appendix

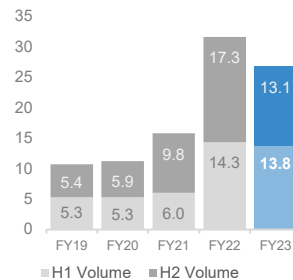
# FY23 Performance Highlights

Group Revenue (\$M)

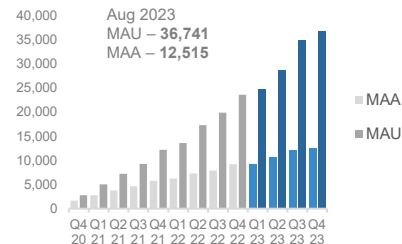


Strong revenue growth of 19.2%  
Underlying EBITDA Margin of 36.2%

Octopart Search Offer Clicks (Mil)

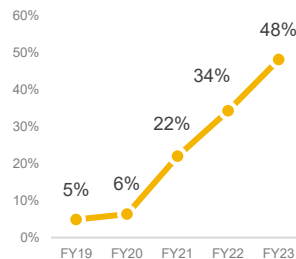


Altium 365 Monthly Active Users (MAU) / Accounts (MAA)

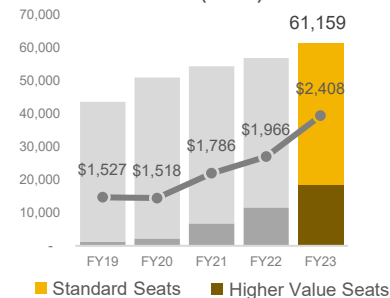


Strong cloud platform adoption

Term-Based Licenses as % of Total New AD Sales



Average Subscription Seat Value (ASSV)



Business model transition and strong Altium 365 adoption drive increase in Recurring Revenue and in Average Subscription Seat Value (ASSV)

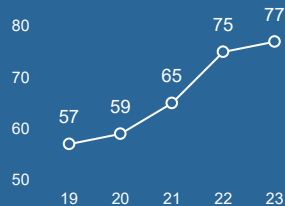
# Unrivalled Financial Performance



## \$263.3M Revenue (Up 19.2%)



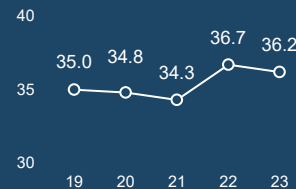
## 77% Recurring Revenue (Up from 75%)



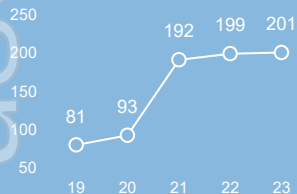
## \$55.7M Operating Cash Flow \*



## 36.2% Underlying EBITDA Margin



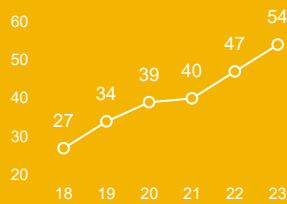
## \$201.0M Cash \*



## USD 50.4c EPS (Up 19.4%)



## AU 54c Dividend (Up 14.9%)



## \$66.3M PAT (Up 19.6%)



\*Operating Cash Flow and Cash are after a payment was made to the Australian Tax Office (ATO) of AU\$40.0 million (US\$27.2 million) in relation to Altium's ongoing dispute with the ATO.

# FY24 Market Guidance and FY26 Aspirational Targets



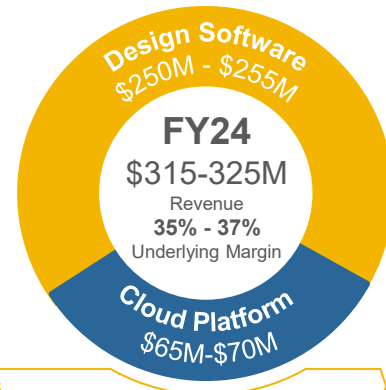
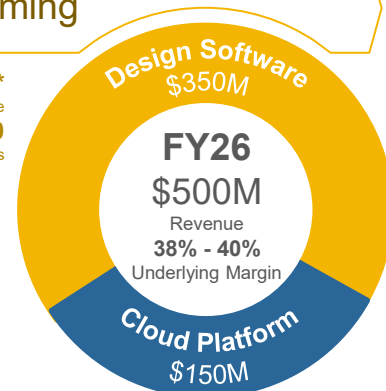
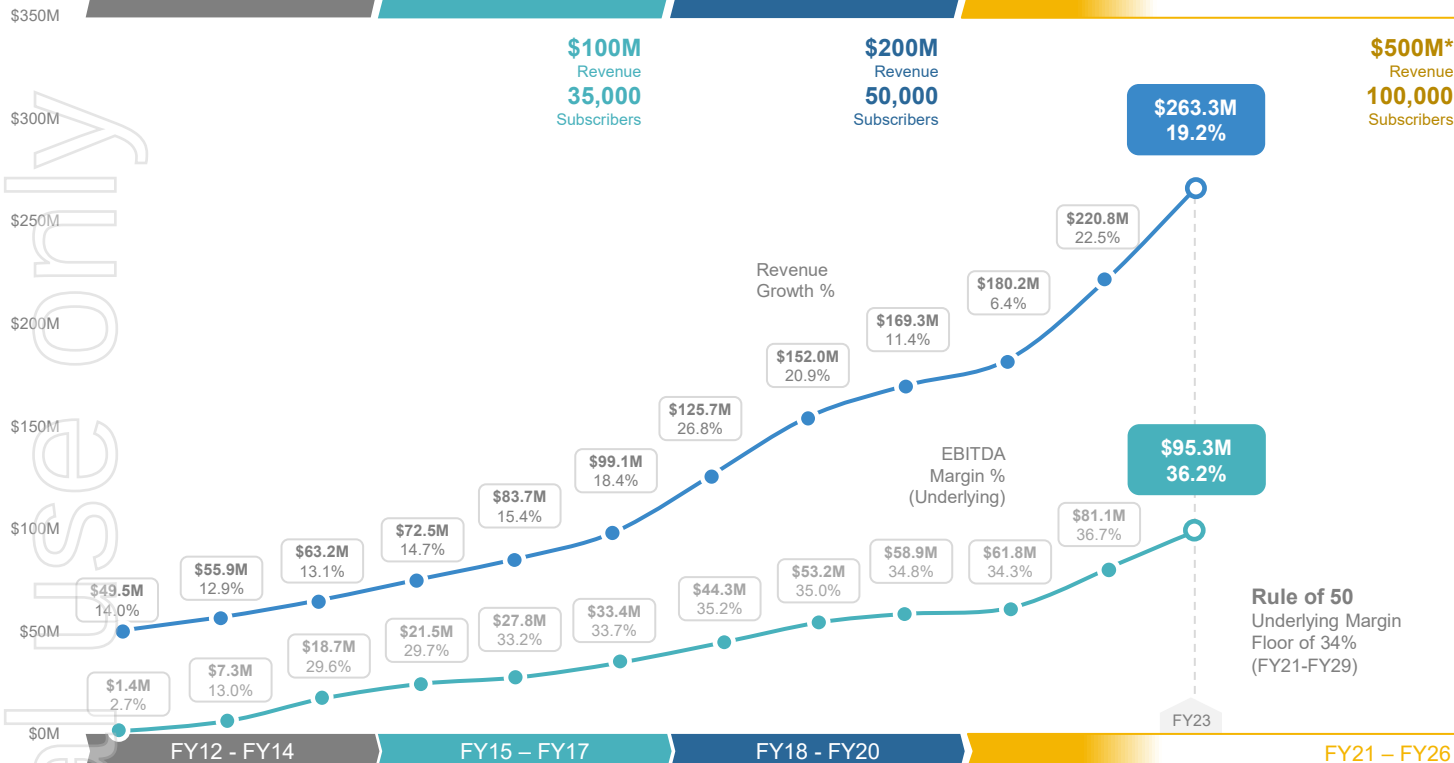
**Altium**

Rebuilding

Performing

Leading

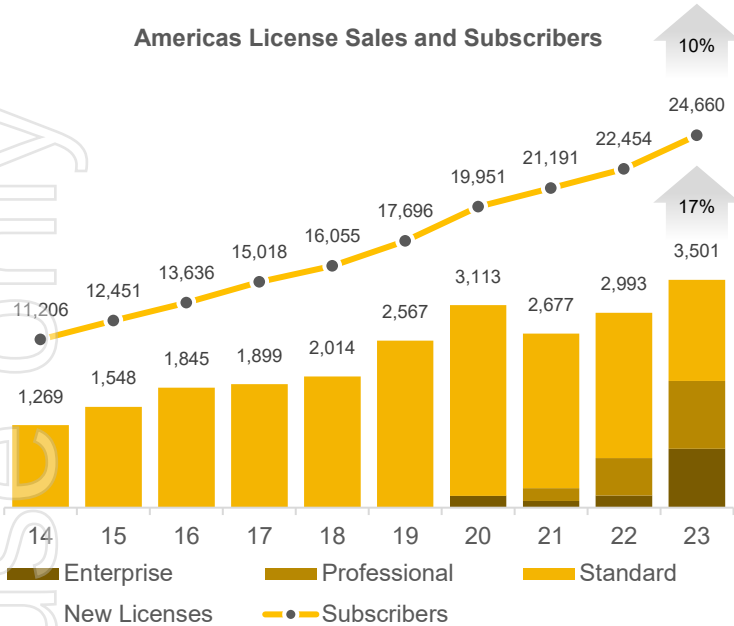
Dominating & Transforming



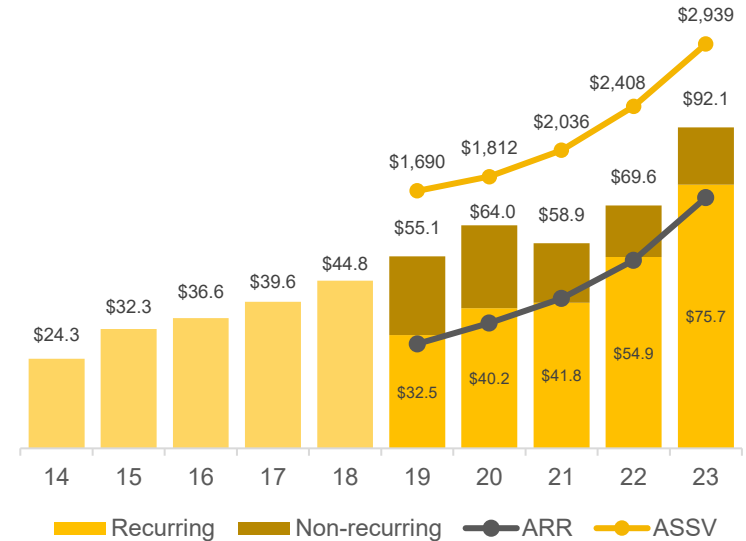
\* With stronger uptake of higher-value subscription seats the \$500M target will be reached with only 75,000 to 90,000 seats on subscription.

# Americas: A Lead Indicator for Consistent Long-Term Growth

### Americas License Sales and Subscribers



### Americas Design Software Revenue and ARR (\$M)



The Americas have delivered consistent growth in new license sales over the decade, with license volumes growing at a **12% CAGR** over this time period. During the last 4 years, this seat volume growth has been paired with a substantial improvement in mix, with the strong adoption of Pro and Enterprise products accelerating revenue growth.

# Significant Achievements in FY23



## Design Software

### Mainstream Embracing Enterprise Capabilities & Term-Based Licenses

- Pro and Enterprise subscriptions grew to 14,437, an increase of 76%, and the mix increased 9.2 points from 14.4% to 23.6%.
- When combined with an increasing share of new licenses being time-based, Average Subscription Seat Value (ASSV) for Design Software increased from \$1,966 in FY22 to \$2,408 in FY23.

### Significant New Capabilities for Altium Designer

- Altium Designer 23 expanded into electronics *product design* with enhancements in multi-board design, new harness design, and collaborative authoring and more advanced simulation proficiency.
- Enhanced Co-Simulation and Co-Design based on “file-less” data exchange were achieved through integrations with Ansys (simulation) and Siemens NX (MCAD).

