



Delivering 28% Revenue Growth
and Regaining Momentum

ALTIUM FIRST HALF FISCAL 2022 INVESTOR PRESENTATION

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VIRTUAL



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Agenda

Altium

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2022 Half Year Highlights

2

2022 Half Year Financial Performance

3

Market Forces Driving Altium's Dominance & Transformative Agenda

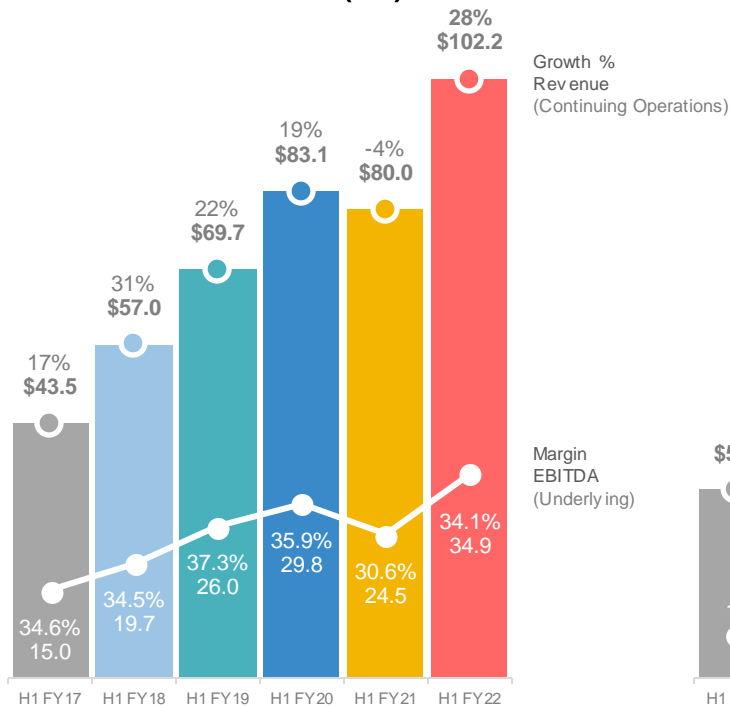
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Appendix: Company Overview

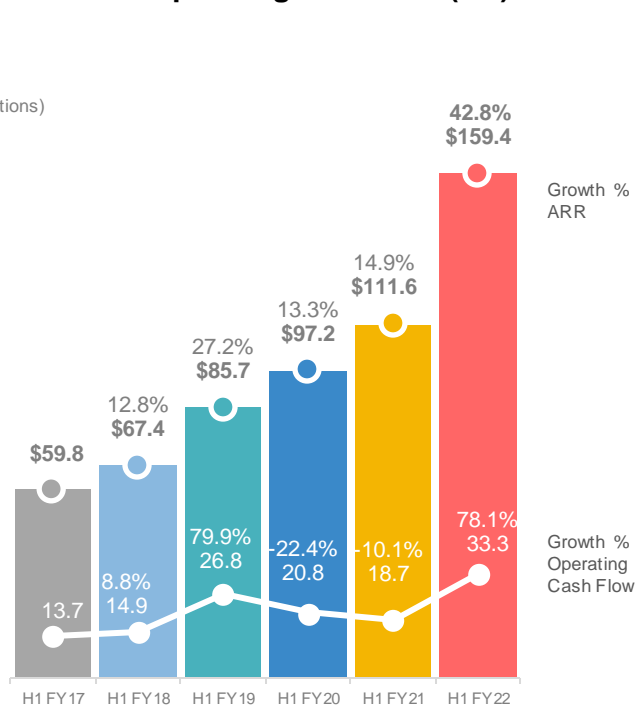
High-level Financial Summary



Revenue & EBITDA (Mil)



ARR & Operating Cash Flow (Mil)



Strong revenue growth of 28% in the first half

Underlying EBITDA margin of 34.1% up strongly from 30.6% first half last year

43% growth in Annual Recurring Revenue (ARR) for the first half

Strong growth of 78% in Operating Cash Flow

Pursuing Dominance and Transformation from a Position of Strength



Financial Performance

Altium is the fastest growing EDA company with 8 consecutive years of double-digit growth (prior to COVID) and expanding margins.

\$195.0m
Cash
(Up 2%)

\$22.9m
PAT
(Up 38%)

\$102.2m Revenue
(Up 28%)

34.1% Underlying
EBITDA Margin
(Up 11%)

No R&D
Expense
Capitalization

A\$4.5B
Market
Cap

\$33.3m
Operating Cash Flow
(Up 78%)

19%
5 Year
Revenue CAGR

Debt
Free

74%
Recurring Revenue

AU21c
Dividend
(up 11%)

Market Dominance

Altium Designer is the most widespread professional PCB design tool used by over 100,000 engineers worldwide.

4,375 Altium Designer
New Seats Sold
(Up 8%)

20 Major
Softw are
Releases
in 2021

Total
Dominance
in China

Over **30**
Years of
R&D

Direct
Presence
in Most
Markets

55,978
Seats on
Subscription
(Up 7%)

Altium Designer is Used
by over **30,000**
Companies

Cloud Adoption *

The world's first digital platform for design and realization of electronics hardw are gaining strong early adoption.

9,918
Seats On-Cloud
Subscription (Up 40%)

97%
Renewal
Rate on
Cloud

Growing
API Calls

3,229 Accounts Fully
Adopted Cloud
(Up 38%)

7,734
Active Accounts
(Up 29%)

Early
Launch of
Altium 365
in China

Growing
Ecosystem
Industry
Partners

19,743
Active Users
(Up 54%)

Strong Adoption of Altium 365



Commercial Accounts

Altium Commercial Accounts represent businesses and entities that have at least one commercial license of Altium software (Altium Designer 10 or later)

Licensed Seats

Altium Licensed Seats represent predominantly Altium Designer and Altium Designer SE licenses, but also include NEXUS clients

Registered Users

Altium Registered Users represent commercial designers, engineers and other professionals who have registered for access to Altium software and Altium 365 platform

Commercial /
Professional
Active

38.2K
(Up 5.1%)

94.8K
(Up 5.1%)

183.0K
(Up 5.0%)

On Altium Designer
Subscription

20.7K
(Up 2.1%)

56.2K
(Up 2.7%)

140.6K
(Up 4.3%)

Altium 365
Exploratory Phase

7.9K
(Up 22.8%)

26.9K
(Up 10.0%)

40.9K *
(up 55.5%)

Altium 365
Adoption Phase

3.2K
(Up 40.4%)

9.9K
(Up 37.8%)

25.1K **
(up 45.9%)

7,734
(Up 29%)
Monthly Active
Altium 365 Accounts

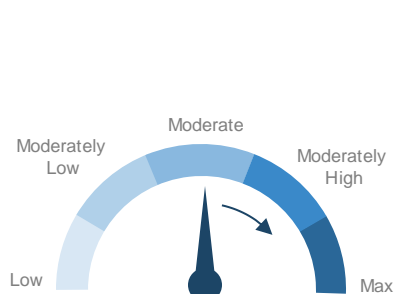
19,743
(Up 54%)
Monthly Active
Altium 365 Users

Business Momentum Growing

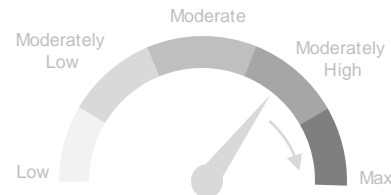


- Market demand returning
- Go-To-Market workforce being rebuilt
- Product development strong but steady

(Altium Designer software and maintenance)



Digital
(16% Revenue Growth)
\$72.1M



SaaS
(Adoption strong but **no direct monetization yet**)

- Market under development
- Go-To-Market workforce under development
- Product development full strength with strong forward momentum

(Altium 365 cloud subscription)

