

EARNINGS PRESENTATION Q1 FY24



Safe Harbor Statement

This presentation and the accompanying oral commentary may contain “forward-looking” statements that are based on our beliefs and assumptions and on information available to us as of the date of this presentation. All statements other than statements of historical facts contained in this presentation, including statements regarding our future results of operations and financial position, customer lifetime value, strategy and plans, market size and opportunity, competitive position, industry environment, potential growth opportunities and our expectations for future operations, are forward-looking statements. The words “believe,” “may,” “might,” “objective,” “ongoing,” “will,” “estimate,” “continue,” “anticipate,” “design,” “intend,” “expect,” “could,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “would” or the negative version of these words and similar expressions are intended to identify forward-looking statements. This presentation also contains non-GAAP financial measures. We have provided a reconciliation of such non-GAAP financial measures to the most directly comparable measures prepared in accordance with U.S. GAAP in the Appendix to this presentation.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance, achievements or expectations to be materially different from any future results, performance, achievements or expectations expressed or implied by the forward-looking statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.



Q1 FY24 BUSINESS HIGHLIGHTS

Platform Announcements in Q1 FY24

The Science of Possibility

Altair SimSolid

Now also a revolutionary multi-disciplinary solver for Printed Circuit Boards (PCBs) and Integrated Circuits (ICs)

- ECAD to simulation **without** traditional time-consuming **mesh modeling**
- Huge models with **absolute resolution, no simplifications**
- Enormous dimensional disparities (**from meters to nanometers**)
- Structural, thermal, and **soon full wave electromagnetics**

Partner of the Year

Google Cloud North America Partner of the Year Award for Diversity, Equity & Inclusion



NORTH AMERICA
**Partner
of the Year**

Diversity, Equity & Inclusion

2024

Award recognizes Google Cloud partner that best prioritized DEI initiatives to transform and strengthen their organization.

Customer in Focus

U.S. National Science Foundation National Center for Atmospheric Research

Challenge

At Antarctica's McMurdo Station, extreme weather is a given. Average temperatures there hover around -1 F (-18 C), but have dipped as low as -58 F (-50 C). The station hosts a crew of more than 1,000 people at peak season. Accurate weather reports in this harsh Antarctic climate are crucial to ensure that travel is safe and researchers and crew aren't surprised by blizzards or other extreme phenomena.

Solution

NSF NCAR supercomputers, with workload orchestration by Altair PBS® Professional®, provide McMurdo Station and the U.S. Antarctic Program with the twice-daily reports they rely on to stay safe in the harsh polar climate.

- NSF NCAR's "Derecho" supercomputer is capable of 19.87 petaflops.

Value

- NSF NCAR's work with McMurdo Station demonstrates how HPC's impact on weather and climate not only affects our planet on a global scale, but also keeps Antarctic researchers and crew safe, enabling critical science.
- NSF NCAR's innovations help us better understand the southern pole and beyond, deepening our knowledge about our ever-changing climate and its impact on people, animals, and ecosystems across the globe.
- Altair and NSF NCAR continue to collaborate on projects including enabling forecasting in the cloud.

"The Derecho supercomputer will provide the necessary resources for our scientists to continue expanding their research in the atmospheric and geospatial sciences. To provide this capability, the new supercomputer is designed for highly energy-efficient operations which can be monitored by using Altair® PBS Professional® for collecting and reporting on job energy usage."