## Cloud Platform

### Octopart Delivers Value to Sellers

- Average Revenue Per Click grew by 32% and Digital Advertising grew 35% in FY23 reflecting Octopart’s increasing pricing power derived from outsized value delivered to component manufacturers and distributors.

### Enhanced Security Posture

- Altium received SOC2 Type 2 certification, the culmination of a collective commitment to adhering to strict security processes and controls.
- Altium launched GovCloud, a critical capability needed to assure U.S. customers that their most sensitive data is managed with strict physical and logical access restrictions.



## Guidance for FY24

- Total Revenue between \$315 million to \$325 million (20%-23% growth)
  - \$250 million to \$255 million for Design Software Business (23%-26% growth)
  - \$65 million to \$70 million for Cloud Platform (Octopart and Smart Manufacturing) (8%-16% growth)
- Underlying EBITDA margin of 35%-37%

## Reaffirm Aspirational targets for FY26

- Total Revenue of \$500\* million
- Underlying EBITDA margin 38%-40%
- 100,000 software seats on subscription

With stronger uptake of higher-value subscription seats the \$500M target will be reached with only 75,000 to 90,000 seats on subscription. However, 100,000 seats on subscription remains an independent aspirational goal.

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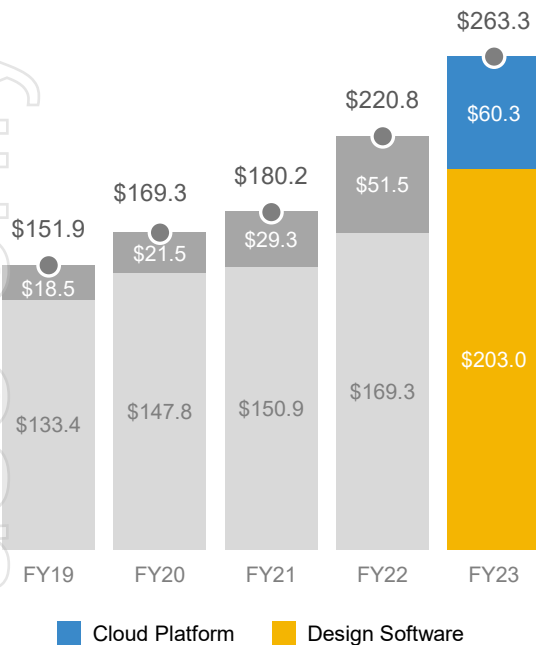
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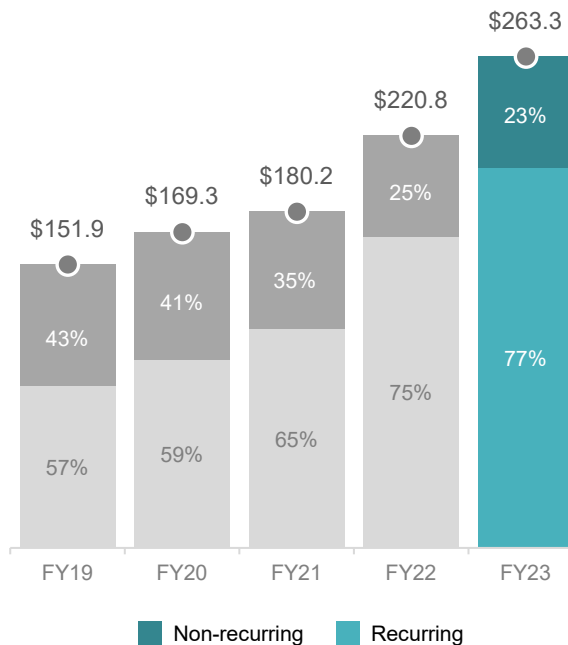
Appendix

# Group Revenue

Design Software and Cloud Platform (\$M)



% Recurring vs. Non-Recurring



Design Software revenue grew by 19.9% supported by:

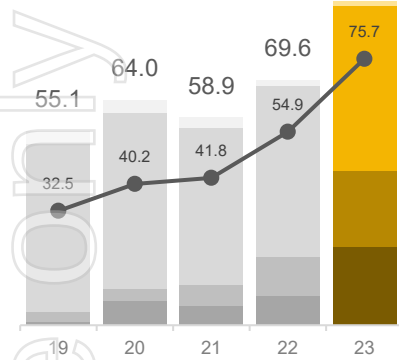
- Strong enterprise revenue growth of 143%.
- Americas Design Software revenue growth of 32.3%.
- EMEA Design Software revenue growth of 19.8% (23.6% in Euros).

Strong revenue growth was achieved in both Software and Cloud while increasing the mix of recurring revenue

# Design Software – Revenue

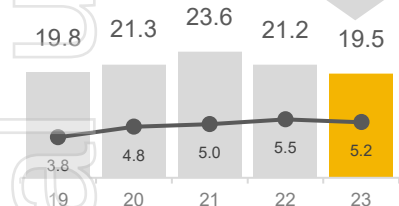
Americas (\$M)

32.3%  
92.1

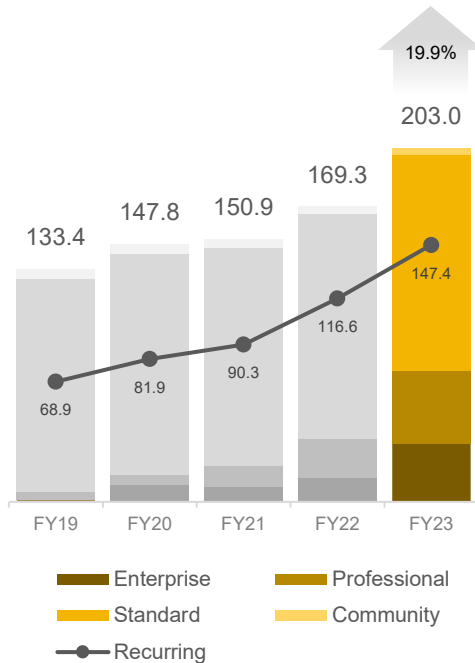


China (\$M)

-8.0%

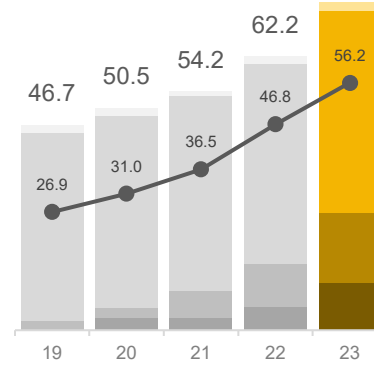


Design Software Revenue (\$M)



EMEA (\$M)

19.8%  
74.5



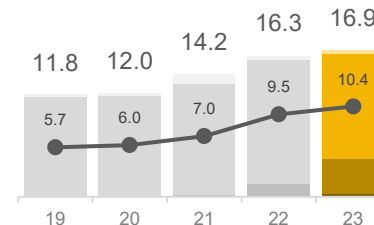
Americas Design Software revenue grew by 32.3% with 17% growth in new software licenses and 10% growth in subscriptions.

EMEA Design Software revenue grew by 19.8% (23.6% in Euros) with 10.5% growth in subscriptions.

China revenue declined due to a slow recovery post pandemic and geopolitical restrictions.

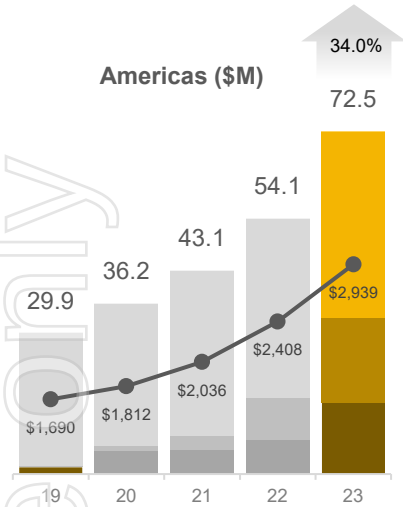
Rest of World (\$M)

3.7%

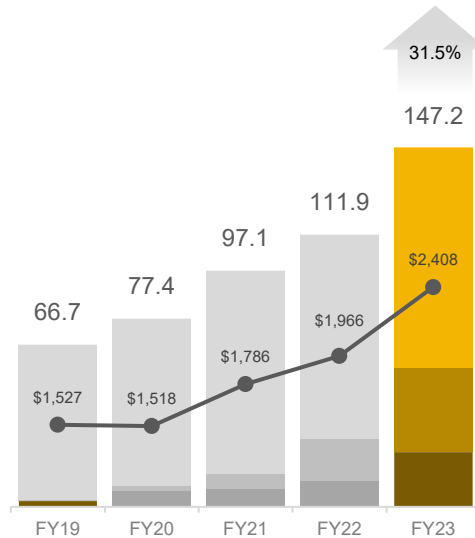


Rest of World revenue grew marginally due to Russia being excluded for FY23.

# Design Software – Annual Recurring Revenue

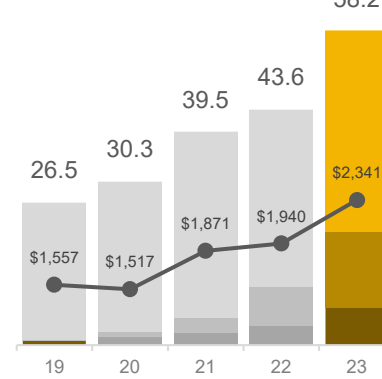


Design Software ARR (\$M)



Enterprise Professional  
 Standard Community  
 ASSV

EMEA (\$M)

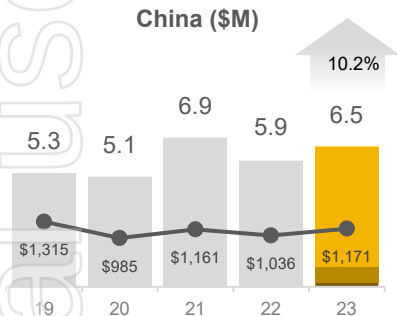
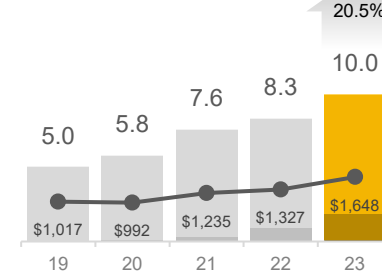


Strong ARR and Average Subscription Seat Value (ASSV) growth in Americas and EMEA due to substantial improvement in product mix.

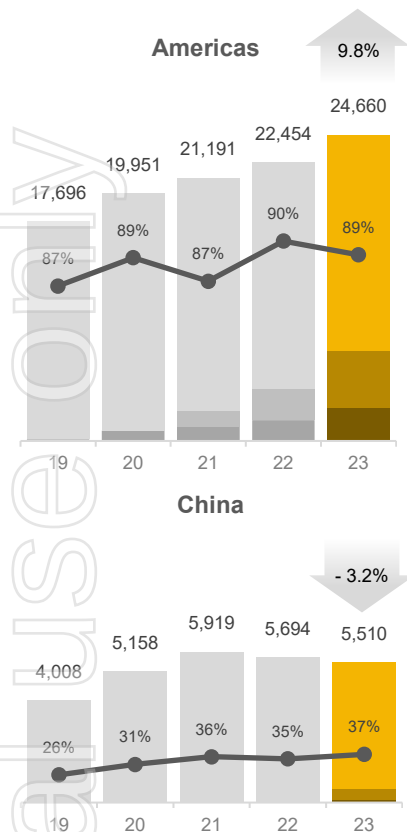
Significant improvement in Rest of World ARR as they begin to adopt the new product mix and term-based licensing.

ARR calculation was refined in FY23 to utilise more granular regional and customer level data. Historical data has been presented on a basis consistent with the FY23 methodology. Refer to Appendix B for ARR and ASSV based on previous methodology.