Software Products

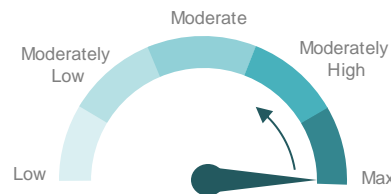
Cloud-Based Services

- Market demand moderately high
- Go-To-Market workforce scaling
- Product development continues to ramp

(Nexus and Concord Pro software and maintenance)



Enterprise
(16% Revenue Growth)
\$7.0M



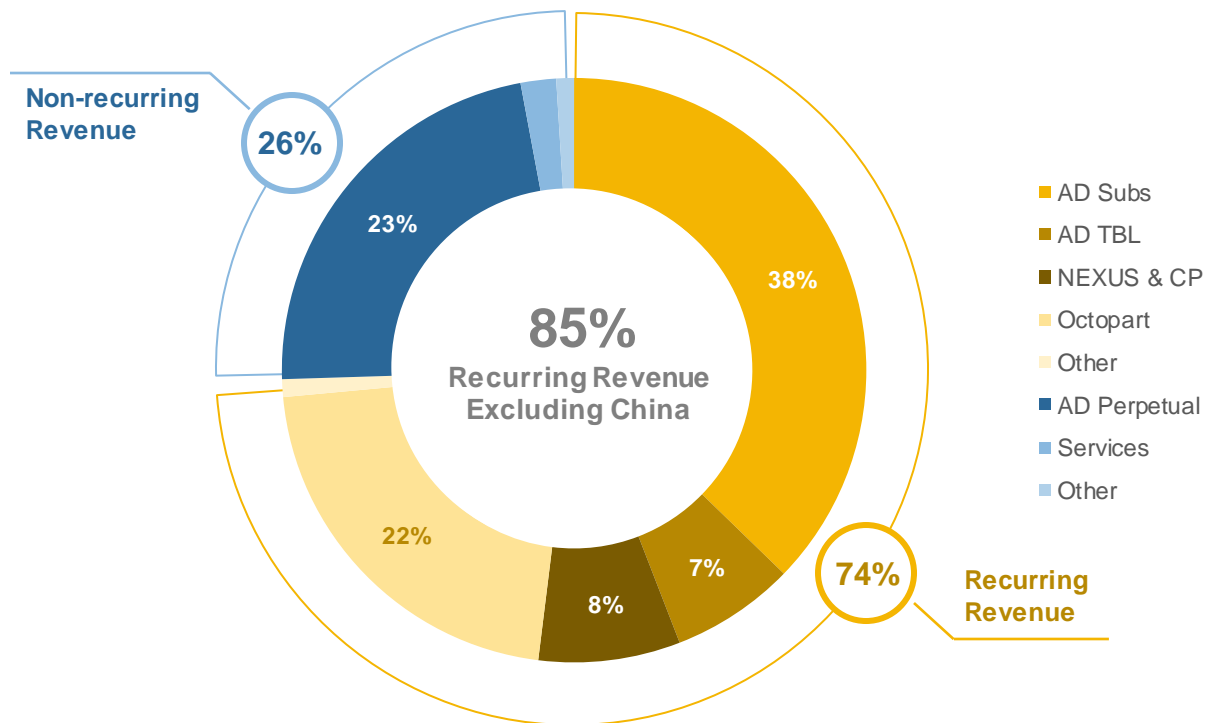
Seller-Pays
(108% Revenue Growth)
\$22.2M

- Market demand all time high
- Go-To-Market workforce strong and growing
- Product development overhauled and powering up

(Octopart search and Nexar API)

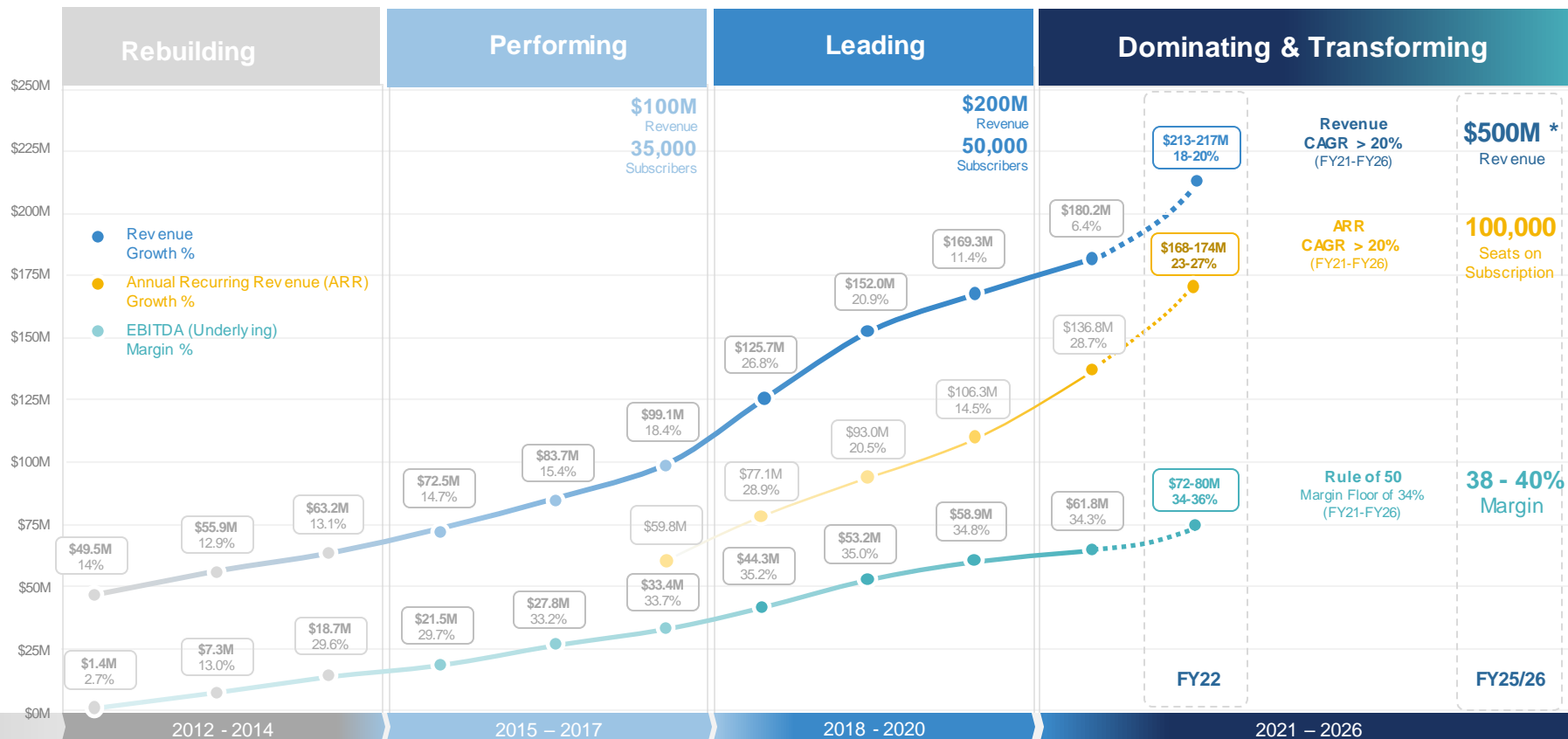
Enterprise Monetization

Smoother Than Expected Business Model Transition



Progressed from 60% to 74% recurring revenue in two years with a minimal and stable headwind of approx. \$2.6M per half. On target to reach 2025 goal of 80% (95% excluding China) well ahead of time

On-Track with Flight Path to \$500M



* The target revenue of \$500M may include 10-20% from future acquisitions.

