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ALT IUM L I M I T E D

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Altium Announces Preliminary Financial Results for the Full Year to 30 June 2021

Altium Returns to Double-Digit Growth in the Second Half with a Positive Outlook for Fiscal 2022

Sydney, Australia - 30 August 2021 - Electronic design software company Altium Limited (ASX:ALU) has announced that further to the Company's ASX release on 18 August it is pleased to release its preliminary financial results for the full year ended 30 June 2021, Appendix 4E, Corporate Governance Statement, Appendix 4G and Investor presentation.

Due to unforeseen delays in the finalisation of the annual audit process amplified by the impact of the COVID-19 pandemic in NSW, the release of Altium's audited accounts has been delayed. Altium expects the audit process to be completed and its audited results to be released within a week.

Altium does not expect there to be any material difference between today's release of unaudited financial statements and the audited financial statements to be released shortly.

Altium delivered strong revenue growth in the second half of fiscal 2021 of 16% to achieve full year guidance at US\$191.1 million. The Group delivered an underlying EBITDA margin of 36.1% for the full year. Highlights include:

- Strong growth in annual recurring revenue (ARR) of 29%.
- Recurring revenue of 65% up from 59% one year earlier, with strong growth in term-based licenses, a positive for future recurring revenue.
- Second half continuing business revenue increase of 16%.
- Strong Altium 365 adoption with almost 13,000 monthly active users and over 6,000 monthly active accounts.
- Record revenue growth of 42% by Octopart to US\$27.0 million for the full year.
- Strong second half growth in China of 47% to deliver full year double-digit growth.
- Solid growth of 7% in the subscription base to 54,394 subscribers.
- 100% increase in cash balance of US\$191.5 million as a consequence of improved operating cash flow and sale of TASKING.
- Final partially franked (15%) dividend of AU 21 cents (AU 40 cents for the financial year up 3%).

Key Full Year Financial Measures Compared with the Prior Corresponding Period

Key Financial Measures	Full Year		
	FY21 ¹ (US\$'000s)	FY20 (US\$'000s)	FY21 % Change
Revenue (including TASKING)	191.1	189.1	1%
Underlying EBITDA margin (including TASKING) ²	36.1%	38.5%	n.a
Continuing			
Revenue	180.2	169.3	6%
Operating expenses	120.2	107.6	12%
EBITDA	60.0	61.7	(3%)
EBITDA margin	33.3%	36.5%	n.a
Underlying EBITDA margin ³	34.3%	34.8%	n.a
Profit before tax	47.7	50.9	(7%)
Profit after tax	35.3	19.7	79%
Continuing EPS (cents)	26.89	15.08	78%
Group (including TASKING)			
Total EPS (cents) ⁴	81.56	23.60	246%
Operating cash flow	61.7	56.5	9%
Cash and cash equivalents	191.5	93.1	106%
Dividend per share (AU cents)	40	39	3%

¹ Based on unaudited preliminary results.

² Underlying EBITDA margin (including TASKING) includes the results from the TASKING business for the period prior to divestment and excludes the pre-tax gain on sale of TASKING of \$99.7 million, the impact of one-off costs associated with M&A of US\$2.3 million, the write-back of SolidWorks annual minimum contract payment of US\$1.4 million, the re-measurement of contingent consideration US\$2.5 million and restructuring costs of US\$0.5 million.

³ Underlying EBITDA margin includes the results of the continuing business for the year and excludes the impact of one-off costs associated with M&A of US\$2.3 million, the write-back of SolidWorks annual minimum contract payment of US\$1.4 million, the re-measurement of contingent consideration US\$2.5 million and restructuring costs of US\$0.5 million.

⁴ Total EPS (cents) includes the results of the TASKING business for the period prior to divestment, which includes a gain on divestment after tax of US\$65.9 million.

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Momentum Building in the Second Half

Continuing Revenue Breakdown	Full Year			Second Half		
	FY21 ¹ (US\$'000s)	FY20 (US\$'000s)	FY21 % Change	FY21 ² (US\$'000s)	FY20 (US\$'000s)	FY21 % Change
Group revenue	180.2	169.3	6%	100.3	86.2	16%
Board and Systems	150.9	147.8	2%	82.7	75.4	10%
- Americas ²	50.0	53.7	(7%)	26.7	27.9	(5%)
- EMEA (Euro)	41.7	41.2	1%	23.2	22.0	5%
- China	23.6	21.3	11%	13.0	8.8	47%
- Rest of World	13.9	11.7	19%	7.5	6.0	25%
- NEXUS	14.7	15.5	(5%)	8.7	8.5	2%
Octopart	27.0	19.0	42%	16.2	9.9	63%
Manufacturing	2.4	2.5	(7%)	1.4	0.9	55%

¹ Based on unaudited preliminary results.

² Americas revenue includes the contribution from SolidWorks which declined from US\$2.0m in FY20 to US\$0.3m in FY21.