Irfan Elahi, HPC Division Director



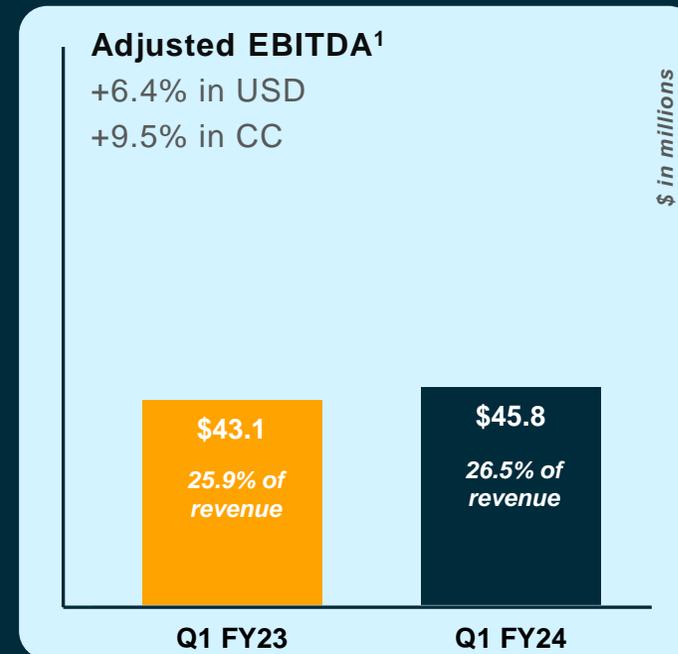
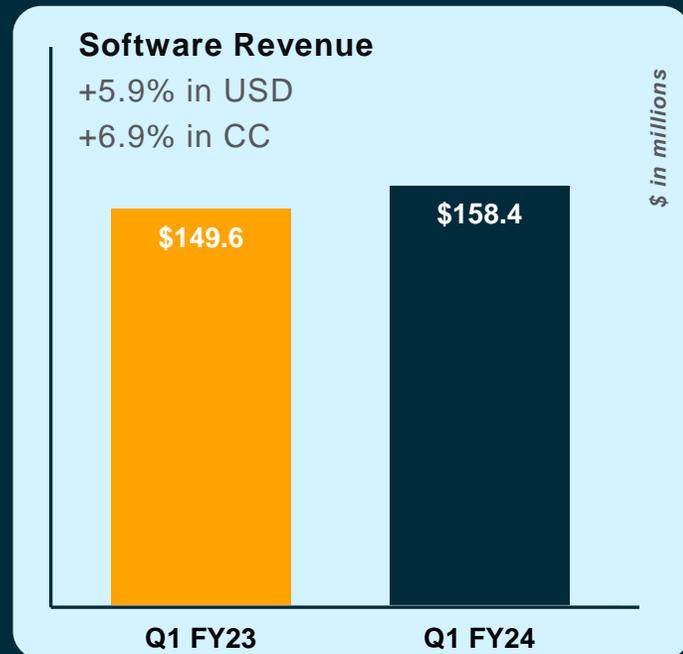


Q1 FY24 FINANCIAL HIGHLIGHTS



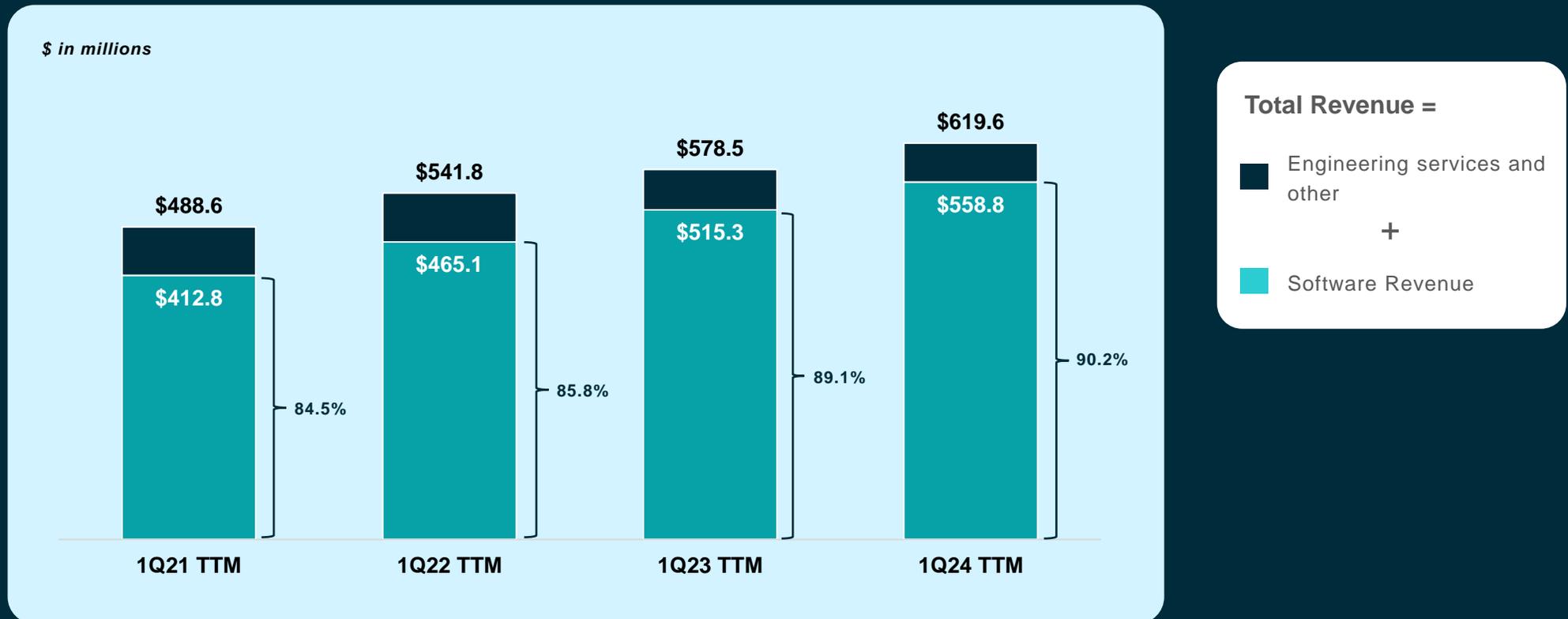
Q1 FY24 Financial Highlights

- Software revenue grew 6.9% year-over-year in constant currency driven by new and expansion wins across several verticals, led by Automotive and Aerospace & Defense.
- Adjusted EBITDA grew to 26.5% of total revenue, driven by gross profit increase and disciplined expense management.