Winning the War for Talent to Sustain High Growth



- Altium's strategic pivot to the cloud during COVID through business model, organizational changes and non-core asset divestment has placed it in an exceptional position to take advantage of post-pandemic conditions and to attract top-level talent.
- To sustain high growth and take advantage of opportunities Altium must bring in new talent as it transitions beyond a software and product company to a cloud and platform company.
- Altium will aggressively scale enterprise sales and bring forward direct monetization of Altium 365.
- Altium will use stock compensation as a greater proportion than cash compensation to be more competitive in the US market.
- Altium will also search for key talent outside of the US in places where Altium's brand is strong, or favorable conditions exist (ie UK, Australia).
- The margin impact of this is already included in Altium's flight path at 34-36% margin with expectations that it will climb to close to 40% by FY25/26.



- **Altium has regained momentum and is benefiting from a smoother than expected business model transition**
- **Altium is well-positioned to capitalize on post-pandemic market opportunities**
- **Confident of achieving the flight path for dominance** of US\$500 million, 100,000 subscribers and 95% recurring revenue, ex-China
- Altium **upgrades its full year revenue guidance to be at the high end of the range**, while **margin is likely to be at the low end (or thereabouts)** as the Company pursues new cloud and enterprise sales roles in an increasingly competitive talent market, particularly in the US:
 - Revenue between US\$213 million to US\$217 million (18-20% growth)
 - Underlying EBITDA margin of 34-36%
 - ARR growth of 23-27%

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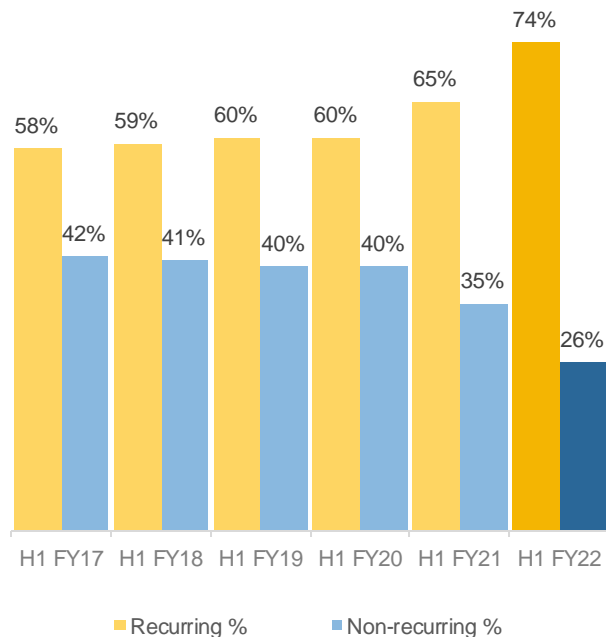
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Appendix: Company Overview

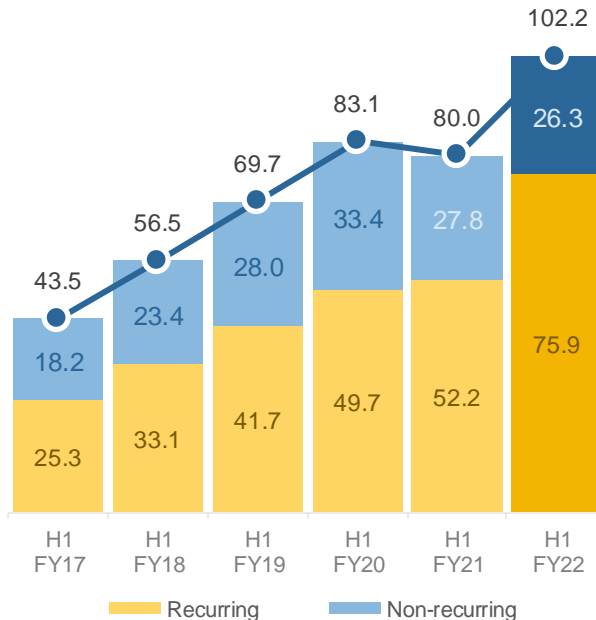
Consistent Recurring Revenue Growth



Recurring vs Non-recurring



Group Revenue (Mil)



Recurring revenue of 74% up from 65% one year earlier, with strong growth in term-based license sales

Strong growth in annual recurring revenue (ARR) of 43% for the first half

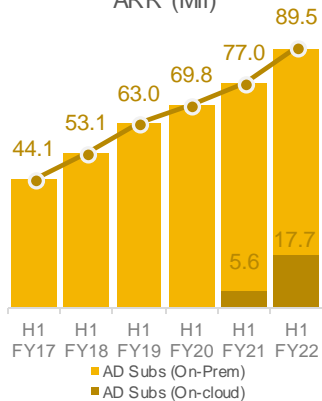
Altium subscription business has underpinned strong and reliable recurring revenue growth since the 2010s

Altium is expected to reach 95% recurring revenue by 2025 (excluding China)

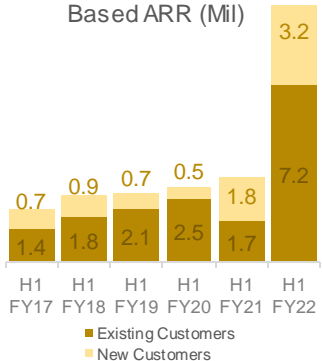
Annual Recurring Revenue (ARR)



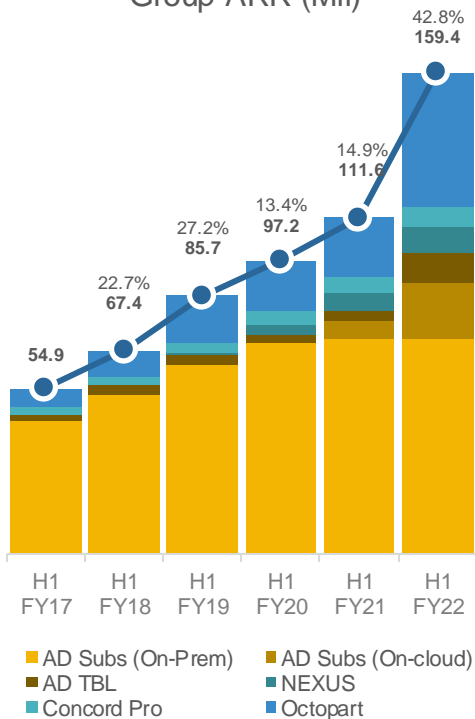
Altium Designer Subs
ARR (Mil)



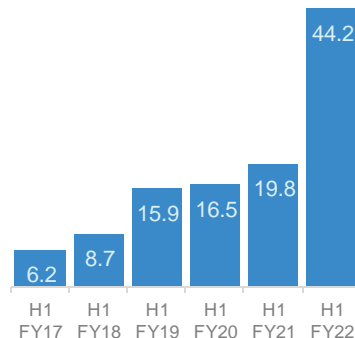
Altium Designer Term-
Based ARR (Mil)



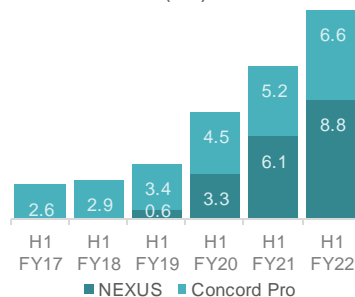
Group ARR (Mil)



Octopart ARR (Mil)



Design Platform ARR
(Mil)



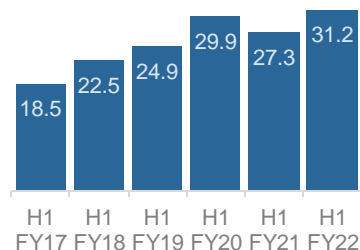
Total ARR grew by a record 43% for the half driving overall recurring revenue to 74%

Octopart's ARR growth has been buoyed by chip shortages in the semiconductor industry driving up electronic components and parts search activity

