Industry Transformation Through Market Dominance

A Winning Strategy for Long Term Value-Creation

Aram Mirkazemi – Chief Executive Officer
## Altium’s Journey and Successful Track Record

<table>
<thead>
<tr>
<th>Rebuilding</th>
<th>Performing</th>
<th>Leading</th>
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</thead>
<tbody>
<tr>
<td>$100M Revenue</td>
<td>$200M Revenue</td>
<td>$500M Revenue</td>
</tr>
<tr>
<td>35,000 Subscribers</td>
<td>50,000 Subscribers</td>
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</tbody>
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### 2012 - 2014
- Successful Capital Raise of $44M on ASX
- Set Revenue Target of $100M for FY2017

### 2015 - 2017
- Altium Acquires Octopart the #1 Electronic Part Search
- Surpass $100M Revenue Target Set back in 2014
- Set Revenue Target of $200M for FY2020

### 2018 - 2020
- Set Revenue Target of $500M for FY2025

### 2021 - 2025

*The target revenue of $500M may include 5-10% from future acquisitions*

### Electronic Design
- 60-80%

### Electronic Parts & Supply chain
- 10-20%

### Electronic Manufacturing & Embedded Software
- 10-20%

### Revenue
- $100M
- $200M
- $500M

### Revenue Growth %
- Electronic Design: 23%
- Electronic Parts & Supply chain: 10-20%
- Electronic Manufacturing & Embedded Software: 10-20%

### EBITDA
- $63M (36.5%)

*The target revenue of $500M may include 5-10% from future acquisitions*
Altium Aims to Unify and Connect Electronics Industry Segmented Value Chains

Electronic Manufacturing
Estimated size: $1,000 - $1,500Bn
- Electronic Manufacturing Equipment Vendors
- Electronic Testing Equipment Vendors
- PCB Assemblers
- PCB Fabricators
- Electronic Manufacturing Services (EMS)

Electronic Design
Estimated size: $2 - $5Bn
- PLM Vendors
- IC Design Tools Vendors
- Simulation Vendors
- Electronic CAD Vendors

Electronic Parts Supply Chain
Estimated size: $600 - $800Bn
- Semiconductor Manufacturers
- Electronic Parts Manufacturers
- Electronic Parts Distributors
- Search & Analytics Content Aggregators

$2 Trillion
Estimated Industry Size

The three segments of the value chain are currently completely isolated and digitally disconnected within their own chain.
Altium must target 100,000 active subscribers by 2025 to compel key industry stakeholders to support its agenda to transform electronic design and its realization.
Phases in Pursuit of Leadership, Dominance and Transformation

- **Industry Transformation**
  - Innovate
  - Lead
  - Compete
  - Building Altium Cloud Platform Altium 365
  - Hosting Design Data on Altium 365 Structured Collaboration
  - Manufacturing PCB on Altium 365 Industry-wide Collaboration

- **Market Dominance**
  - Dominate
  - Unify
  - Align
  - Extending Reach and Going Direct in Key Markets including China
  - Scaling Direct Sales for Dominance
  - In-App Engagement Man-Out-Of-the-Loop

- **Market Leadership**
  - Disrupt
  - Transform
  - Monetize
  - Innovating as Market Leader & Extending Lead
  - Driving Innovation & Closing Capability Gaps with High-End
  - Establishing Yearly Innovation Cycles
  - Building High Performing R&D

- **Revenue Growth**
  - **$100M**
    - Revenue
    - 35,000 Subscribers
  - **$200M**
    - Revenue
    - 50,000 Subscribers
  - **$500M**
    - Revenue
    - 100,000 Subscribers

- **Timeline**
  - 2012 - 2014
  - 2015 – 2017
  - 2018 - 2020
  - 2021 - 2025
Executing in Concert and to a Higher Standard on Three Fronts

**Channel**
Extreme Reach and Capacity
(Challenge of Scale)

**Product**
Maximum Power, Productivity and Coverage
(Challenge of Complexity)

**Cloud**
Higher Levels of Service and Customer Engagement
(Challenge of Experience)

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**Leadership**

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**Product & Channel Must be in Lockstep**

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**Product & Cloud Must Work as One**

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<table>
<thead>
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<th>Year</th>
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<td>2012 - 2014</td>
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<tr>
<td>2021 - 2025</td>
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</table>
Evolution of Altium’s “Line and Length” Strategy to the “Rule of 50”