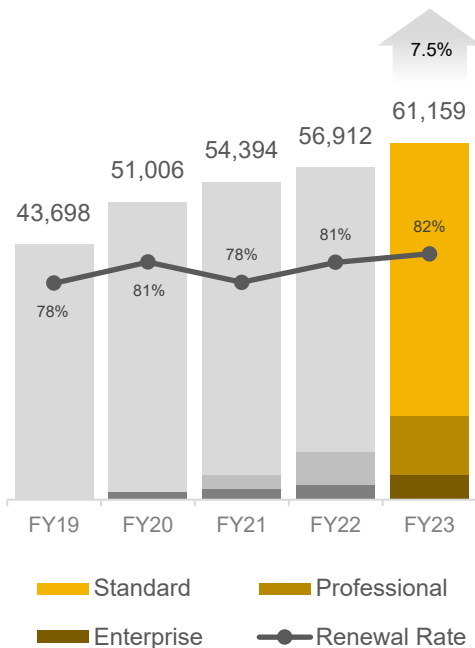
Rest of World (\$M)



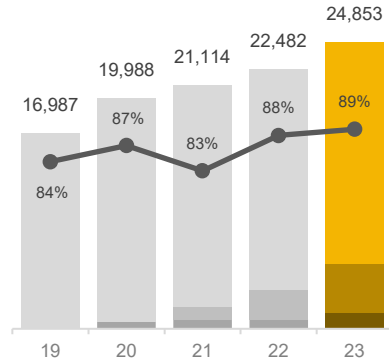
# Design Software – Seats on Subscription



## Total Seats-on-Subscription



## EMEA

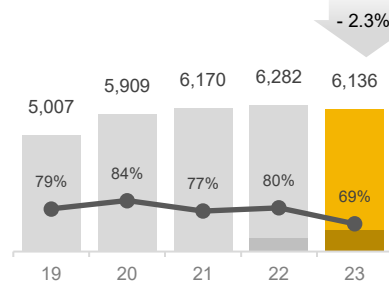


Total seats-on-subscription grew at approximately 10% in both the Americas and EMEA in FY23.

Strong growth in renewal rates in the Americas and EMEA, supported by growing cloud adoption and stronger execution.

Rest of World subscription seats totals fell due to the loss of Russia's entire subscription pool.

## Rest of World



Subscriptions seats in China underperformed due to lower new license sales and challenging macroeconomic conditions.

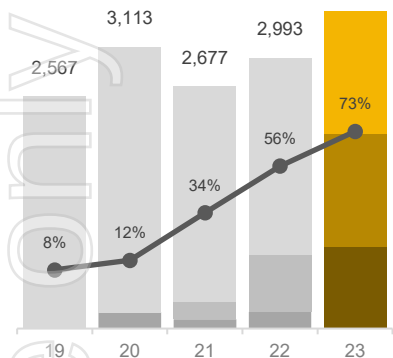
# Design Software – New Licenses



## Americas

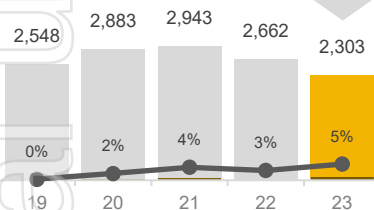
17.0%

3,501



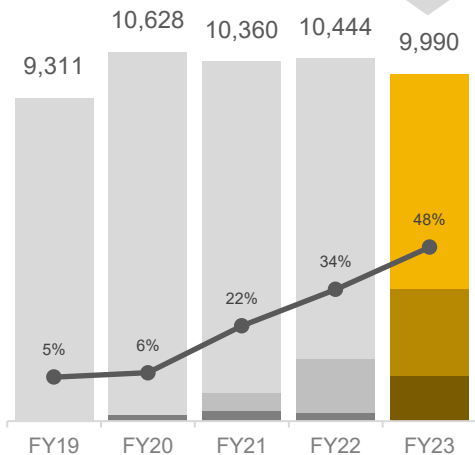
## China

- 13.5%



## Total New Seats Sold

- 4.3%

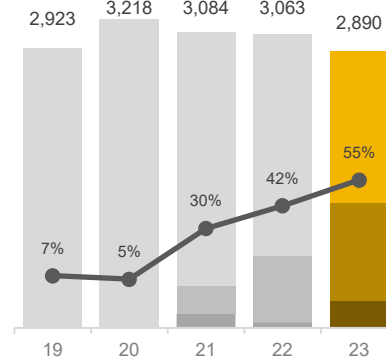


Standard  
Professional  
Enterprise

% Time-Based

## EMEA

- 5.6%



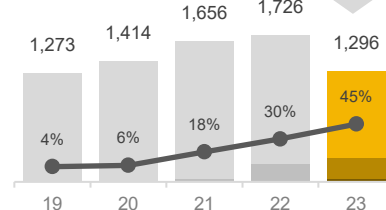
Customers are choosing Professional and Enterprise level subscriptions in growing numbers when purchasing new seats. Time-based licenses are rapidly becoming the subscription of choice in most of the world.

New seat sales in the Americas were up 17% supported by strong enterprise sales.

Softness in EMEA caused by a focus on rejoins rather than new licenses combined with a difficult environment in China and the exit of business in Russia contributed to a slight decline in the overall number of new licenses.

## Rest of World

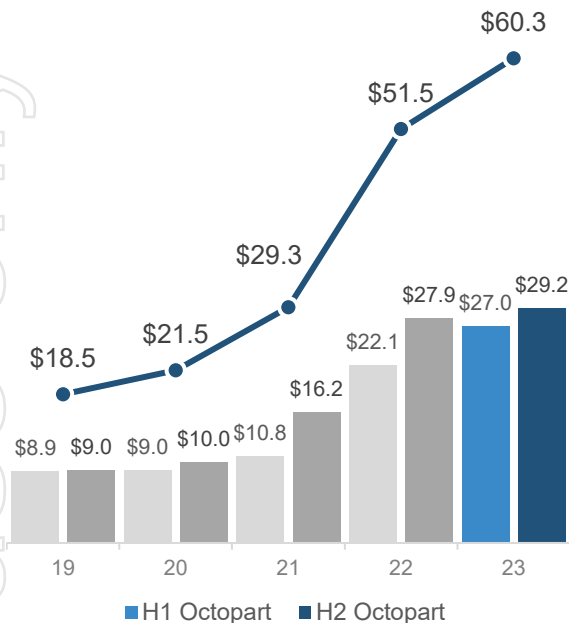
- 24.9%



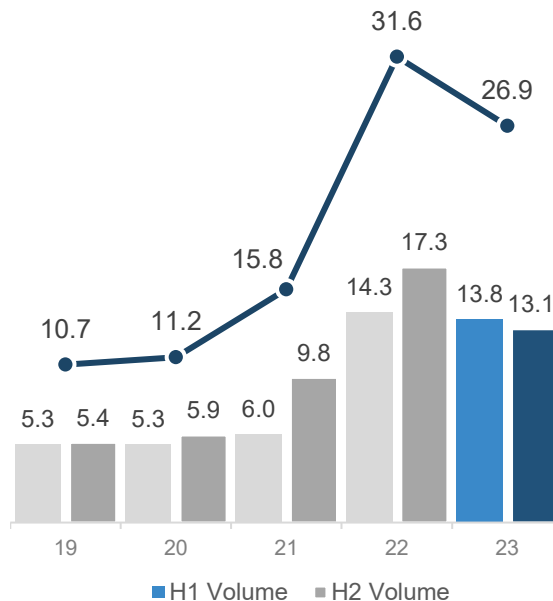
# Cloud Platform – Revenue and Octopart Offer Clicks



## Cloud Platform Revenue (\$M)



## Octopart Offer Clicks (Mil)



Octopart Offer Clicks decreased 15% YoY but still finished 70% higher than the FY21 level. Recovery of stock levels for certain key electronics parts resulted in fewer clicks, particularly for zero-stock items for which suppliers pay Octopart lower amounts.

Despite fewer clicks, an increase in Average Revenue Per Click of 32% drove a 12% increase in Octopart Revenue.

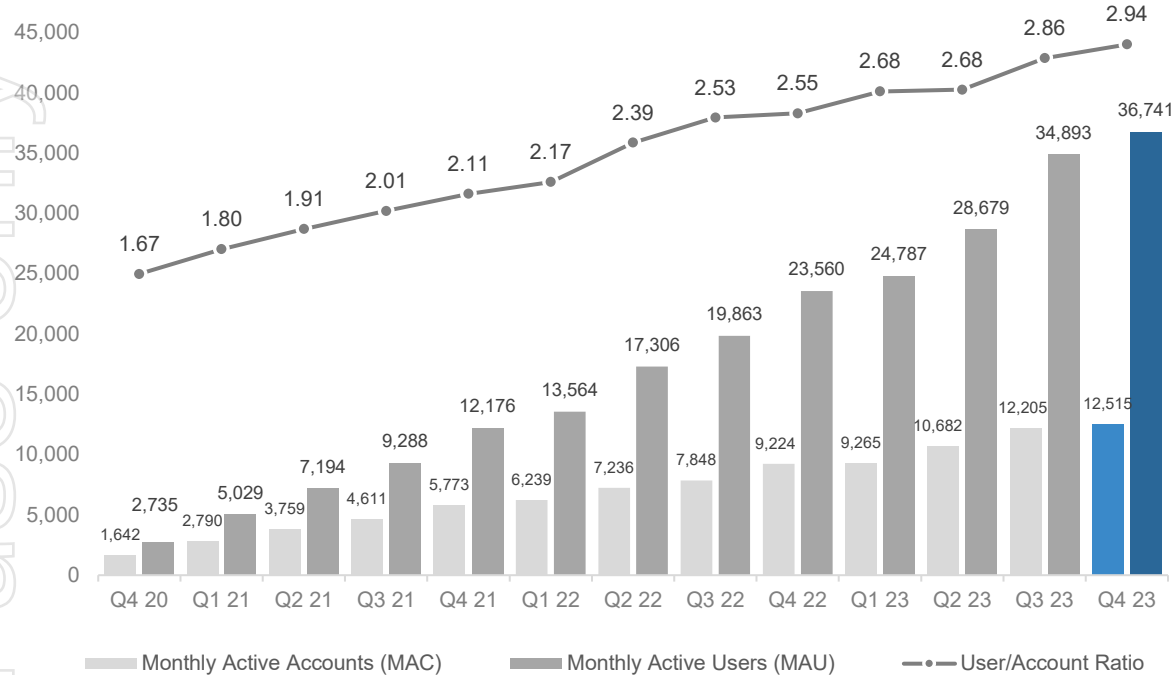
FY23 Cloud Platform Revenue includes \$56.2M from Octopart and \$4.1 from Smart Manufacturing.

Suppliers are willing to pay more to rank high in the offer tables presented with search results to leverage Octopart's growing dominance in parts search

# Cloud Platform – Altium 365 Strong Adoption



Altium 365 Monthly Active Users and Monthly Active Accounts



Monthly Active Users reached a high of 36,741 and Monthly Active Accounts reached a high of 12,515 in August 2023.

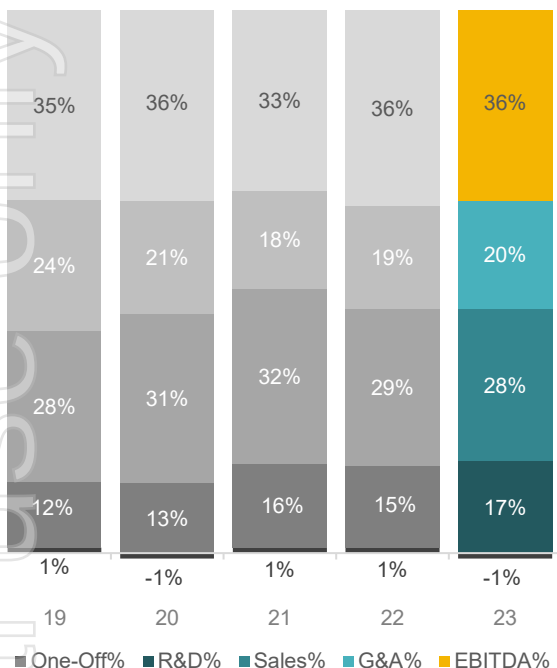
The growth of User to Account Ratio from 1.67 to 2.94 reflects the growing “*network effect*” of Altium 365 drawing users from outside our traditional Altium Designer userbase (such as mechanical engineers, procurement managers, etc.)