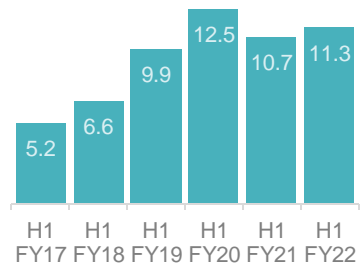
Board and Systems (BSD) Revenue by Region



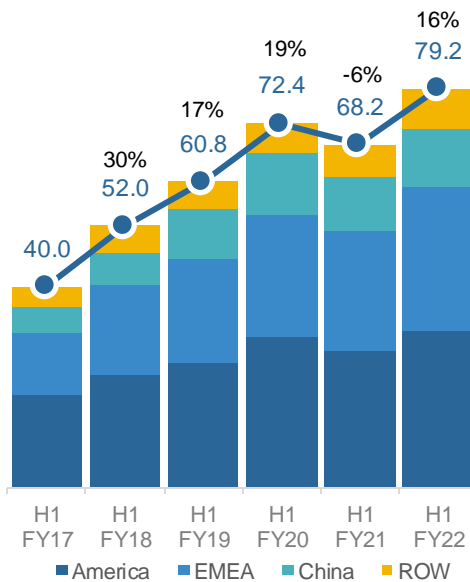
America CAGR 11% (Mil)



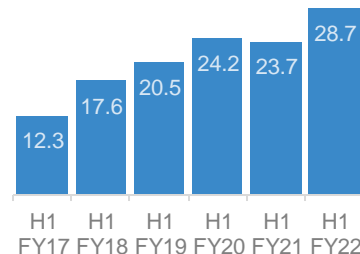
China CAGR 17% (Mil)



BSD Revenue by Region CAGR 15% (Mil)



EMEA CAGR 18% (Mil)

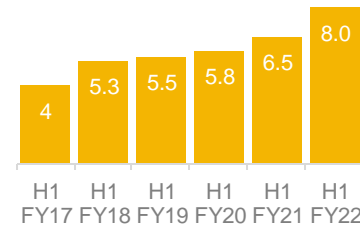


Strong growth in PCB revenue up by 16% for the half

The US and EMEA both performed strongly in the first half (up 14% and 25% respectively) with record pricing levels and discounting under 10%

China under-performed for the half with 6% revenue growth as the temporary effects of COVID lockdowns were felt

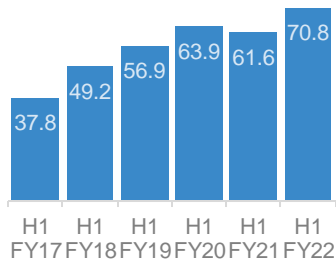
ROW CAGR 15% (Mil)



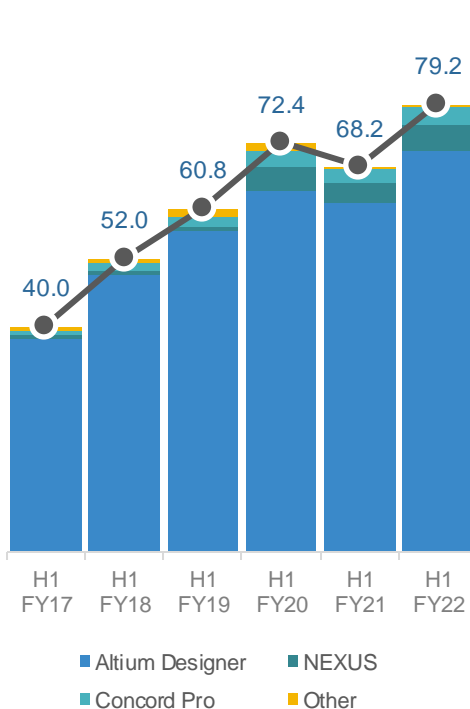
Board and Systems (BSD) Revenue by Product



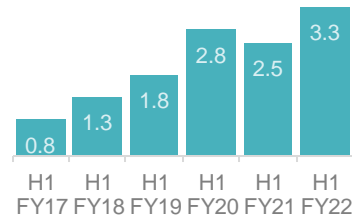
Altium Designer (Mil)



BSD Revenue by Product (Mil)



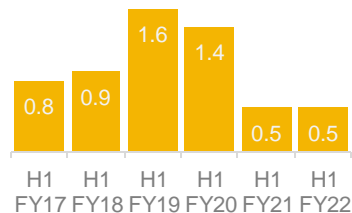
Concord Pro (Mil)



Revenue from Altium Designer continues to outperform growing by 15% for the half

Revenue from NEXUS and Concord Pro continue to grow strongly

Other (CircuitStudio, SolidWorks PCB, PDN Analyzer) (Mil)

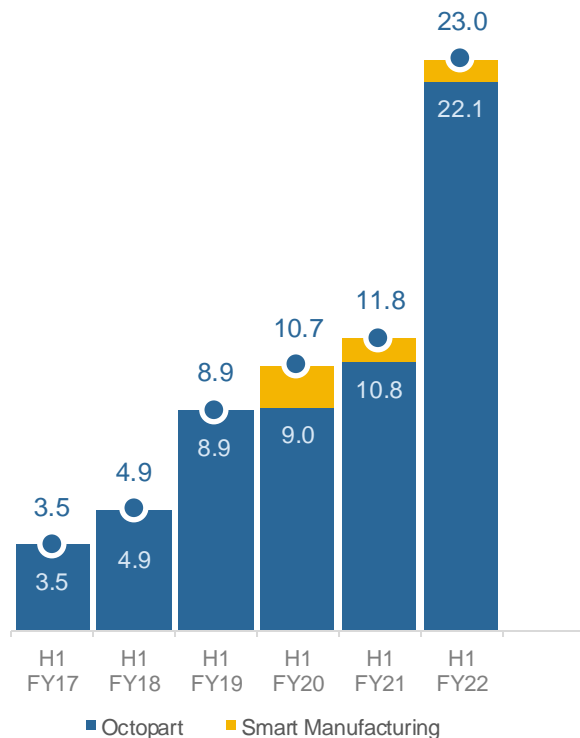


Altium design tools are becoming dominant in the PCB industry with PCB design revenue growing by 16% for the half

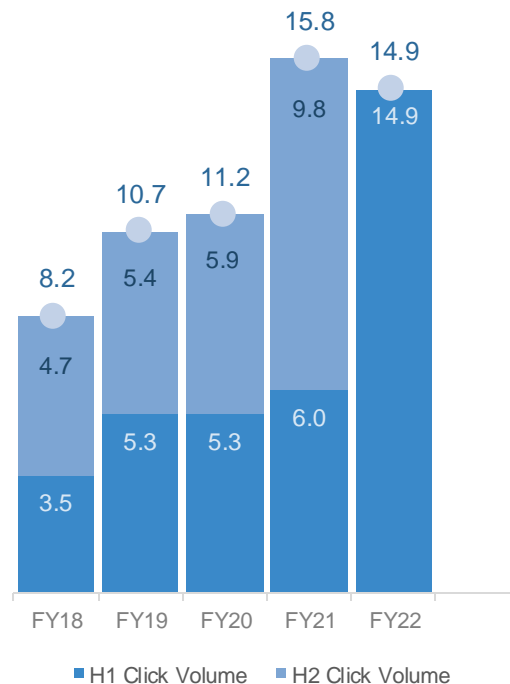
NEXAR Revenue by Product



Nexar Revenue (Mil)



Octopart Clicks (Mil)



Octopart's record revenue growth of 105% to \$22 million was buoyed by chip shortages in the semiconductor industry driving up electronic components and parts search activity