“Line and Length”

- Consistent Revenue Growth and Expanding Margin
- No revenue or guidance provided by the company; only analysts’ consensus
- From 2012 to 2019 Altium has Delivered 8 years of consistent Revenue Growth and Expanding Margin
- Appropriate for Organic Growth

“Rule of 50”

- % Revenue Growth + EBITDA margin % ≥ 50
- Altium will provide guidance on Revenue and EBITDA margin
- Consistently outperforming the Rule of 50 is the domain of elite companies
- Only Altium and Ansys have been able to consistently perform at this level
- Appropriate for Transformational Growth

Optimal Performance

- $100M Revenue
- 35,000 Subscribers

Extreme Performance

- $200M Revenue
- 50,000 Subscribers
- $500M Revenue
- 100,000 Subscribers
For the next phase of growth, Altium will be thinking of its business in terms of four zones, each with different investment and return profiles.

Altium Designer, NEXUS, TASKING will be in the Dominance Zone, while Altium 365 and Octopart will be in the Transformation Zone.

Small acquisitions, such as PCB:NG, Upverter, Gumstix will be in the Incubation Zone.

Productivity Zone will include all systems and business infrastructure (including Corporate Services).

Altium will transition its reporting from FY21 to reflect this framework for greater transparency.
Altium’s next stage of growth will be distinctly different from its previous stages.

Altium will be pursuing Industry Transformation through Market Dominance requiring execution on two parallel tracks.

In its next stage of growth Altium will be stepping up from Optimal Performance to Extreme Performance requiring a change to its “Line and Length” strategy.

As a long-term commitment, Altium will be adhering to the Rule of 50 (% Revenue growth + EBITDA margin % ≥ 50) in every year from FY2021 to FY2025.

Altium is providing annual Revenue and Margin guidance from FY2020.
Dominating the PCB Design Market

Scaling to 100,000 Subscribers

Henry Potts – Chief Sales Officer
A Winning Formula for Dominance in the PCB Market

Altium connects to users at all levels within an organization providing a *user experience* that is unique within the industry.

**User Focus 01**
Focus on the USER and the Customers will follow

**Great Product 02**
Superior product that is easy to use and affordable

**Always Improving 03**
Sell what you have – more will be there tomorrow

**Everyone Counts 04**
Every Customer, Every Seat, Every $ Counts

**Altium’s Touch 05**
Go Direct Everywhere; Altium’s touch matters


- **$100M** Revenue
  - 35,000 Subscribers
- **$200M** Revenue
  - 50,000 Subscribers
- **$500M** Revenue
  - 100,000 Subscribers

- **$100M** Revenue
- **$200M** Revenue
- **$500M** Revenue
A Unique Culture
Transactional selling is an integral part of the culture

Performance Matters
Every geography – every team – every individual measured

Everything Measured
Track metrics & KPIs, Provide real-time transparency via dashboards

Systematic at its Core
Mapping out flows and establishing process, Automate to eliminate the time sinks

One Channel
Engage the users/customers as a channel (sales & marketing)

A Unique Product
The PRODUCT is different and so is the development organization

$100M
Revenue
35,000
Subscribers

$200M
Revenue
50,000
Subscribers

$500M
Revenue
100,000
Subscribers

2012 - 2014
2015 – 2017
2018 - 2020
2021 - 2025

35,000
Subscribers
50,000
Subscribers
100,000
Subscribers
Scaling to 100,000 Subscribers

Competitive displacement  Expanding into new markets  Man out-of-the-loop selling approach  Data driven account based Intelligence

Altium’s transactional sales will be leveraged in multiple ways to reach 100,000 subscribers

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<td>$500M</td>
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Accelerating Growth in China

Altium’s license compliance business in China shares many characteristics with Altium’s systematic approach to sales.
End-to-End Dominance – Every Segment & Every Region

Participating in All Design Segments from Simple, low cost products to Complex Enterprise systems

* Altium’s ECAD solution is built into Dassault Systemes’ 3DEXPERIENCE platform
Domination Mindset