Strong adoption of Altium 365 with a growing “*Network Effect*” is supporting transformation

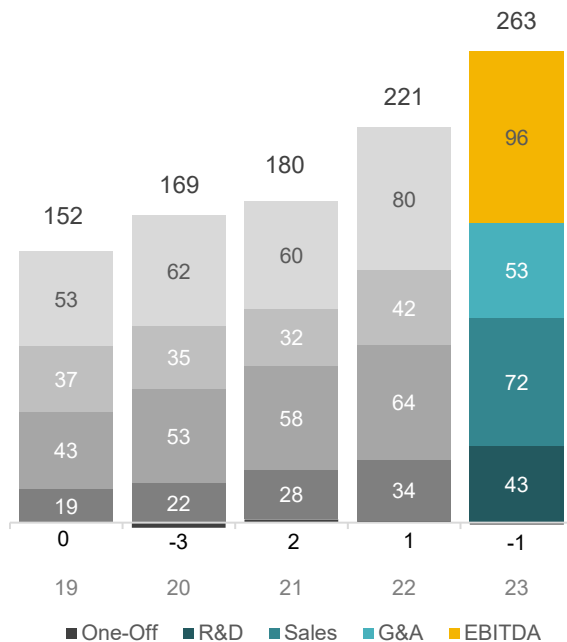
# Operating Expenses



Operating Expenses as Percentage of Revenue



Operating Expenses as Breakdown of Revenue (\$M)



Reported EBITDA grew 20.3%, driven by strong revenue growth.

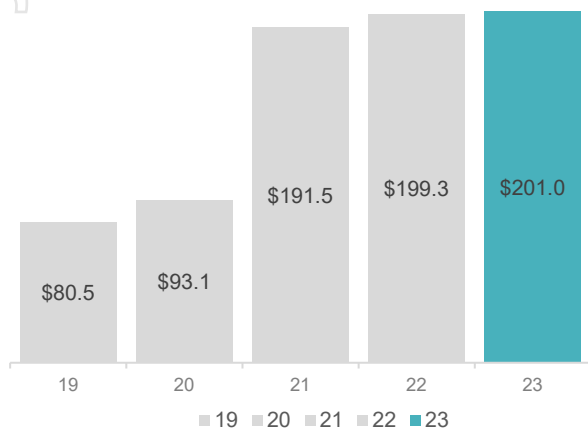
During the year, Altium invested materially in Enterprise and Digital sales and continued to acquire expertise for its Cloud Platform. These investments span R&D capabilities, front-line sales and executive talent. Altium is also building out a dedicated M&A team.

To maintain historical consistency, much of the new executive talent resides in the G&A OpEx category, but the vast majority of this expertise accrues to the Sales and R&D functions.

# Balance Sheet

Strong balance sheet position with \$201M net cash provides flexibility for continued growth

Cash and Cash Equivalents (\$M)



## Balance Sheet strength

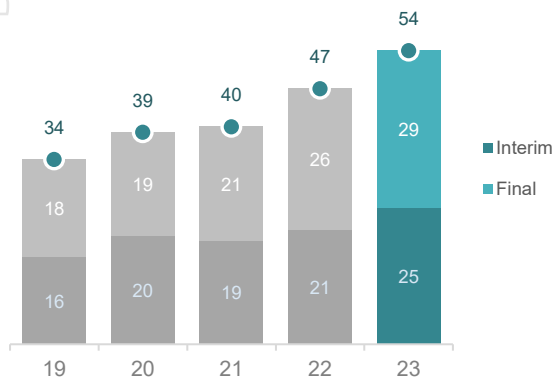
- Continued strengthening of the balance sheet with cash increasing to \$201.0M.
- The \$26.7M ATO amount payment is recognised in Non-current Other Receivables.

## Full Year Balance Sheet

|                                      | Jun-23<br>\$ '000 | Jun-22<br>\$ '000 | Jun-21<br>\$ '000 | Jun-20<br>\$ '000 | Jun-19<br>\$ '000 | Jun-18<br>\$ '000 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash and cash equivalents            | 200,975           | 199,287           | 191,541           | 93,083            | 80,531            | 52,459            |
| Trade and other receivables          | 61,180            | 63,486            | 66,117            | 57,499            | 45,833            | 38,799            |
| Other current assets                 | 26,685            | 11,108            | 8,127             | 7,550             | 5,108             | 4,171             |
| <b>Total current assets</b>          | <b>288,840</b>    | <b>273,881</b>    | <b>265,785</b>    | <b>158,132</b>    | <b>131,472</b>    | <b>95,429</b>     |
| Other receivables                    | 30,604            | 1,629             | 1,512             | 1,842             | 2,285             | 1,952             |
| Investments                          | 3,373             | 3,274             | 3,034             | -                 | -                 | -                 |
| Property, plant and equipment        | 4,530             | 12,012            | 16,185            | 21,113            | 7,762             | 5,712             |
| Intangible assets                    | 40,751            | 43,926            | 47,179            | 49,690            | 51,534            | 49,068            |
| Other non-current assets             | 59,149            | 46,728            | 49,457            | 58,058            | 84,873            | 82,120            |
| <b>Total non-current assets</b>      | <b>138,407</b>    | <b>107,569</b>    | <b>117,367</b>    | <b>130,703</b>    | <b>146,454</b>    | <b>138,852</b>    |
| <b>Total assets</b>                  | <b>427,247</b>    | <b>381,450</b>    | <b>383,152</b>    | <b>288,835</b>    | <b>277,926</b>    | <b>234,281</b>    |
| Trade and other payables             | 22,949            | 20,058            | 20,804            | 16,629            | 16,278            | 12,147            |
| Tax liabilities                      | 5,498             | 3,672             | 27,493            | 6,587             | 5,705             | 772               |
| Provisions                           | 3,862             | 3,837             | 3,061             | 2,887             | 2,109             | 6,784             |
| Lease liabilities                    | 3,603             | 5,364             | 5,559             | 5,480             | -                 | -                 |
| Customer contract liabilities        | 66,940            | 56,449            | 52,431            | 48,037            | 48,277            | 43,989            |
| <b>Total current liabilities</b>     | <b>102,852</b>    | <b>89,380</b>     | <b>109,348</b>    | <b>79,620</b>     | <b>72,369</b>     | <b>63,692</b>     |
| Deferred tax liabilities             | 3,146             | 3,804             | 4,547             | 5,155             | 5,833             | 5,566             |
| Provisions                           | 505               | 476               | 373               | 2,755             | 6,407             | 3,974             |
| Customer contract liabilities        | 8,690             | 8,835             | 7,487             | 8,512             | 6,875             | 6,035             |
| Lease liabilities                    | 7,413             | 4,088             | 5,493             | 8,453             | -                 | -                 |
| Other liabilities                    | 416               | 13                | 4                 | 7                 | 1,884             | 2,098             |
| <b>Total non-current liabilities</b> | <b>20,170</b>     | <b>17,216</b>     | <b>17,904</b>     | <b>24,882</b>     | <b>20,999</b>     | <b>17,673</b>     |
| <b>Total liabilities</b>             | <b>123,022</b>    | <b>106,596</b>    | <b>127,252</b>    | <b>104,502</b>    | <b>93,368</b>     | <b>81,365</b>     |
| <b>Net assets</b>                    | <b>304,225</b>    | <b>274,854</b>    | <b>255,900</b>    | <b>184,333</b>    | <b>184,558</b>    | <b>152,916</b>    |
| Contributed equity and reserves      | 161,915           | 153,568           | 149,841           | 147,702           | 145,137           | 138,260           |
| Retained profits                     | 142,310           | 121,286           | 106,059           | 36,631            | 39,421            | 14,656            |
| <b>Total equity</b>                  | <b>304,225</b>    | <b>274,854</b>    | <b>255,900</b>    | <b>184,333</b>    | <b>184,558</b>    | <b>152,916</b>    |

## Positive cash flow

### Dividends Paid/Declared (AUD¢)



## Positive cash flow

- Operating cash flow was very strong in FY23 but offset by a one-time tax payment that Altium is contesting and expects to recover in future periods.

## Statement of Cash Flows - Full Year

|                                                           | 2023<br>\$ '000 | 2022<br>\$ '000 | 2021<br>\$ '000 | 2020<br>\$ '000 | 2019<br>\$ '000 | 2018<br>\$ '000 |
|-----------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Operating cash flow</b>                                | <b>55,727</b>   | <b>72,491</b>   | <b>61,736</b>   | <b>56,531</b>   | <b>69,066</b>   | <b>48,482</b>   |
| Receipts from customers                                   | 267,083         | 229,502         | 193,850         | 189,638         | 178,215         | 147,685         |
| Payments to suppliers and employees                       | (163,479)       | (147,698)       | (117,733)       | (126,200)       | (106,819)       | (96,578)        |
| Payments for expenses relating to acquisitions            | -               | -               | (536)           | -               | (244)           | (572)           |
| Net interest received                                     | 2,231           | 369             | 226             | 855             | 933             | 192             |
| Interest and other finance costs paid                     | (869)           | (489)           | (657)           | (582)           | (1)             | (2)             |
| Net income taxes paid                                     | (49,239)        | (9,193)         | (13,414)        | (7,180)         | (3,018)         | (2,243)         |
| <b>Capital expenditure</b>                                | <b>(3,677)</b>  | <b>(1,040)</b>  | <b>(1,662)</b>  | <b>(3,871)</b>  | <b>(5,095)</b>  | <b>(2,824)</b>  |
| Payments for property, plant and equipment                | (3,677)         | (1,040)         | (1,662)         | (3,871)         | (5,095)         | (2,824)         |
| Payments for intangibles                                  | -               | (425)           | (839)           | (1,253)         | (17)            | (748)           |
| <b>Free cash flow</b>                                     | <b>52,050</b>   | <b>71,026</b>   | <b>59,235</b>   | <b>51,407</b>   | <b>63,954</b>   | <b>44,910</b>   |
| <b>Cash flows from investing activities</b>               | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>(2,421)</b>  | <b>(3,681)</b>  |
| Payments for purchase of subsidiary, net of cash acquired | -               | -               | -               | -               | (2,421)         | (3,681)         |
| Payments on contingent and deferred consideration         | -               | -               | (50)            | -               | (5,471)         | (7,455)         |
| Payment for investment                                    | -               | -               | (3,000)         | -               | -               | -               |
| Sale of business                                          | -               | (15,841)        | 85,813          | -               | -               | -               |
| <b>Cash flows from financing activities</b>               | <b>(45,324)</b> | <b>(40,118)</b> | <b>(37,557)</b> | <b>(33,634)</b> | <b>(28,128)</b> | <b>(25,633)</b> |
| Dividends paid                                            | (45,324)        | (40,118)        | (37,557)        | (33,634)        | (28,128)        | (25,633)        |
| Repayment of lease liabilities                            | (4,314)         | (5,707)         | (5,524)         | (5,050)         | (7)             | (9)             |
| <b>Increase in cash and cash equivalents</b>              | <b>2,412</b>    | <b>9,360</b>    | <b>98,917</b>   | <b>12,723</b>   | <b>27,927</b>   | <b>8,132</b>    |
| Effect of exchange rate changes                           | (724)           | (1,614)         | (459)           | (171)           | 145             | 54              |
| <b>Total increase in cash and cash equivalents</b>        | <b>1,688</b>    | <b>7,746</b>    | <b>98,458</b>   | <b>12,552</b>   | <b>28,072</b>   | <b>8,186</b>    |

# Full Year FY23 Results Key Metrics

Strong performance for all key financial metrics at the Group level – Revenue, EBITDA and PAT

## Group

- Strong growth in revenue, EBITDA and PAT in FY23 accompanied by increased margins.

## Revenue – Strong top line growth of 19.2%

- Reported revenue increased to \$263.3 million in FY23, driven by improvements in Software revenue and continued strength in Cloud.

## EBITDA – EBITDA margin increased by +0.3 percentage points to 36.5%

- EBITDA increased by 20.3% to \$96.0 million in FY23, driven by both higher top line revenue and higher component of recurring revenue and the positive benefits from operating leverage.