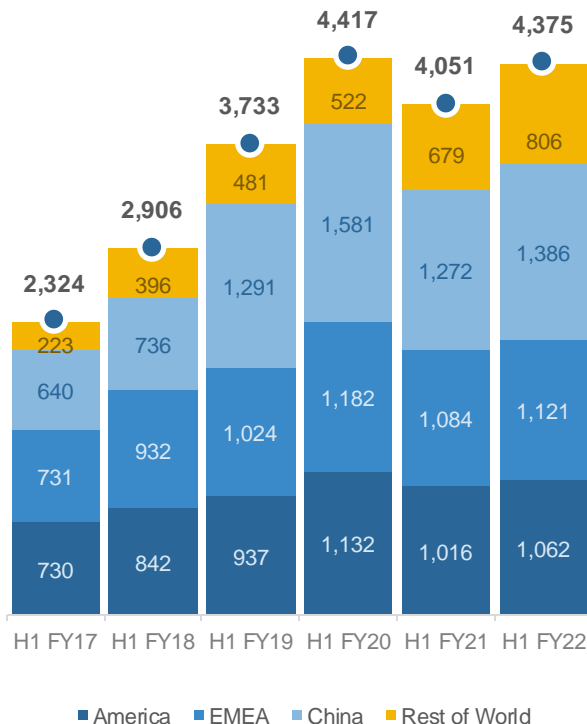
Offer Clicks were up by 148% for the half to close to 15 million (compared with the first half of fiscal 2021)

During the half, Octopart experienced 70% growth in weekly active users to almost 195,000 compared with the first half of fiscal 2021

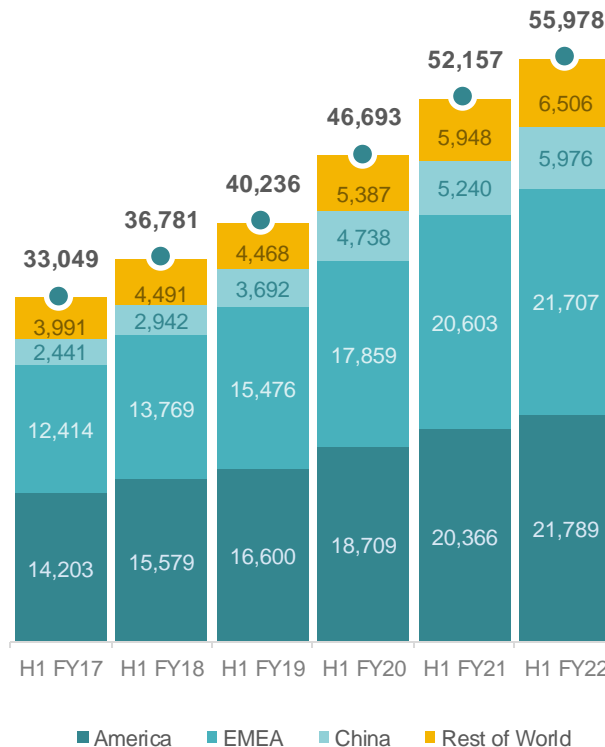
Board and Systems (BSD) – Underlying Metrics



Altium Designer New Seats Sold
(All years include term-based licenses)



Subscription Pool
(All years include term-based licenses)



Altium's subscriber pool grew by a solid 7% year on year to reach 55,978 representing 3% growth over the half

Term-based licenses grew by 132%. 30% of all new licenses sold in the half were term-based

Altium Designer new seats sold for the half were up by 8%

Growth in Subscription Pools



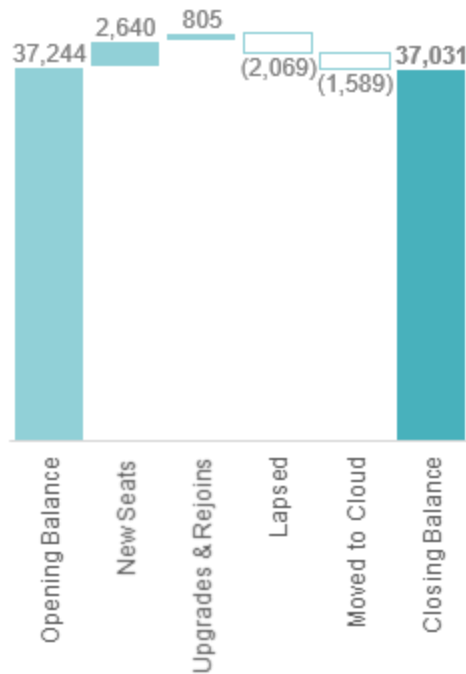
On-Cloud Subscription

(Fully Adopted Altium 365)
96.7% account renewal rate
(FY21 98.8%)



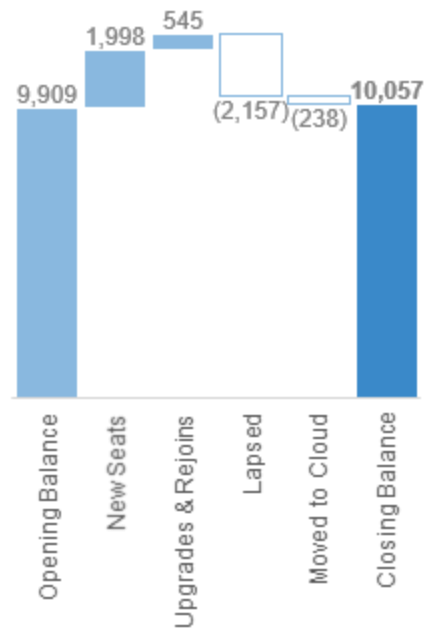
On-Prem Subscription

(Developed Countries)
87.0% renewal rate
(FY21 84.4%)



On-Prem Subscription

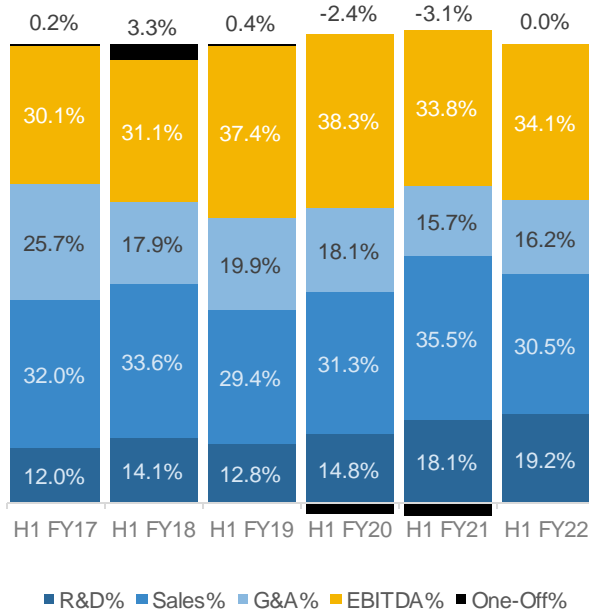
(Developing Countries)
46.8% renewal rate
(FY21 40.8%)