01 Controlling the narrative for PCB centric electronic systems design process – What are the right steps?

02 All geographies covered – all users engaged – all customers heard

03 Altium has captured thought leadership in the design space and needs to keep it

04 Scaling sales by adding man-out-of-the-loop processes to focus on retention and product adoption

05 The product beat continues and the competitor gap is closed

06 Collaborate with the leader in the complex systems development area – Dassault Systemes.

<table>
<thead>
<tr>
<th>Year Range</th>
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<td>100,000</td>
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Altium 365 – Industry Challenges and Transformative Opportunities

Electronic Industry is Ready for Disruption

Leigh Gawne – Chief Software Architect
Since 1960, there have been over 13 sextillion of these devices produced - that is 13 with 21 zeros on the end. It is the most frequently manufactured human artefact in history. Volumes increase exponentially. The unit cost has dropped from over dollar to a billionth of a dollar. Costs decrease exponentially.
The Complex, Connected Digital World

Codebases

Millions of lines of code

<table>
<thead>
<tr>
<th>Codebases</th>
<th>Millions of Lines of Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unix v 1.0 1971</td>
<td>0.01</td>
</tr>
<tr>
<td>Space Shuttle</td>
<td>0.4</td>
</tr>
<tr>
<td>Bacteria</td>
<td>1.1</td>
</tr>
<tr>
<td>Syphilis (Treponema pallidum)</td>
<td>2</td>
</tr>
<tr>
<td>Hubble Space Telescope</td>
<td>2</td>
</tr>
<tr>
<td>Boeing 787 total flight software</td>
<td>14</td>
</tr>
<tr>
<td>F-35 Fighter jet 2013</td>
<td>24</td>
</tr>
<tr>
<td>Windows 7 2009</td>
<td>10</td>
</tr>
<tr>
<td>Large Hadron Collider total code</td>
<td>50</td>
</tr>
<tr>
<td>Facebook total code</td>
<td>62</td>
</tr>
<tr>
<td>Car software</td>
<td>100</td>
</tr>
<tr>
<td>Average modern high-end car</td>
<td>25</td>
</tr>
<tr>
<td>Mouse*</td>
<td>1,1</td>
</tr>
<tr>
<td>Total DNA basepairs in genome</td>
<td>62.2</td>
</tr>
<tr>
<td>*Human Genome ≈ 3,300 billion “lines” of code</td>
<td>2B</td>
</tr>
</tbody>
</table>

Relentless pace of innovation underpinned by the electronics industry at large

Modern Automobile

Electrification

Cloud Computing

Autonomous Control

Apple Car Play

Google Maps

Machine Vision

Artificial Intelligence

Machine Vision
Inherent inflexibility hinders progress in the very world it was designed to support.
The Long Road to Production

Industry is good at supporting this...

...but not very good at supporting this
Siloed, Poorly Connected Value Chain

Hasn’t modernized. The internet arrived, but all we seemed to do…

...was to take the analog world and transplant it into the digital domain
Digital continuity enabled by Altium 365 is the foundation...

...for true digitisation and automation in the value chain.
Inflexible, Inefficient and Expensive

Low-Mix, High-Volume
(High Volume, Consumer Electronics)

- $$$
- $ Supply Chain Management and Logistics
- $ PCB Fabrication and Assembly
- $ The big things are cost optimised, expensive things amortised over the production cycle

High-Mix, Low-Volume
(Prototyping, Small to Medium Volume)

- $$$$$
- $$ Quotation, Procurement and Onboarding
- $ Data Processing, Machine Setup and Configuration
- $ The expensive things take the time, poor automation and efficiency

The big things are cost optimised, expensive things amortised over the production cycle.

The expensive things take the time, poor automation and efficiency.
Isolated Automation

Today - Human labour, expensive, error prone processes that don’t scale

Tomorrow – Automation, digitised, repeatable processes that scale
Tomorrow requires industry to adapt to remove the barriers and widen the channel.
The All-Purpose Engineer

Architecture
Overall architecture, bringing together hardware and software elements

Costs
Being mindful of costs and working to budgets

Software
Embedded software and increasingly application software

Communication
Keeping stakeholders updated, ensuring alignment

Scheduling
Project management elements, making sure schedule is kept

Tasks
Juggling all task in efficient way, parallel execution expected

Creativity
Developing innovative, creative solutions to problems

Hardware
Electronics design including schematic and layout
The all-purpose engineer works flexible hours to accommodate the customer and meet deadline.

The customer expects robust communication and provides continuous feedback.