## PAT – strong bottom-line profitability: +19.6%

- PAT for continuing operations, increased by 19.6% to \$66.3 million reflecting strong revenue growth and reported margin expansion.

|                                               | FY23    | FY22    | +/- %    | FY21    | FY20    | FY19    |
|-----------------------------------------------|---------|---------|----------|---------|---------|---------|
|                                               | Million | Million |          | Million | Million | Million |
| Revenue (incl. TASKING)                       | 263.3   | 220.8   | 19%      | 191.1   | 189.1   | 171.8   |
| Revenue                                       | 263.3   | 220.8   | 19%      | 180.2   | 169.3   | 152     |
| Reported expenses                             | 167.3   | 141.0   | 19%      | 120.2   | 107.6   | 98.9    |
| EBITDA                                        | 96.0    | 79.8    | 20%      | 60.0    | 61.7    | 53.1    |
| Depreciation and amortization                 | 9.6     | 12.0    | -20%     | 11.9    | 10.9    | 9.8     |
| EBIT                                          | 86.4    | 67.9    | 27%      | 48.1    | 50.8    | 43.3    |
| Net interest                                  | 1.4     | 0.01    | 9593%    | (0.4)   | 0.1     | 0.7     |
| Profit before income tax                      | 87.8    | 67.9    | 29%      | 47.7    | 50.9    | 44      |
| Income tax expense                            | 21.4    | 12.4    | 73%      | 12.4    | 31.2    | 3.6     |
| Profit after income tax                       | 66.3    | 55.5    | 20%      | 35.3    | 19.7    | 40.4    |
| Profit after tax from discontinued operations | -       | (0.1)   | -100%    | 71.1    | 11.2    | 12.5    |
| Dividends (AU cents)                          | 54      | 47      | 15%      | 40      | 39      | 34      |
| <b>Key Margin Analysis (continuing)</b>       |         |         |          |         |         |         |
| EBITDA margin                                 | 36.5%   | 36.2%   | 0.3 pts  | 33.3%   | 36.5%   | 34.9%   |
| EBITDA margin (Underlying)                    | 36.2%   | 36.7%   | -0.5 pts | 34.3%   | 34.8%   | 35.0%   |
| Net profit before tax margin                  | 33.3%   | 30.7%   | 2.6 pts  | 26.0%   | 30.0%   | 29.0%   |
| Net profit after tax margin                   | 25.2%   | 25.1%   | 0.1 pts  | 20.0%   | 12.0%   | 27.0%   |
| Effective tax rate                            | 24.4%   | 18.3%   | 6.1 pts  | 26.0%   | 61.3%   | 8.2%    |
| <b>Balance Sheet (USD millions)</b>           |         |         |          |         |         |         |
| Cash and equivalents                          | 201.0   | 199.3   | 1%       | 191.5   | 93.1    | 80.5    |
| Net assets                                    | 304.2   | 274.9   | 11%      | 255.9   | 184.3   | 184.6   |
| Operating cash flow                           | 55.7    | 72.5    | -23%     | 61.7    | 56.5    | 69.1    |

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- Electronics are at the heart of a smart and connected world.
- 5G Communications, Electrification of Cars, Autonomous Driving, Industrial IoT, AI and Data Science, Mobile Devices, and the general demand for smart connected products are driving demand for electronics and continue to overburden supply chain.
- The decoupling of China and the US economies is slowly giving rise to the formation of two independent and competing ecosystems for electronics. This is resulting in on-going supply chain challenges and disruption that will potentially deepen.
- Electronics is playing a key role in driving competitive edge and speed to market in manufacturing modern products. This is resulting in many companies bringing electronics in-house.
- Altium's software and cloud platform enable the proliferation of electronics as the design of printed circuit boards and the sourcing of electronic parts are the two fundamental processes in the creation of electronics hardware.



## Tail Winds...

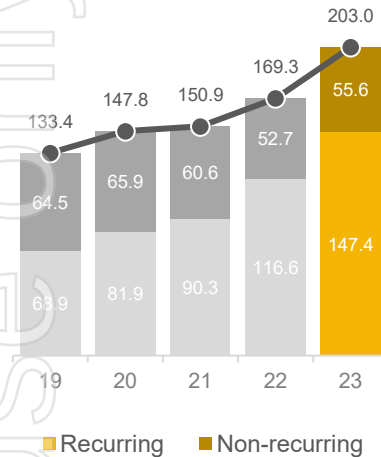
- Altium Cloud First Strategy is transforming our product portfolio from stand-alone desktop design software to a connected cloud-based design platform providing access to enterprise capabilities for mid-market customers, resulting in higher revenue per subscription seat.
- Altium is gaining traction in the enterprise market, where Altium's unique electronic data and lifecycle management combined with its cloud platform is increasingly being viewed as the platform of choice for electronics by modern enterprises.
- Digitization of Altium's transactional sales combined with an omnichannel approach for go-to-market is highly efficient and effective and is driving a strong overall performance.

## Head Winds...

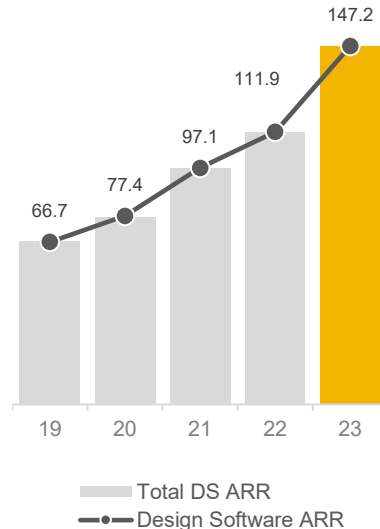
- Altium's traditional license compliance business in China post pandemic is going through a slow recovery compounded by a business model transition from perpetual to term-based and ultimately SaaS.
- The normalization of the supply chain post-pandemic has lowered traffic volume to Octopart, compensated in part by a stronger value proposition and higher average revenue per click.

# Design Software – Growth Metrics

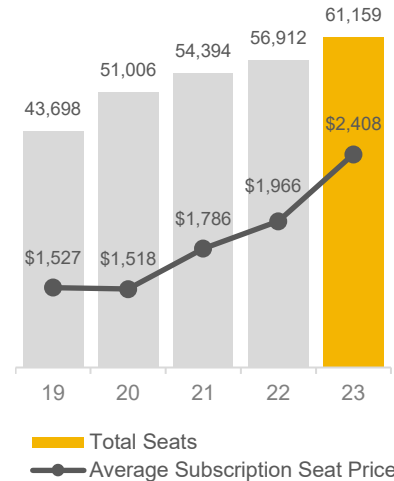
Recurring vs Non-recurring (\$M)



Annual Recurring Revenue (ARR) (\$M)



Average Subscription Seat Price vs Volume



The improvement in product mix and the shift of the installed base to Term-Based licensing continues to enhance the size and quality of Altium's recurring revenue.

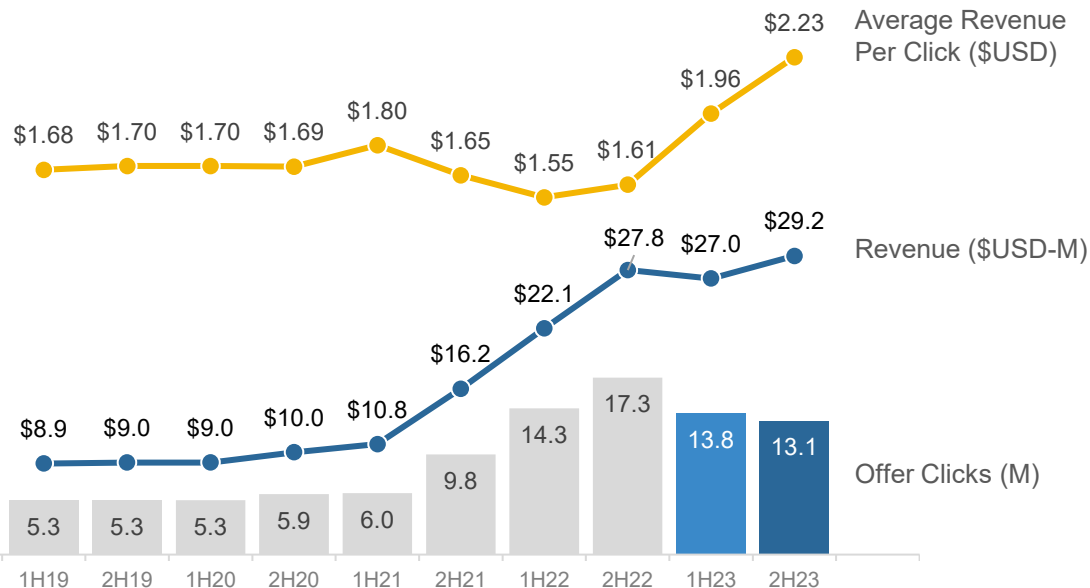
TBLs, along with a growing uptake of Pro and Enterprise level seats has resulted in three straight years of expanding the average annualized price of seats on subscription. This, in turn, pushed ARR higher.

Growing seat volume and the increasing value of seats on subscription

# Octopart – Growth Metrics and Business Drivers



Octopart Revenue, Offer Clicks (Mil) and  
Average Revenue Per Click



Octopart Average Revenue per Click continues to grow as customers routinely increase their contractual payment rates (in-stock, zero-stock and boost) to secure competitive placement in search results.

The “boost” program, introduced in the second half, allows distributors to selectively enhance search result placement for specific part categories or brand names for an additional fee.

Octopart market leadership in parts search supported strong growth in average revenue per click and is offsetting lower offer clicks as supply chain disruption normalizes



## Operating Leverage...

- Higher price and margin for design software seats on subscription as the mid-market adopts enterprise-level capabilities.
- Digitization of transactional sales processes is delivering greater efficiencies.

## Investments...

- Further investment in Altium 365 cloud platform capabilities.
- Scaling enterprise sales capacity to deliver industry solutions for enterprise verticals.
- Deepening the value proposition and reach of Octopart beyond electronic parts search to supply chain intelligence.
- Expanding the Altium leadership team in the US.

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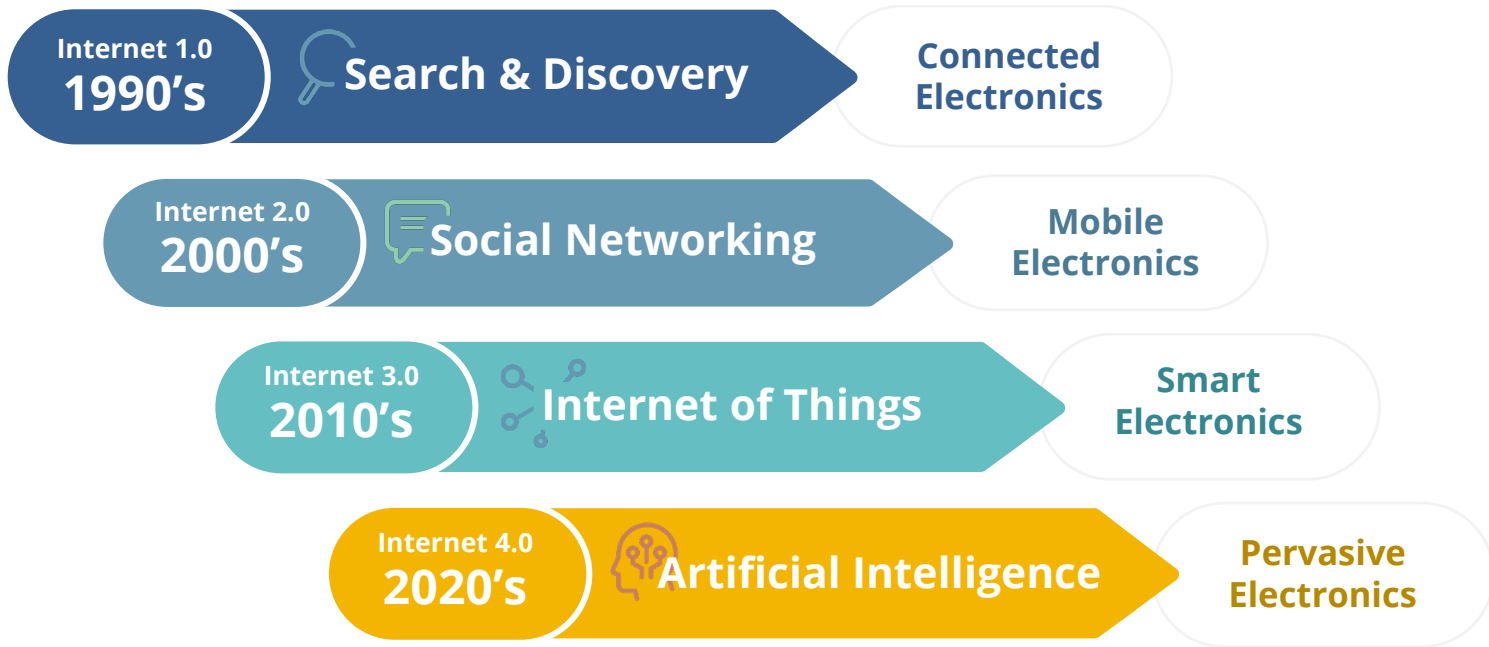
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Internet of Things & Artificial Intelligence are driving the proliferation of electronics