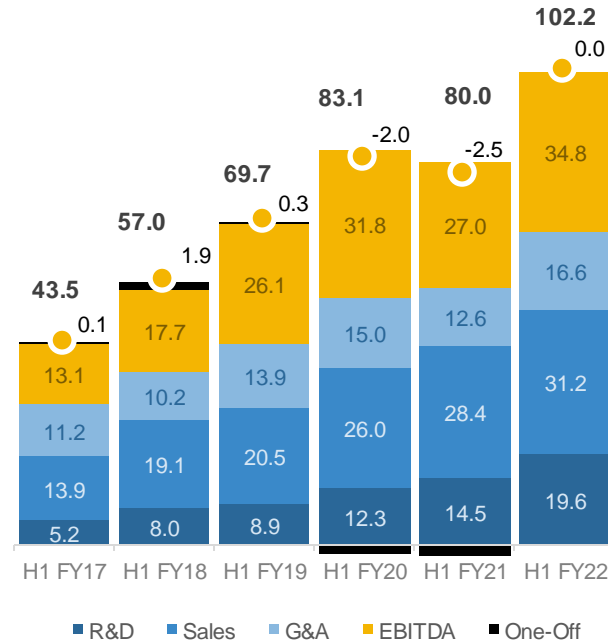
Operating Expenses



Operating Expenses as a Percentage of Revenue

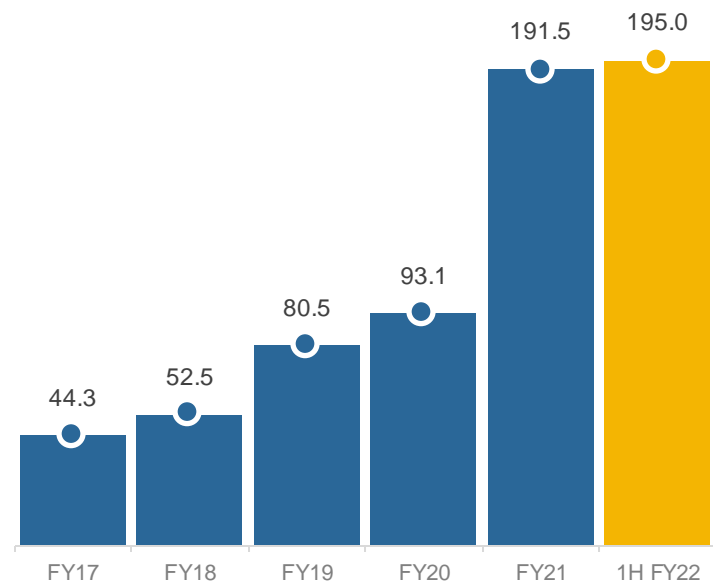


Operating Expenses as a Breakdown of Revenue (Mil)



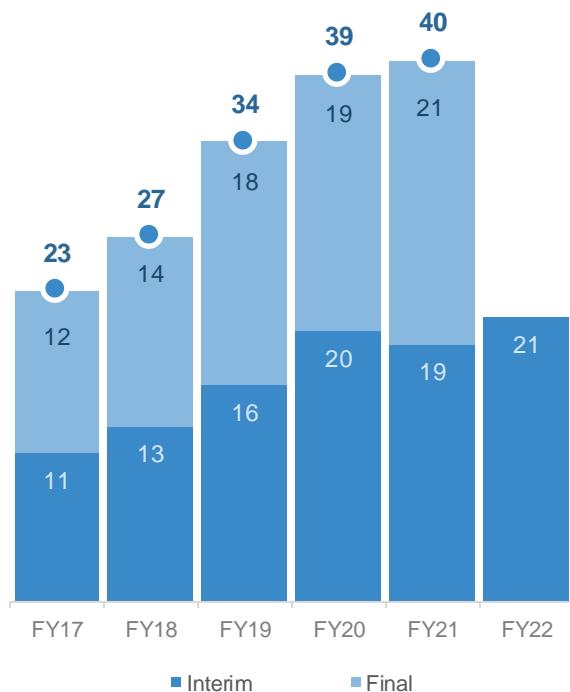
- R&D: increased headcount to support Cloud development + \$1M increase in AWS hosting fees for A365 infrastructure
- Sales: Additional \$0.8 million expense for Web advertising as Altium 365 adoption grows
- G&A: up on LTI expense; increased Audit and Tax compliance fees. Comparative H1-FY21 benefit of \$2.5 earnout foregone

Balance Sheet



| | Dec-21 US\$ '000 | Jun-21 US\$ '000 | Dec-20 US\$ '000 | Jun-20 US\$ '000 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Current assets | | | | |
| Cash and cash equivalents | 195,019 | 191,541 | 88,495 | 93,083 |
| Trade and other receivables | 51,031 | 66,117 | 58,022 | 59,655 |
| Other current assets | 8,735 | 8,127 | 11,154 | 7,455 |
| Total current assets | 254,785 | 265,785 | 157,671 | 160,193 |
| Non-current assets | | | | |
| Trade and other receivables | 1,460 | 1,512 | 3,919 | 3,343 |
| Investment | 3,155 | 3,034 | - | - |
| Property, plant and equipment | 12,986 | 16,185 | 20,026 | 21,113 |
| Intangible assets | 45,631 | 47,179 | 48,664 | 49,690 |
| Other non-current assets | 47,092 | 49,457 | 58,868 | 61,723 |
| Total non-current assets | 110,324 | 117,367 | 131,477 | 135,869 |
| Total assets | 365,109 | 383,152 | 289,148 | 296,062 |
| Current liabilities | | | | |
| Trade and other payables | 17,452 | 20,804 | 14,950 | 16,629 |
| Tax liabilities | 13,526 | 27,493 | 758 | 6,587 |
| Provisions | 2,806 | 3,061 | 2,970 | 2,792 |
| Lease liabilities | 4,973 | 5,559 | 5,747 | 5,480 |
| Customer contract liabilities | 51,062 | 52,431 | 51,957 | 50,193 |
| Total current liabilities | 89,819 | 109,348 | 76,382 | 81,681 |
| Non-current liabilities | | | | |
| Deferred Tax | 4,183 | 4,547 | 8,236 | 8,820 |
| Provisions | 379 | 373 | 298 | 2,755 |
| Customer contract liabilities | 6,474 | 7,487 | 9,355 | 10,013 |
| Lease liabilities | 3,706 | 5,493 | 7,670 | 8,453 |
| Other liabilities | - | 4 | 6 | 7 |
| Total non-current liabilities | 14,742 | 17,904 | 25,565 | 30,048 |
| Total liabilities | 104,561 | 127,252 | 101,947 | 111,729 |
| Net assets | 260,548 | 255,900 | 187,201 | 184,333 |
| Equity | | | | |
| Contributed equity and reserves | 151,903 | 149,841 | 149,211 | 147,702 |
| Accumulated profits | 108,645 | 106,059 | 37,990 | 36,631 |

Dividends Paid/Declared
(AUD\$)



Cash flows from Operating Activities

| | H1 FY22 US\$ '000 | H1 FY21 US\$ '000 | H1 FY20 US\$ '000 | H1 FY19 US\$ '000 |
|--|----------------------|----------------------|----------------------|----------------------|
| Receipts from customers | 108,526 | 91,132 | 95,325 | 81,601 |
| Payments to suppliers and employees | (71,682) | (62,253) | (71,440) | (54,234) |
| Payments for expenses relating to acquisitions | - | - | - | - |
| Net interest received | 127 | 107 | 592 | 279 |
| Interest and other finance costs paid | (270) | (360) | - | - |
| Net income taxes paid | (3,416) | (9,921) | (3,686) | (831) |
| Operating cash flow | 33,285 | 18,705 | 20,791 | 26,815 |

Capital Expenditure

| | | | | |
|-------------------------------|-------|---------|---------|---------|
| Property, plant and equipment | (236) | (1,327) | (1,733) | (2,481) |
| Intangibles | (231) | (588) | (262) | (13) |

Free cash flow

| | | | | |
|--|---------------|---------------|---------------|---------------|
| | 32,818 | 16,790 | 18,796 | 24,321 |
|--|---------------|---------------|---------------|---------------|

Cash flows from Investing Activities

| | | | | |
|--------------------------------------|---------|------|-----|---------|
| Payments on contingent consideration | - | (50) | (3) | (5,471) |
| Sale of Business Net of Tax | (5,507) | - | - | - |

Cash flows from Financing Activities

| | | | | |
|---|----------|----------|----------|----------|
| Dividends Paid | (20,143) | (18,351) | (16,050) | (13,327) |
| Repayment of principal component of lease liabilities | (2,961) | (2,828) | (2,720) | (3) |

(Decrease)/Increase in cash and equivalents

| | | | | |
|---------------------------|-------|-------|-----|----|
| Effects of Exchange Rates | (729) | (149) | 112 | 46 |
|---------------------------|-------|-------|-----|----|