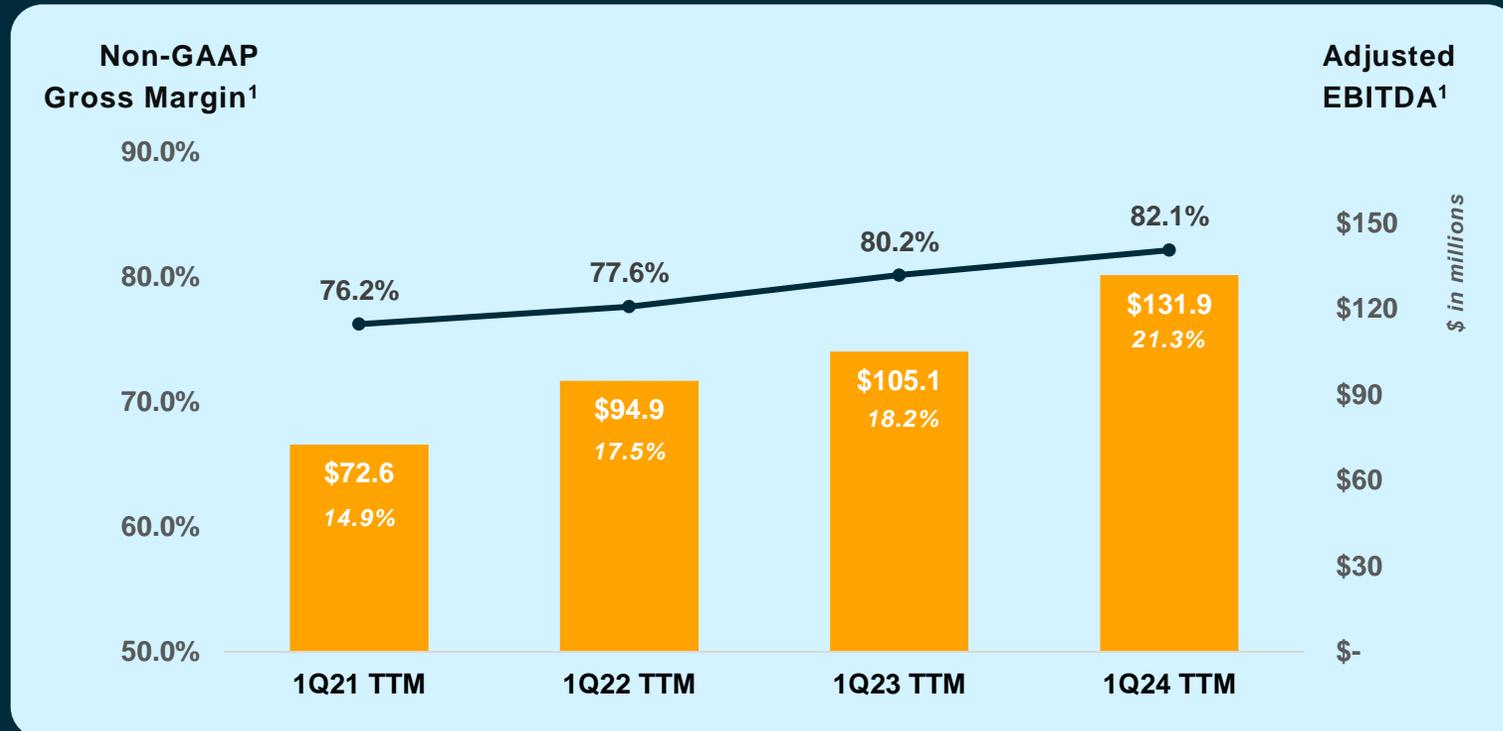
Trailing Twelve Months Total Revenue and Software Revenue

- Software revenue as a percentage of total revenue now at 90.2% for 1Q24 TTM
- Software revenue growth at 10.6% CAGR from 1Q21 TTM to 1Q24 TTM



Trailing Twelve Months Non-GAAP Gross Margin and Adjusted EBITDA

- Continued non-GAAP gross margin and adjusted EBITDA margin expansion through 1Q24 TTM.
- Non-GAAP gross margin now at 82.1% for 1Q24 TTM and growing.
- Adjusted EBITDA margin year-over-year increase of 310 basis points in 1Q24 TTM. Adjusted EBITDA growth at 22.0% CAGR from 1Q21 TTM to 1Q24 TTM.