Comments from Altium's CEO Mr Aram Mirkazemi

Altium CEO Mr Aram Mirkazemi said, "Altium delivered a strong second half performance to meet its full year revenue guidance. Our Octopart and China businesses both delivered very strong growth and momentum is rebuilding in our core PCB business. The accelerating adoption of our cloud platform Altium 365 is further strengthening our market position."

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

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“Our strong second half performance and our robust ARR growth support a positive outlook. As a result, we are upgrading our revenue expectations to 16-20% growth for fiscal 2022. We are returning back to our strong pre-COVID growth, which is even more significant when considering our business model transition and our move to the cloud,” said Mr Mirkazemi.

Mr Mirkazemi said, “Our focus in fiscal 2022 will be to continue with our cloud adoption and to scale our high-end professional sales through strategic partnerships for significant TAM expansion within the PCB market. With growth coming back earlier than expected, and the rising popularity of Altium 365 driving strategic interest in Altium, our confidence in our US\$500 million revenue target is high.”

Comments from Altium’s CFO Mr Martin Ive

Altium CFO, Mr Martin Ive commented, “Altium’s strong second half revenue performance of 16% overall growth supported the delivery of our full year revenue guidance of US\$191.1 million. Despite our significant investment in cloud and product development, we achieved an underlying EBITDA margin of 36.1%, just shy of full year margin guidance of 37%.”

Mr Ive further noted: “Altium’s ARR grew by 29% as we continue to transition our business model from perpetual to term-based and from on-premise to cloud. We had some weakness in our subscription renewal rate in the June quarter. This was related to renewals for customers that had purchased at discounted prices during the height of the pandemic, and prior to the introduction of term-based licenses. Conversely, we had a significant increase in the renewal rate amongst those who have adopted Altium 365, to the point of virtually no churn. This trend, as it continues, will significantly enhance our capacity to achieve our US\$500 million revenue target and 95% recurring revenue, ex-China and developing countries.”

“Octopart and China were the stand-out performers for the fiscal year growing revenue by 42% and 11% respectively. Octopart growth has been buoyed by the shortage in the semiconductor industry increasing searches for electronic components and parts search activity. This is expected to continue. China recovered strongly to deliver 47% revenue growth in the second half after a slow first half performance, as its licence compliance business focused on mid-tier and large organisations in its pipeline as opposed to small businesses which helped to increase the proportion of deals won”, said Mr Ive.

Mr Ive further noted, “Nexus returned to growth in the second half of fiscal 2021 with business confidence coming back and is building momentum. Altium will be pursuing strategic partnerships to expand our TAM for PCB design tools in the high-end of the market to accelerate the growth of Nexus revenue.”

Mr Ive concluded, “We have a confident and positive outlook for fiscal 2022 and are committed to achieving the following:

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

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Dividend:

The Directors have declared a partially franked (15%) final dividend of AU21 cents per share for the year ended 30 June 2021. Key dates for the final dividend are:

Announcement date	30 August 2021
Record date	7 September 2021
Payment date	28 September 2021

Investor Presentation and Call:

Altium management will host a conference call on **30 August 2021 at 9.30am AEST** to discuss the investor presentation (slides to be released separately to the market) and to provide an update of the Company's business strategy and financial performance.

Participants can register for the investor call using the following link to receive dial in details:

<http://apac.directeventreg.com/registration/event/7051735>

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About Altium

Altium (ASX:ALU) is a multinational software corporation headquartered in San Diego, California, that focuses on electronics design systems for 3D PCB design and embedded system development. Altium products are found everywhere from world leading electronic design teams to the grassroots electronic design community.

With a unique range of technologies, Altium helps organizations and design communities to innovate, collaborate and create connected products while remaining on time and on budget. Products provided are ACTIVEBOM®, ActiveRoute®, Altium 365®, Altium Concord Pro™, Altium Designer®, Altium NEXUS®, Altium Vault®, Autotrax®, Camtastic®, Ciiva™, CIIVA SMARTPARTS®, CircuitMaker®, CircuitStudio®, Common Parts Library™, Draftsman®, DXP™, Easytrax®, EE Concierge®, NanoBoard®, NATIVE 3D™, OCTOMYZE®, Octopart®, P-CAD®, PCBWORKS®, PDN Analyzer™, Protel®, Situs®, SmartParts™, Upverter®, X2®, XSignals®, PCB:NG®, and Gumstix®.

Founded in 1985, Altium has offices worldwide, with US locations in San Diego, Boston, Dallas and New York City, European locations in Karlsruhe, Kiev, St Petersburg, Moscow, Munich, Markelo and Zug, and Asia Pacific locations in Shanghai, Beijing, Shenzhen, Tokyo and Sydney. For more information, visit www.altium.com. You can also follow and engage with Altium via Facebook, Twitter, LinkedIn and YouTube.

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