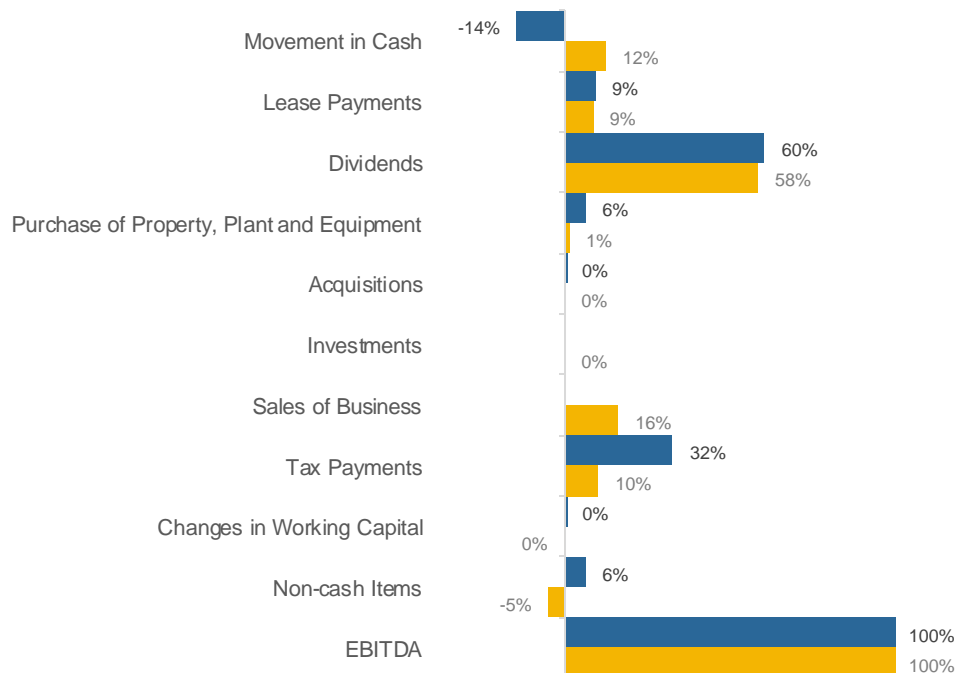
| | | | | |
|--|--------------|----------------|------------|--------------|
| Total (Decrease)/Increase in cash and equivalents | 3,478 | (4,588) | 135 | 5,566 |
|--|--------------|----------------|------------|--------------|

Cash Conversion



Cash Conversion Rate

■ 1H FY21 ■ 1H FY22



Operating EBITDA

34,801

30,649

Non-cash items in EBITDA

Share-based payments

2,490

1,105

Unrealised foreign exchange differences

(495)

(297)

Interest

(144)

(252)

Earnout

-

(2,500)

Changes in working capital

Receivables

5,136

1,098

Inventories

(220)

(118)

Deferred revenue

(2,383)

1,106

Other operating assets

418

(434)

Payables and provisions

(2,902)

(1,731)

Other items

Tax paid

(3,416)

(9,921)

Operating cash flow

33,285

18,705

Half Year 2022 Results Key Metrics



| USD millions | 1H FY22 | 1H FY21 | +/- % | 1H FY20 | 1H FY19 |
|---|------------|------------|----------|------------|------------|
| Revenue (incl. TASKING) | 102.2 | 89.6 | 14.1% | 92.6 | 78.1 |
| Continuing Operations: | | | | | |
| Revenue | 102.2 | 80.0 | 27.8% | 83.1 | 69.7 |
| Reported expenses | 67.4 | 53.0 | 27.2% | 51.3 | 43.6 |
| EBITDA | 34.8 | 27.0 | 28.9% | 31.8 | 26.1 |
| Depreciation and amortization | 5.8 | 6.0 | -3.3% | 5.3 | 2.8 |
| EBIT | 29.0 | 21.0 | 38.1% | 26.5 | 23.3 |
| Net interest | -0.04 | 0.3 | -115.7% | -0.3 | -0.3 |
| Profit before income tax | 29.0 | 20.7 | 40.1% | 26.8 | 23.6 |
| Income tax expense | 6.1 | 4.1 | 50.5% | 7.9 | 2.0 |
| Profit after income tax | 22.9 | 16.7 | 37.7% | 18.9 | 21.6 |
| Profit after tax from discontinued operations | -0.1 | 3.1 | -103.2% | 4.2 | 3.8 |

| | 1H FY22 | 1H FY21 | 1H FY20 | 1H FY19 |
|----------------------------------|------------|------------|------------|------------|
| EPS Total | 17.30 | 15.03 | 17.65 | 19.48 |
| EPS Continuing | 17.41 | 12.67 | 14.46 | 16.58 |
| Dividends (AU cents) | 21 | 19 | 20 | 16 |
| Key Margin Analysis (continuing) | | | | |
| EBITDA margin | 34.1% | 33.8% | 38.3% | 37.4% |
| EBITDA margin (Underlying) | 34.1% | 30.6% | 35.9% | 37.3% |
| Net profit before tax margin | 28.4% | 25.9% | 32.3% | 33.9% |
| Net profit after tax margin | 22.5% | 20.8% | 22.7% | 31.0% |
| Effective tax rate | 21.2% | 19.7% | 29.5% | 8.5% |
| Balance Sheet (USD millions) | | | | |
| Cash and equivalents | 195.0 | 88.5 | 80.7 | 58.0 |
| Net assets | 260.5 | 187.2 | 192.7 | 166.1 |
| Operating cash flows | 33.3 | 18.7 | 20.8 | 26.8 |

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Altium[®]

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Appendix: Company Overview



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

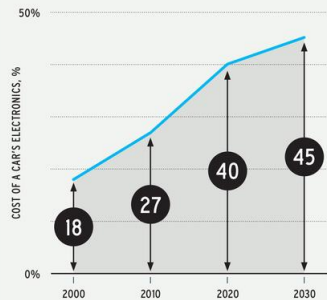
Printed Circuit Boards are central to the design & realization of electronics and smart connected products

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

Altium

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

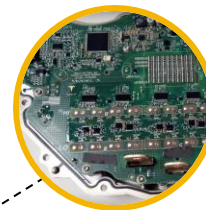


Deloitte (2019) - Semiconductors – the Next Wave

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...

Altium

iRobot
Smart Vacuum Cleaner



- Safety
- Performance
- Compliance
- Engineering Expertise

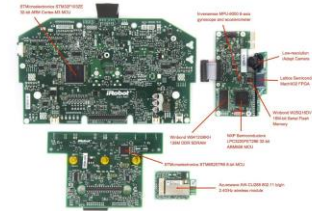
- Need for Intelligence
- Need for Connectivity
- Electronic Components
- PCB Fab & Assembly

- 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

The Emergence of Cloud-Based Digital Ecosystems for Smart Products

Altium

Electronic Design & Manufacturing



- Altium has the only digital platform connecting electronic design to realization in the mainstream engineering market
- The emerging platforms in Product Design and Manufacturing while competitive, target different market segments