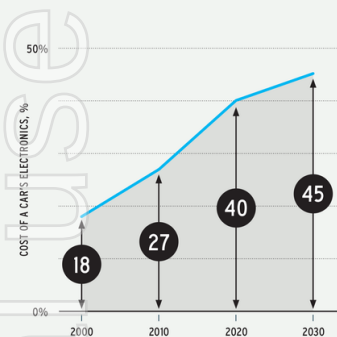
Nasa's Mars Ingenuity Copter's electronics were designed using Altium software

Printed Circuit Boards are central to the design & realization of electronics and smart connected products

# Electronics are Responsible for 40% of a New Car's Total Cost

## Where the PCBs go in Automobiles

- Engine Control System
- Battery Control System
- ECU/ECU control modules
- Antilock brake systems
- Digital displays
- Dashboard
- Transmission sensors
- Radar
- Audio systems
- DC/AC power converters
- Engine timing systems
- Electronic mirror controls
- Power relays
- Airbag
- LED lighting systems
- Steering
- Air Conditioner System

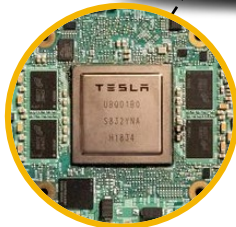
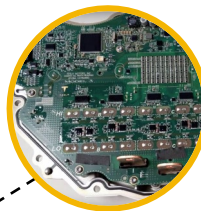


Deloitte (2019) - Semiconductors – the Next Wave

Central Information Display



Inverter Board



Self-driving computer and its AI brain



Visual Compute Module



Motor Controller

# The Economic Forces Shaping the Future of Smart Products

iRobot  
Smart Vacuum Cleaner



- Safety
- Performance
- Compliance
- Engineering Expertise

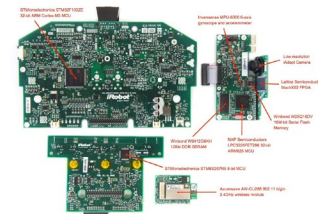
- Need for Intelligence
- Need for Connectivity
- Electronic Components
- PCB Fab & Assembly

- Form, Fit & Function
- Experience
- Time to Market
- Material
- Manufacturing

- AI/ML
- Security
- Scalability
- Cloud Computing
- 5G



System Modelling & Engineering Analytics



Electronic Design & Manufacturing



Product Design & Manufacturing



Software, Silicon & Computing



*“To transform the electronics industry through the **cloud-enablement** of all **industry processes** involved in the **creation of electronics hardware**”*



World's largest  
Phone companies

Owns No  
**Telco  
Infrastructure**



World's most  
Valuable retailer

Owns No  
**Inventory**



Most popular  
Media owner

Owns No  
**Content**



World's largest  
Software vendors

Owns No  
**Apps**



World's largest  
movie house

Owns No  
**Cinema**



World's largest  
taxi company

Owns No  
**Taxis**



World's largest  
Accommodation provider

Owns No  
**Real Estate**

...



World's largest  
platform for the  
production of  
electronics  
hardware

Owns No  
**Fab or Factory**



## Design Software

Make Altium synonymous with PCB design within the electronic industry to the point of “virtual monopoly”.



## Cloud Platform

Grow “network effect” with strong “data gravity” among professionals and organizations that are involved with the creation of electronic hardware.

Altium Cloud First strategy is resulting in **Transformation through Dominance** fast becoming **Dominance through Transformation**

# The Two Domains of Transformation

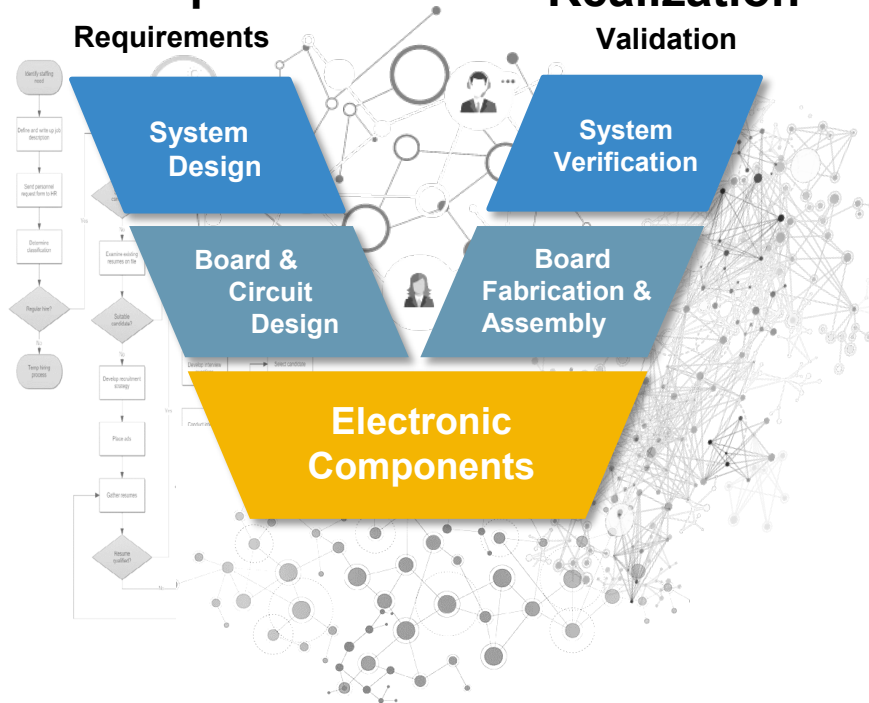
## Industrial Software Digital Model Continuity

**BOM** - Bill of Material  
**EDA** - Electronic Design Automation  
**CAD** - Computer Aided Design  
**PLM** - Product Lifecycle Management  
**CAE** - Computer Aided Engineering

Continuity refers to the seamless and **consistent transfer, integration, and use of digital models throughout a product's life cycle** ensuring that everyone has access to accurate, up-to-date, and consistent digital models, reducing discrepancies and inefficiencies.

## Concept

### Requirements



## Realization

### Validation

## Industrial Internet Business Model Continuity

**Design Services**  
**Simulation & Analysis Services**  
**Component Sourcing Services**  
**Fabrication & Assembly Services**  
**Testing & Verification Services**

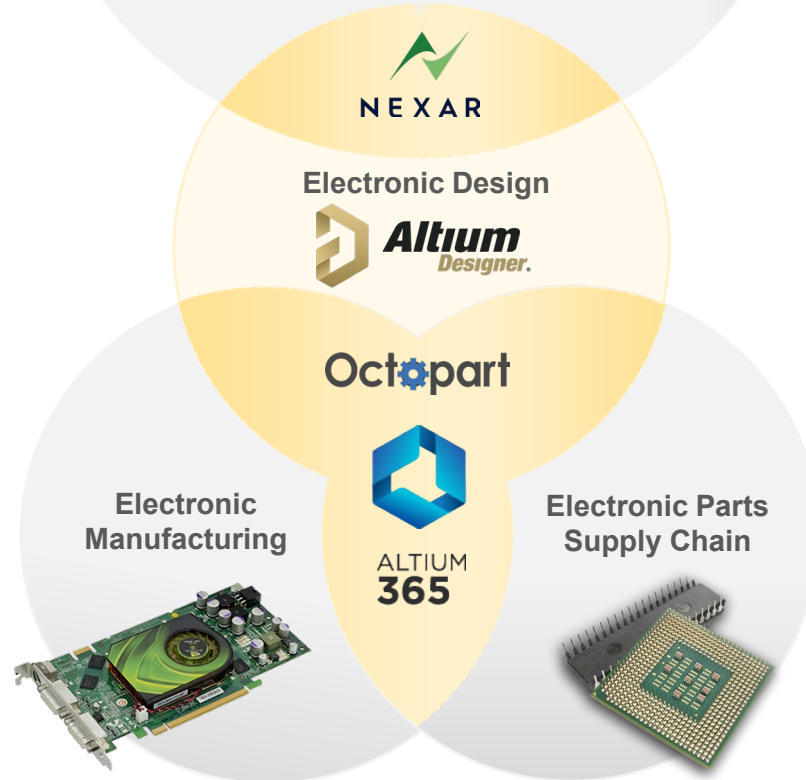
Business Model Continuity involves maintaining a degree of consistency and adaptability across different organizations' business models within the industry. This continuity and adaptability allow businesses to remain competitive and facilitates collaboration, standardization.

# Altium 365 and Nexar Connect Electronic to the Wider Industrial Software Ecosystem

Altium®



- **Nexar** - is a cloud-based integration platform to connect the growing community of Altium 365 PCB design users with the software, suppliers, and manufacturers needed to transform ideas into smart & connected products
- **Platform Adoption** - Over 6,000 companies have already adopted the Altium 365/Nexar cloud platform for electronics design.



- **Altium 365** - connects the Electronics Industry fragmented value chains to drive productivity and manage production risk
- **Octopart** – allows electronic designers to research parts availability and pricing while providing opportunity for component manufacturers to influence early design decisions
- **Altium 365** – provides cloud based smart manufacturing that will improve productivity and manufacturability of electronics hardware and manage production risk and supply chain

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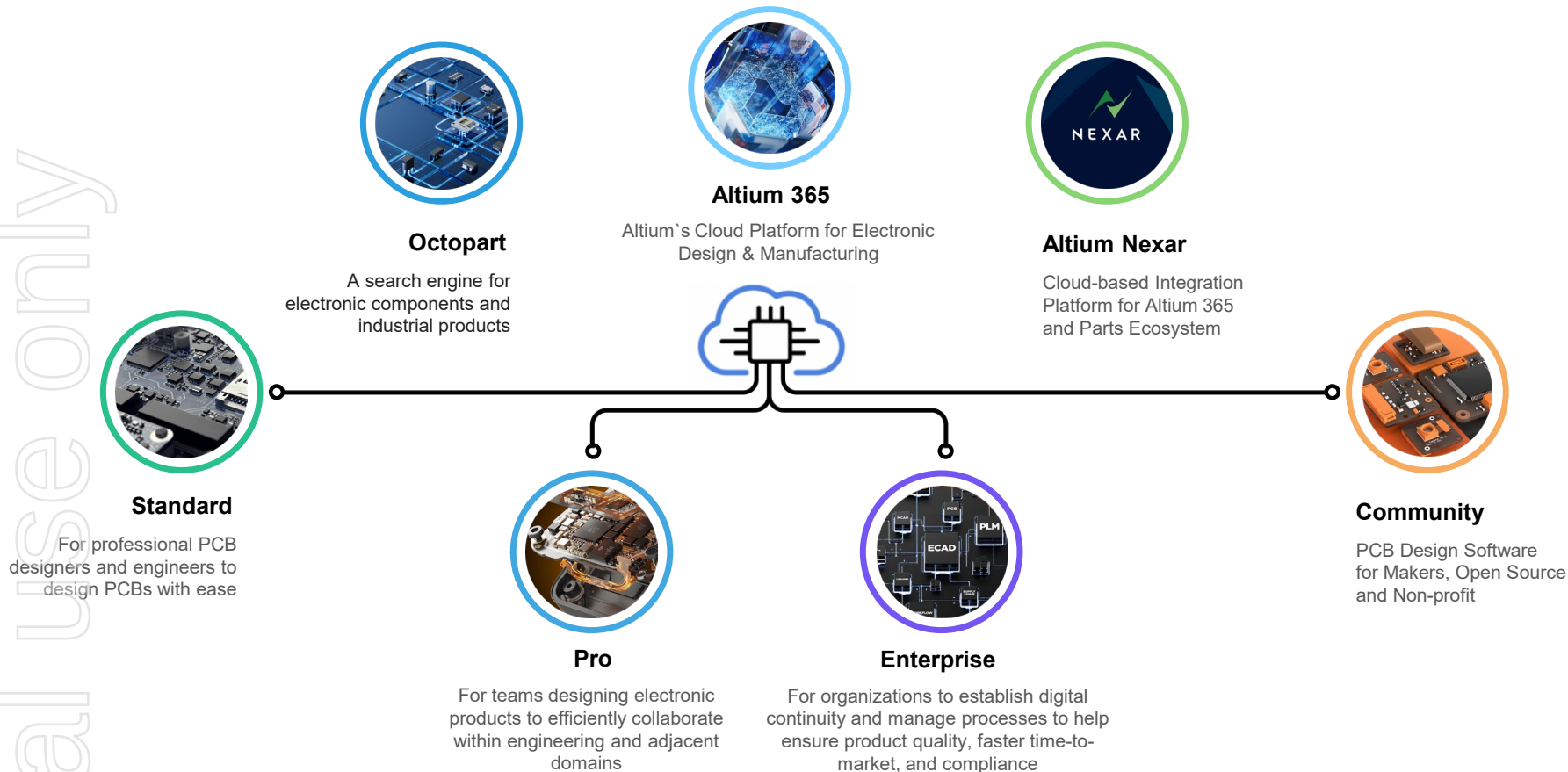
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Altium use only