Project management needs to see how things are progressing to keep on top of timing and costs.

The manufacturer is being asked to deliver faster than ever before.
Why Customers Choose Altium?

Altium’s Unique Product and Customer Experience

*Ted Pawela*– *Chief Operating Officer*

*Sergey Kostinsky* – *Chief Technology Officer*
Altium’s Brand Is “B2U” (Business to User)

Competitors

- Dry, Logic Driven Sales & Marketing Approach
- Complex Value Proposition Directed to Company
- Focus on Time, Money, and Resource Savings

Altium

- Emotionally Appealing Sales & Marketing
- Simple, User Focused Value Proposition
- Focus on User Experience and Productivity
Focused On Helping End Users

AltiumLive User Conferences

OnTrack Podcast Series

University Team Sponsorships
Focused On Helping End Users

**Designer Resources Hub**

**User Forums**

**Brand Advertising**

**Customer Videos**
Users Have a Say In Product Development

#220: DRC - Show real distance
When I view design rule errors in my PCB, I hover over it, right click and select “violations” and actually open up the violations that way. In that screen were you are looking at the move

Timothy Boca - Ingersoll Rand Company - NC, Mar 24, 2011

#190: Feature request: “Copy Rule” in constraints editor
Often when I am working with the rules in the constraints editor of the PCB editor, I find that I would like to add a rule that is similar to an existing rule. In these cases I would save some move

Ben Magnuson - Teledyne SP Devices - Mar 18, 2011

#107: Make schematics aware of PCB stackup for impedance driven width rules
Currently, the schematic editor defaults all impedance driven width rules to 10 mils. The track width is not calculated until the PCB designer starts routing tracks and even then the impedance rule move

James Johnson - Western Electronic Design - Mar 23, 2011

#264: Restore and Repour Polygon
It would be great to have a menu item to restore all filled polygons and re-pour all of them. I always save my polygon pours while designing and every time I want to restore them I need to go back move

Sean Couley - Dent/SNG, Apr 03, 2011

#613: Feature request: Copy Component in Schematic results with Designator & “?”
To avoid duplicate designators during copying components in schematic, it would be nice if the designator ends move

4
B2U Philosophy Within The Product Team

User Focus

This release has seen an unprecedented focus on our existing users and improving their experience within Altium Designer. We've closed 103 bug crunches and ideas (up 73%), which represent almost 5000 user votes and more than 2000 users will receive a notification confirming that their bugs got fixed.

[Graph showing user focus with statistics and trends]

- Unique users: 764, 1,139, 738, 1,245
- Total Votes: 1266, 2,028, 1,245
- Addressed Reports: 18.1, 19.0, 19.1, 20

-的想法

[Pie chart showing distribution of focus areas]

- New Features: 11%
  - Address the Immediate Need
- Internal Changes: 42%
  - Foundation for the Future Growth
- UX Improvements: 28%
  - More new users, faster to ramp up, lower switching barrier
- New Technology: 19%
  - New Industry Demands (Higher Frequencies, Smaller Size)
The Market Sees That The Future Of PCB Design Is Altium

**Industry Leading Financial Performance**

**Market Share Leader in PCB Design Software**
Companies Also See Altium As The Future of PCB Design

**PCB Designer Job Postings by Product**

- Altium Designer
- Orcad (Cadence)
- Allegro (Cadence)
- Expedition (Mentor)
- PADS (Mentor)

*Based on Open Job Postings On LinkedIn, Indeed, and Monster as of 11/29/19*
“Everybody that I’ve worked for – and I’ve worked in the automotive industry, I’ve worked for Fortune 500 companies, I’ve worked for startups - everybody has wanted Altium.”

-Mark Ross, PCB Designer at Progressive Dynamics

“This is the tool that a lot of people are using, and it’s becoming more and more a standard in the industry.”

-Dugan Karnazes, Founder & CEO at Velocity Research
Closing the Gap

Each new version of Altium Designer has continued to build upon the last, delivering new capabilities and improved productivity. While each new release brought with it big steps forward in many areas, others required a level of investment that would need to wait until some time in the future before they could be realized. That future has now arrived. Today, there is no board design that can't be done in Altium Design 20.