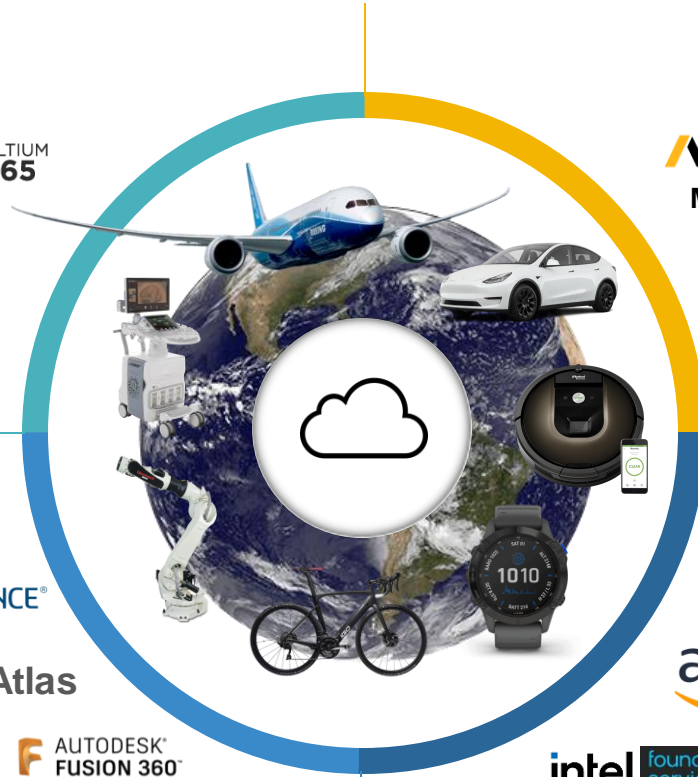
Xcelerator
design realize optimize



System Modelling & Engineering Analytics



- Ansys' pervasive simulation platform aims to make simulation relevant at all stages of a product lifecycle – from ideation to utilization
- AWS and Azure are most likely to be the two dominant infrastructure layers for managing the data and processes for smart products
- Emergence of ecosystems for Silicon design



Altium 365 and Nexar Connect Electronic Design to Manufacturing and the Wider Engineering Software Ecosystem

Altium

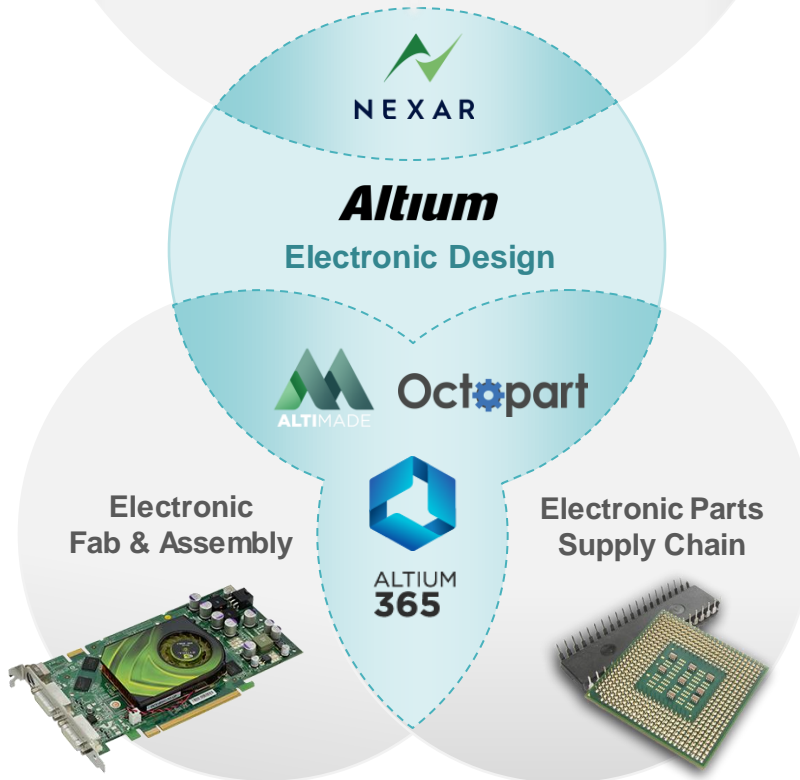
Product Design & Manufacturing

- **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 7,000 companies have already adopted the Altium 365/Nexar cloud platform for electronics design.



System Modelling & Engineering Analytics

- **Altium 365** - connects the Electronics Industry fragmented value chain 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 the supply chain of components as well as production risk



\$2 Trillion

Estimated Size of the Electronic Industry

Focus Areas for Strategic Alliance



- The rise of smart connected devices has brought electronics into many organizations where previously they would outsource the design and manufacturing of electronics hardware
- The last mile of digital transformation is difficult for most companies with low organizational capability to manage an enterprise-wide design and realization platform
- A cloud-based approach is ideal to facilitate and help the implementation of digital transformation for this class of organizations



- The implementation of an enterprise-wide platform for the design and realization for electronics hardware is not economically viable for most companies where electronics is required but not central to their core activities
- A SaaS based business model makes digital transformation a viable proposition for large companies where electronics is required but secondary to their core competency

Altium will build strategic partnerships for the benefit of customers who are highly motivated to pursue digital transformation but who have low organizational capability to implement enterprise software for electronics



Altium is Well Positioned to Disrupt the Way Electronic Products are Designed and Manufactured



What they all have in common is their ability to simultaneously bring **data, processes and commercial transactions** together on a **singular cloud-based digital platform** at a large scale

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Altium's Market-Leading Products and Cloud Platform



Altium 365
Altium Cloud Platform for Electronic
Design & Manufacturing



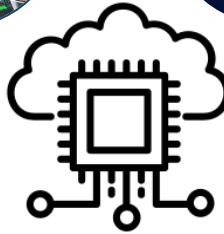
Altium Nexar
Cloud-based Integration Platform for
Altium 365 and Parts Ecosystem



Altium NEXUS
PCB Design Software for the Last
Mile of Digital Transformation



Altium Designer
Most Widely Used PCB Design Software



Altium CircuitMaker
PCB Design Software for Makers,
Open Source and Non-profit



Altium has the best PCB design tools and cloud platform for the electronics industry with deep user-centricity and a proven ability to “out-innovate” the competition

Mainstream Dominance with Diversity of Applications and High-Profile Customers



Automotive



Aerospace & Defence



Life Sciences



Mobile Devices



Consumer- Electronics



Electronics & High-Tech



Research & Education



Industrial Controls



Computers



Semiconductors



Altium is the differentiated category leader for PCB design and it 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, St. Petersburg, Cambridge, Shanghai



The Genius of AND

Product

“Regular Product Releases” *and*
“Delivering Next Generation
Products”

Finance

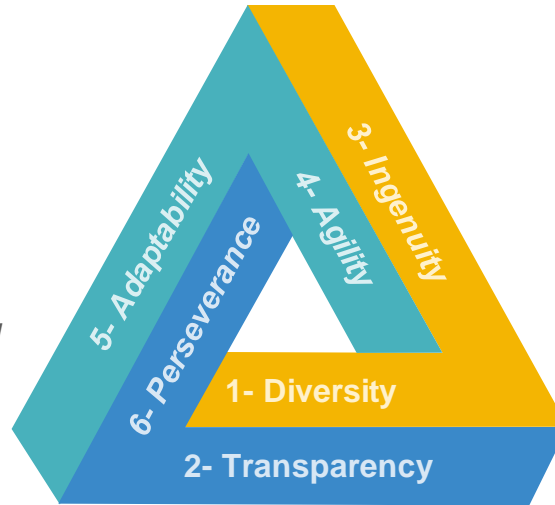
“Growing Revenue Strongly” *and*
“Expanding Profit Margin”

Sales

“High Volume Selling” *and*
“Sophisticated Value Proposition”

People

“Diversity in Thinking” *and*
“Aligned in Action and Purpose”



The only way to make the “Genius of AND” work is through Ingenuity supported by Transparency, Agility, Adaptability and Perseverance



- **Altium has regained momentum and is benefiting from a smoother than expected business model transition**
- **Altium is well-positioned to capitalize on post-pandemic market opportunities**
- **Confident of achieving the flight path for dominance** of US\$500 million, 100,000 subscribers and 95% recurring revenue, ex-China
- **Altium upgrades its full year revenue guidance to be at the high end of the range, while margin is likely to be at the low end (or thereabouts)** as the Company pursues new cloud and enterprise sales roles in an increasingly competitive talent market, particularly in the US:
 - Revenue between US\$213 million to US\$217 million (18-20% growth)
 - Underlying EBITDA margin of 34-36%
 - ARR growth of 23-27%