# Mainstream Dominance with Diversity of Applications and High-Profile Customers



## Automotive



## Aerospace & Defense



## Life Sciences



## Mobile Devices



## Consumer- Electronics



## Electronics & High-Tech



## Research & Education



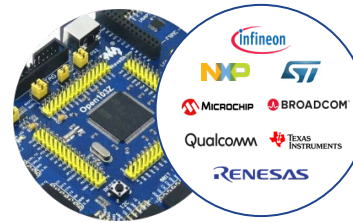
## Industrial Controls



## Computers



## Semiconductors



Altium is the differentiated category leader of PCB design and empowers innovation for a diverse array of leading customers



## Main Operating Centers

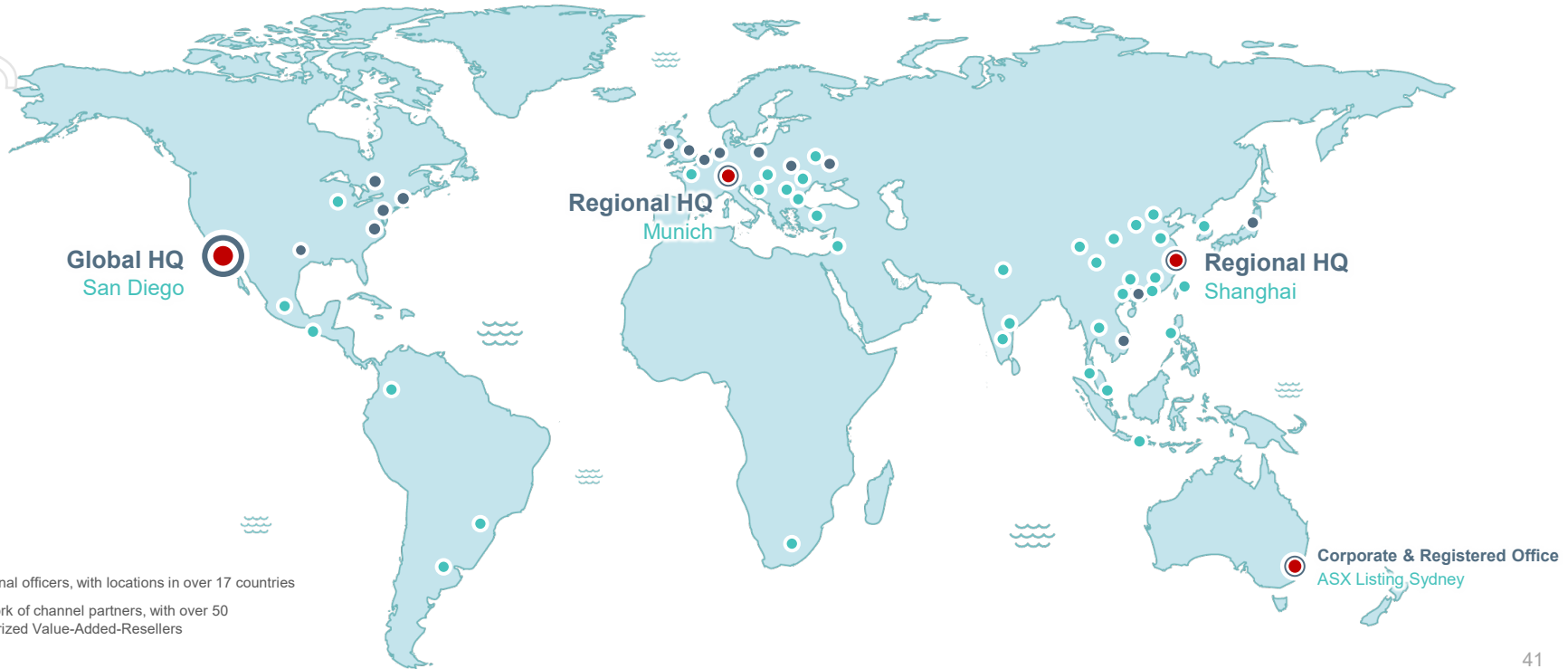
San Diego, Munich, Shanghai

## Sales and Support Centers

San Diego, Boston, Karlsruhe, Munich, Shanghai, Sydney

## Research & Development Centers

San Diego, Kyiv, Katowice, Cambridge, Shanghai





## **Big Thinking** (in pursuit of purpose)

Setting ambitious long-term goals that stakeholders at all levels can appreciate and get behind

## **Ingenuity** (of AND)

Shows an ability to work with complexity and polarities. Demonstrating resourcefulness and creative thinking to generate options or solutions. Balancing risks, rewards and conflicting priorities in solving problems.

## **Diversity** (of thought)

Demonstrates an ability to think "out of the box" and listens to new ideas.

## **Agility** (of action)

Showing an ability to shift quickly to be more effective based on the situation. Demonstrating an ability to fail fast or win quickly.

## **Courage** (of conviction)

Living and dying by the sword, a fearless mindset to express one's conviction borne out of relentless desire to succeed.

## **Adaptability** (of approach)

Thriving on change and flexibility. Demonstrating a global view and understanding not just how, but why.

## **Transparency** (of intent)

Demonstrating open and honest two-way communication with others in relation to the why, the what and the how.

## **Grit** (in pursuit of mission)

Load bearing and demonstrating resolve to move through adversity or obstacles. Remains objective and positive through periods of change.

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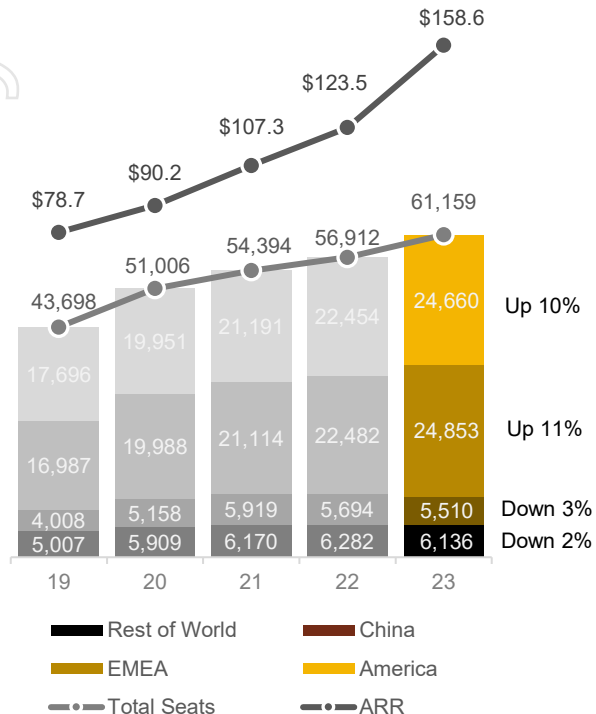
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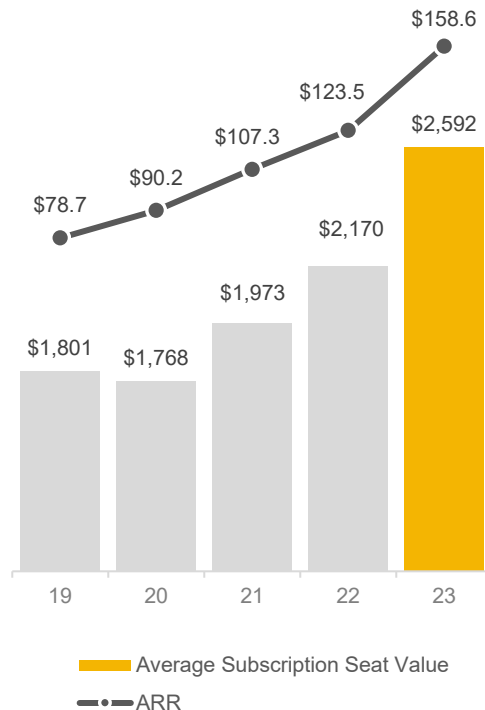
Company Guidance

# ARR and ASSV on FY22 Measurement Basis

Annualised Recurring Revenue\* (\$M)  
and Number of Subscription Seats



Annualised Recurring Revenue (\$M)  
and Average Subscription Seat Value



The total Altium subscription pool grew by 4,247 seats in FY23 to reach 61,159.

Higher-value subscription seats, including term-based licenses and seats with Pro and Enterprise level capabilities command higher prices, resulting in a 19% increase in average subscription seat value, based on FY22 measurement basis.

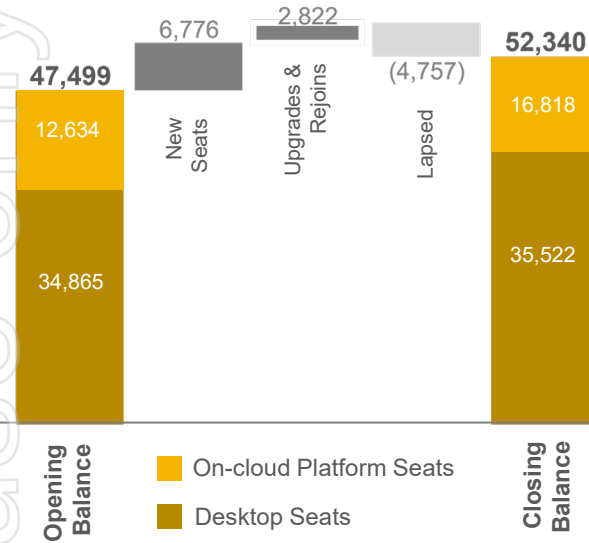
The uptake of higher-value subscription seats has accelerated Annualised Recurring Revenue (ARR) growth for the subscription pool well beyond the pace of seat growth.

\*ARR Calculation refined in FY23 to utilise more granular regional and customer level data rather than weighted averages in FY22. Refer to Slide 13 for the FY23 methodology presented.

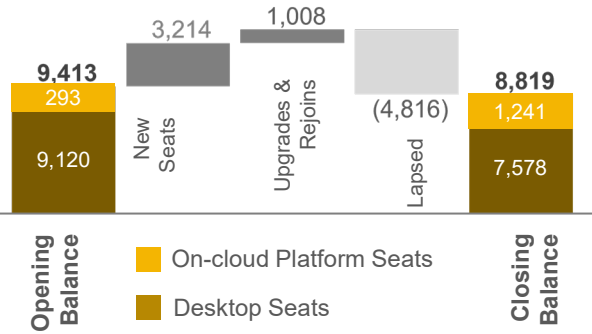
# Subscription Pool Based on the Old Developed/Developing Countries Segmentation



## Developed Countries Subscription Pool



## Developing Countries Subscription Pool



The seat count in developed countries grew at a healthy rate with a strong second half assisted by a significant rejoin campaign.

Lapses in developing countries were exaggerated by the loss of subscriptions in Russia and impacted by a challenging business and political environment in China.