Domain-Specific Coverage Growth

<table>
<thead>
<tr>
<th>Domain</th>
<th>Minimum Requirements</th>
<th>Average Competitor User</th>
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</thead>
<tbody>
<tr>
<td>2 Layer PCB</td>
<td></td>
<td></td>
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<tr>
<td>Multilayer PCB</td>
<td></td>
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<tr>
<td>High Voltage</td>
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<tr>
<td>Rigid Flex Boards</td>
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<tr>
<td>HDI Design</td>
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<tr>
<td>Highspeed Design</td>
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"Altiums designer solution works for all designs"

What do you like best?

I love that you have an all in one suite of tools to perform schematic capture, pcb design, seamless library integration for all industry designs. 3D designs for ease of constraint realization,and signal analysis for all designs. This has made many design projects easy to give realistic design schedules to customers so that bids are realistic.
R&D Focus on User Experience

Competitor’s “Experience”

Altium Experience
R&D Focus on User Experience

Altium Experience
A Long History of Innovation in Productivity & User Friendliness

One of the first affordable PCB layout tools on PC

First PCB layout tool on Microsoft Windows

First integration of SCH and PCB tools within single application

First integrated 3D PCB design
First with 3D STEP model support

First unified application with single data model for PCB design

First with eCAD centric cloud platform

First with 3D STEP model support
Leveraging the Power of **AND**

Diverse, Global R&D Organization

Cloud **AND** CAD
Innovation Through Partnership
Key Takeaways – Why Customers Choose Altium

1. Deep User Centricity At The Core Of Altium’s Brand

2. Altium Is Now The Obvious Choice – For Users, For Companies, For The Market

3. Altium’s Products Are The Best In The Industry

4. Altium Has A Proven Ability to “Out-Innovate” The Competition
Financial Strength Powering a Transformative Journey

Investing for Transformational Growth

Joe Bedewi – Chief Financial Officer
Altium’s Track Record of Strong Financial Performance…

- **Revenue**
  - $5.9m (9.5%) in 2013
  - $18.3m (25.9%) in 2014
  - $22.7m (28.3%) in 2015
  - $27.4m (29.3%) in 2016
  - $33.3m (30.0%) in 2017
  - $44.9m (32.0%) in 2018
  - $62.7m (36.0%) in 2019

- **Revenue growth**
  - 12% in 2013
  - 15% in 2014
  - 13% in 2015
  - 17% in 2016
  - 18% in 2017
  - 26% in 2018
  - 23% in 2019

- **EBITDA/ EBITDA Margin**
  - $30M
  - $35M

- **ALU Share Price**
Financial Strength is a Hallmark of Altium …

- A history of setting and over-achieving aggressive long-term financial targets
- Eight consecutive years of double-digit revenue growth & expanding margin
- Focused execution with the “ingenuity of and” delivering strong operating leverage
- Transparency for stakeholders and all-in reporting (no capitalization of R&D expenses)
- Value creation at every stage from leadership to dominance to industry transformation
Investing for Transformational Growth

On-going Investments:

• Developing our new cloud platform Altium 365
• Building Octopart Parts Data platform to be industry’s single source of truth for all parts data
• Scaling and bringing efficiency to transactional sales (Cyberpods, business intelligence, analytics & automation)
• Introducing in-app engagement for our growing customer base to accelerate adoption
• Expanding market reach

Future Investments:

• Driving adoption of Altium 365
• Brand advertising for extreme reach
• The proliferation of electronics through the rise of smart connected devices continues to drive growth for our business for the foreseeable future

• Altium is confident of exceeding its 2020 target of US$200 million revenue and is committed to an EBITDA margin floor of 37% (excluding the positive impact of the new leasing standard)

• Altium is committed to achieving 100,000 subscribers by 2025 for market dominance & to a revenue goal of US$500 million in 2025 and expects to reach the halfway mark of 50,000 as early as 2020

• As a long-term commitment, Altium will be adhering to the Rule of 50 (% Revenue growth + EBITDA margin % ≥ 50) in every year from FY2021 to FY2025

• Altium comments on full year FY20:
  • Altium’s revenue is historically skewed to the second half, whilst costs are approximately equally split between the halves
  • Due to the global manufacturing downturn and the temporary effects of changes in Google Search Algorithm Octopart’s growth in the first half is being impacted
  • Revenue in the range of US$205 million to US$215 million
  • EBITDA margin in the range of 37% to 38% (excluding the positive impact of the new leasing standard)
Thank You