



Company	Altium
Code	ALU
Meeting	AGM
Date	18 November, 2021
Venue	Online - Lumi
Monitor	Patricia Beal assisted by Norman Windell

Number attendees at meeting	39 shareholders, 2 proxyholders plus 81 visitors – as provided by the company
Number of holdings represented by ASA	102
Value of proxies	\$m 5.8
Number of shares represented by ASA	141782
Market capitalisation	\$b 5.4 – on day of meeting
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair Sam Weiss

Enthusiasm and conviction from management

Chair Sam Weiss opened the meeting with his reflections on the journey of Altium so far, from its tiny beginnings in Hobart to where it now is, an International company with a market capitalisation in the billions of dollars; but still the pace of growth, and indeed the urgency of a startup. There is still a small board, but it has realised the need to increase this, and indeed is taking strong steps to enlarge the board from 5 to 7, hopefully within a year. This is being directed worldwide by a search company, but there will be very strict requirements.

Starting with PCB design software, Altium is aiming for an industry platform on which all software engineering disciplines will collaborate to design and build electronics for manufactured products.

They hope it will become the dominant one, as more tools are added. The business model changed, putting Altium 365 on the cloud with term-based licences (ie SaaS), and varying pathways of service and linkages to other features / tools / “flywheels”. CEO, President and CTO all spoke in the Management Presentation, and all were clear, enthusiastic speakers about how they have contributed. CEO Aram Merkazemi spoke about using the hiatus of covid to pivot completely to the cloud, and how the supply chain disruptions made the role of the electronic parts search business Octopart vital.

President Sergiy Kostynsky pointed out that they take on big challenges aggressively, tackling the hard parts first so that they don't find roadblocks later. They take care to plan for the long term goal as they make successive smaller improvements as fits best. The people doing this needed, and were supported with, freedom as well as responsibility, and it worked for them, giving what he described as a 'magical team'.

CTO Leigh Gawne spoke about the factor differentiating Altium software from the rest: it is the focus given it by this firm, which is continuously improving it. By contrast, other firms are not adding new features and interoperabilities. He provided examples about the the different uses and linkages to other features developed or acquired. 35% user growth in the past 3 months supports their forecasts of continuing growth and expansion.

The next change will be to transform the industry, Aram Merkazemi said, with specific planning towards specific campaigns on the various aspects which will be needed to work towards this.

The first 4 months of FY22 were strong across the entire group, and they are on track for their previous forecasts of revenue growth (16-20%), underlying EBITDA margin of 34-36%, and ARR growth of 23-27%.

After longer than normal presentations, those watching were keen to ask a variety of questions.

ASA said we were happy that priority was being given to enlarging the board. Stephen Mayne specifically asked about a possible deputy chair (maybe; Mr Weiss intends to serve the full term). They will archive the recording of the AGM, but not to a transcript being available.

Team Invest asked whether ALU still intended to remain on the ASX. There was a definite yes to that; they have good support here and will continue to give Aussie shareholders the opportunity to invest in ALU.

Stephen Mayne asked about JobKeeper: yes, “some”, which the board are considering whether to repay.

We and others asked about risks. No change in the risk climate has been noticed, but their risk committee is vigilant.

While they prefer face to face meetings, hybrids are the next best option. A special resolution to change the constitution to permanently allow “virtual or hybrid” meetings failed (61%, needed 75%).

Other resolutions were all passed, most with >90%. Increasing the directors fee pool, however, only reached 61%. It appears that both one proxy adviser may have advised against, plus an increased number of smaller shareholders voted that way.

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