89.1% Renewal Rate in Developed Countries (FY22 88.9%)

47.6% Renewal Rate in Undeveloped Countries (FY22 44.7%)

Net subscription seat growth rebounded in the second half of FY23

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# Regional Data Summary

## DESIGN SOFTWARE - REVENUE BY PRODUCT

|                          | GROUP (\$M) |       |       |       |       | Americas (\$M) |      |      |      |      | EMEA (\$M) |      |      |      |      | China (\$M) |      |      |      |      | ROW (\$M) |      |      |      |      |
|--------------------------|-------------|-------|-------|-------|-------|----------------|------|------|------|------|------------|------|------|------|------|-------------|------|------|------|------|-----------|------|------|------|------|
|                          | FY19        | FY20  | FY21  | FY22  | FY23  | FY19           | FY20 | FY21 | FY22 | FY23 | FY19       | FY20 | FY21 | FY22 | FY23 | FY19        | FY20 | FY21 | FY22 | FY23 | FY19      | FY20 | FY21 | FY22 | FY23 |
| Total Revenue By Product | 133.4       | 147.8 | 150.9 | 169.3 | 203.0 | 55.1           | 64   | 58.9 | 69.6 | 92.1 | 46.7       | 50.5 | 54.2 | 62.2 | 74.5 | 19.8        | 21.3 | 23.6 | 21.2 | 19.5 | 11.8      | 12.0 | 14.2 | 16.3 | 16.9 |
| Standard                 | 121.6       | 126.6 | 125.0 | 129.5 | 124.1 | 47.8           | 50.1 | 44.5 | 48.7 | 46.9 | 42.7       | 43.7 | 44.3 | 45.5 | 45.7 | 19.8        | 21.3 | 23.5 | 21.1 | 19.3 | 11.3      | 11.5 | 12.7 | 14.2 | 12.2 |
| Professional             | 5.1         | 5.7   | 12.2  | 22.2  | 41.7  | 2.7            | 3.3  | 5.8  | 10.9 | 21.7 | 2.2        | 2.3  | 6.0  | 9.7  | 16.1 | -           | -    | -    | 0.1  | -    | 0.2       | 0.1  | 0.4  | 1.5  | 3.9  |
| Enterprise               | 1.0         | 9.8   | 8.6   | 13.7  | 33.3  | 1.0            | 7.0  | 5.7  | 8.4  | 22.2 | -          | 2.8  | 2.9  | 5.2  | 10.7 | -           | -    | -    | -    | -    | -         | -    | -    | 0.1  | 0.4  |
| Community                | 5.7         | 5.7   | 5.1   | 3.9   | 3.9   | 3.6            | 3.6  | 2.9  | 1.6  | 1.3  | 1.8        | 1.7  | 1.0  | 1.8  | 2.0  | -           | -    | 0.1  | -    | 0.2  | 0.3       | 0.4  | 1.1  | 0.5  | 0.4  |

## DESIGN SOFTWARE - ARR BY PRODUCT

|                      | GROUP (\$M) |      |      |       |       | Americas (\$M) |      |      |      |      | EMEA (\$M) |      |      |      |      | China (\$M) |      |      |      |      | ROW (\$M) |      |      |      |      |
|----------------------|-------------|------|------|-------|-------|----------------|------|------|------|------|------------|------|------|------|------|-------------|------|------|------|------|-----------|------|------|------|------|
|                      | FY19        | FY20 | FY21 | FY22  | FY23  | FY19           | FY20 | FY21 | FY22 | FY23 | FY19       | FY20 | FY21 | FY22 | FY23 | FY19        | FY20 | FY21 | FY22 | FY23 | FY19      | FY20 | FY21 | FY22 | FY23 |
| Total ARR By Product | 66.7        | 77.4 | 97.1 | 111.9 | 147.2 | 29.9           | 36.2 | 43.1 | 54.1 | 72.5 | 26.5       | 30.3 | 39.5 | 43.6 | 58.2 | 5.3         | 5.1  | 6.9  | 5.9  | 6.5  | 5.0       | 5.8  | 7.6  | 8.3  | 10.0 |
| Standard             | 63.6        | 68.5 | 83.4 | 83.5  | 90.0  | 28.0           | 30.0 | 34.9 | 37.7 | 39.3 | 25.3       | 27.7 | 34.3 | 32.7 | 37.0 | 5.3         | 5.1  | 6.9  | 5.7  | 5.6  | 5.0       | 5.7  | 7.3  | 7.4  | 8.1  |
| Professional         | 0.6         | 2.2  | 6.0  | 17.2  | 34.3  | 0.4            | 1.2  | 2.9  | 8.9  | 17.8 | 0.2        | 0.9  | 2.8  | 7.2  | 14.1 | -           | -    | -    | 0.2  | 0.7  | -         | 0.1  | 0.3  | 0.9  | 1.7  |
| Enterprise           | 2.2         | 6.3  | 7.5  | 10.9  | 22.4  | 1.4            | 4.8  | 5.2  | 7.3  | 15.1 | 0.8        | 1.5  | 2.3  | 3.6  | 6.9  | -           | -    | -    | -    | 0.2  | -         | -    | -    | -    | 0.2  |
| Community            | 0.3         | 0.4  | 0.2  | 0.3   | 0.5   | 0.1            | 0.2  | 0.1  | 0.2  | 0.3  | 0.2        | 0.2  | 0.1  | 0.1  | 0.2  | -           | -    | -    | -    | -    | -         | -    | -    | -    | -    |

## SEATS ON SUBSCRIPTION BY PRODUCT

|                                | GROUP (\$M) |        |        |        |        | Americas (\$M) |        |        |        |        | EMEA (\$M) |        |        |        |        | China (\$M) |       |       |       |       | ROW (\$M) |       |       |       |       |
|--------------------------------|-------------|--------|--------|--------|--------|----------------|--------|--------|--------|--------|------------|--------|--------|--------|--------|-------------|-------|-------|-------|-------|-----------|-------|-------|-------|-------|
|                                | FY19        | FY20   | FY21   | FY22   | FY23   | FY19           | FY20   | FY21   | FY22   | FY23   | FY19       | FY20   | FY21   | FY22   | FY23   | FY19        | FY20  | FY21  | FY22  | FY23  | FY19      | FY20  | FY21  | FY22  | FY23  |
| Total Subscriptions by Product | 43,698      | 51,006 | 54,394 | 56,912 | 61,159 | 17,696         | 19,951 | 21,191 | 22,454 | 24,660 | 16,987     | 19,988 | 21,114 | 22,482 | 24,853 | 4,008       | 5,158 | 5,919 | 5,694 | 5,510 | 5,007     | 5,909 | 6,170 | 6,282 | 6,136 |
| Standard                       | 43,554      | 49,576 | 50,035 | 48,765 | 46,722 | 17,552         | 19,126 | 18,732 | 18,247 | 17,354 | 16,987     | 19,383 | 19,214 | 19,131 | 19,198 | 4,008       | 5,158 | 5,919 | 5,676 | 4,969 | 5,007     | 5,909 | 6,170 | 5,711 | 5,201 |
| Professional                   | -           | -      | 2,442  | 5,636  | 10,287 | -              | -      | 1,322  | 2,521  | 4,637  | -          | -      | 1,120  | 2,558  | 4,324  | -           | -     | -     | 18    | 427   | -         | -     | -     | 539   | 899   |
| Enterprise                     | 144         | 1,430  | 1,917  | 2,511  | 4,150  | 144            | 825    | 1,137  | 1,686  | 2,669  | -          | 605    | 780    | 793    | 1,331  | -           | -     | -     | -     | 114   | -         | -     | -     | 32    | 36    |

## NEW LICENSES BY PRODUCT

|                               | GROUP (\$M) |        |        |        |       | Americas (\$M) |       |       |       |       | EMEA (\$M) |       |       |       |       | China (\$M) |       |       |       |       | ROW (\$M) |       |       |       |       |
|-------------------------------|-------------|--------|--------|--------|-------|----------------|-------|-------|-------|-------|------------|-------|-------|-------|-------|-------------|-------|-------|-------|-------|-----------|-------|-------|-------|-------|
|                               | FY19        | FY20   | FY21   | FY22   | FY23  | FY19           | FY20  | FY21  | FY22  | FY23  | FY19       | FY20  | FY21  | FY22  | FY23  | FY19        | FY20  | FY21  | FY22  | FY23  | FY19      | FY20  | FY21  | FY22  | FY23  |
| Total New Licenses By Product | 9,311       | 10,628 | 10,360 | 10,444 | 9,990 | 2,567          | 3,113 | 2,677 | 2,993 | 3,501 | 2,923      | 3,218 | 3,084 | 3,063 | 2,890 | 2,548       | 2,883 | 2,943 | 2,662 | 2,303 | 1,273     | 1,414 | 1,656 | 1,726 | 1,296 |
| Standard                      | 9,311       | 10,428 | 9,546  | 8,646  | 6,167 | 2,567          | 2,933 | 2,381 | 2,173 | 1,350 | 2,923      | 3,218 | 2,649 | 2,307 | 1,576 | 2,548       | 2,863 | 2,894 | 2,657 | 2,224 | 1,273     | 1,414 | 1,622 | 1,509 | 1,017 |
| Professional                  | -           | -      | 512    | 1,553  | 2,522 | -              | -     | 194   | 634   | 1,249 | -          | -     | 288   | 697   | 1,032 | -           | -     | -     | 5     | -     | -         | -     | 30    | 217   | 241   |
| Enterprise                    | -           | 200    | 302    | 245    | 1,301 | -              | 180   | 102   | 186   | 902   | -          | -     | 147   | 59    | 282   | -           | 20    | 49    | -     | 79    | -         | -     | 4     | -     | 38    |

## Appendix

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Company Overview

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ARR and ASSV on FY22 Measurement Basis

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Company Guidance



| Metric                                 | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EBITDA                                 | Earnings before Interest, Tax, Depreciation and Amortisation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| EBITDA Margin                          | EBITDA divided by Revenue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Underlying EBITDA                      | EBITDA adjusted for one-off items not expected to reoccur in the normal operating cycle and/or items identified by management and reported to the CODM bodies as not representing the underlying performance of the business.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Underlying EBITDA Margin               | Underlying EBITDA divided by Revenue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Recurring Revenue                      | <p>Recurring Revenue is used by Altium to assess the estimated amount of Altium's revenue which is recurring in nature to project future revenue. The calculation of Recurring Revenue at the end of the relevant financial period adjusts Total Statutory Revenue to remove amounts for:</p> <ul style="list-style-type: none"> <li>○ Revenue recognised upfront from Perpetual Licenses</li> <li>○ Training and deployment services</li> <li>○ Hardware revenue; and</li> <li>○ License upgrades</li> </ul>                                                                                                                                                                   |
| Annual Recurring Revenue (ARR)         | <p>Annual Recurring Revenue (ARR): the total annualised contracted value of all licenses that are term-based and subscription services (excluding perpetual licenses) that are recurring in nature. The total annualised contract value is calculated as total value of open active contracts at the relevant financial period end divided by the length of the contract in days and multiplied by 365. Calculation refined in FY23 to utilise more granular regional and customer level data rather than weighted averages. Historical data has been presented on a basis consistent with the FY23 methodology. Refer to Appendix B for ARR based on previous methodology.</p> |
| Average Subscription Seat Value (ASSV) | <p>ARR divided by total number of active seats on subscription. Replaced ARRPU in FY23 to utilise more granular data at the individual contract level. Historical data has been presented on a basis consistent with the FY23 methodology. Refer to Appendix B for ASSV based on previous methodology.</p>                                                                                                                                                                                                                                                                                                                                                                      |

## Appendix

**Altium**®

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Company Overview

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ARR and ASSV on FY22 Measurement Basis

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## Guidance for FY24

- Total Revenue between \$315 million to \$325 million (20%-23% growth)
  - \$250 million to \$255 million for Design Software Business (23%-26% growth)
  - \$65 million to \$70 million for Cloud Platform (Octopart and Smart Manufacturing) (8%-16% growth)
- Underlying EBITDA margin of 35%-37%

## Reaffirm Aspirational targets for FY26

- Total Revenue of \$500\* million
- Underlying EBITDA margin 38%-40%
- 100,000 software seats on subscription

With stronger uptake of higher-value subscription seats the \$500M target will be reached with only 75,000 to 90,000 seats on subscription. However, 100,000 seats on subscription remains an independent aspirational goal.