Trended Non-GAAP Quarterly Results

Non-GAAP Results

(\$000's), except per share amounts

	FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24
Software revenue	\$506,508	\$149,643	\$125,321	\$119,077	\$155,933	\$549,974	\$158,429
Engineering services and other	65,713	16,391	15,840	14,926	15,570	62,727	14,483
Total revenue	572,221	166,034	141,161	134,003	171,503	612,701	172,912
Gross profit	457,683	136,051	112,936	107,385	144,633	501,005	144,021
<i>Gross profit margin</i>	80.0%	81.9%	80.0%	80.1%	84.3%	81.8%	83.3%
Research and development	166,292	44,508	45,334	43,774	45,187	178,803	45,973
Sales and marketing	133,514	35,901	37,401	37,136	37,324	147,762	39,914
General and administrative	62,472	14,876	14,982	13,917	13,844	57,619	14,644
Other operating income	(2,802)	(1,401)	(854)	(915)	(2,390)	(5,560)	(1,027)
Operating expenses	359,476	93,884	96,863	93,912	93,965	378,624	99,504
Operating income	98,207	42,167	16,073	13,473	50,668	122,381	44,517
<i>Operating margin</i>	17.2%	25.4%	11.4%	10.1%	29.5%	20.0%	25.7%
Interest expense	2,571	1,061	1,063	1,060	1,063	4,247	1,104
Other (income) expense, net	(6,526)	(1,838)	(2,853)	(4,725)	(5,923)	(15,339)	(4,842)
Income before income tax	102,162	42,944	17,863	17,138	55,528	133,473	48,255
Income tax expense (benefit)	26,562	11,165	4,645	4,456	14,437	34,703	12,064
Net income	75,600	31,779	13,218	12,682	41,091	98,770	36,191
Earnings per share	0.89	0.36	0.15	0.14	0.46	1.13	0.40
Diluted share count	85,392	88,041	88,383	88,556	88,977	87,642	89,806
Adjusted EBITDA	\$108,600	\$43,055	\$17,056	\$15,454	\$53,573	\$129,138	\$45,818
<i>Adjusted EBITDA margin</i>	19.0%	25.9%	12.1%	11.5%	31.2%	21.1%	26.5%

Q2 2024 and FY 2024 Guidance

(in millions, except %)

	Second Quarter 2024		Full Year 2024	
Software Revenue	\$ 131.0	to	\$ 134.0	\$ 590.0 to \$ 600.0
<i>Growth Rate</i>	4.5%		6.9%	7.3% to 9.1%
<i>Growth Rate - Constant Currency</i>	6.7%		9.2%	8.3% to 10.1%
Total Revenue	\$ 145.0		\$ 148.0	\$ 652.0 to \$ 662.0
<i>Growth Rate</i>	2.7%		4.8%	6.4% to 8.0%
<i>Growth Rate - Constant Currency</i>	4.7%		6.8%	7.5% to 9.1%
Net (Loss) Income	\$ (12.3)		\$ (9.4)	\$ 23.2 to \$ 30.9
Non-GAAP Net Income	\$ 12.7		\$ 15.0	\$ 109.9 to \$ 115.9
Adjusted EBITDA	\$ 15.0		\$ 18.0	\$ 138.0 to \$ 146.0
Net Cash Provided by Operating Activities				\$ 135.0 to \$ 143.0
Free Cash Flow				\$ 124.0 to \$ 132.0

GAAP to NON-GAAP RECONCILIATIONS



GAAP to Non-GAAP Reconciliations

(\$000's), except %'s

	Q1 2024			Q1 2023		Increase/(Decrease) %	
	As reported	Currency changes	As adjusted for constant currency	As reported	As reported	As adjusted for constant currency	
Software revenue	\$ 158.4	\$ 1.5	\$ 159.9	\$ 149.6	5.9%	6.9%	
Total revenue	\$ 172.9	\$ 1.6	\$ 174.5	\$ 166.0	4.1%	5.1%	
Billings	\$ 154.1	\$ 0.8	\$ 154.9	\$ 163.5	-5.7%	-5.3%	
Adjusted EBITDA	\$ 45.8	\$ 1.3	\$ 47.1	\$ 43.1	6.4%	9.5%	

GAAP to Non-GAAP Reconciliations

(\$000's), except %'s

	Trailing Twelve Months Ended March 31,			
	2021	2022	2023	2024
Net income (loss)	\$ (2,170)	\$ (11,626)	\$ (56,916)	\$ 9,580
Income tax expense	7,921	14,995	17,918	19,082
Stock-based compensation	27,832	53,515	88,334	79,419
Interest expense	11,758	9,677	5,318	6,166
Depreciation and amortization	24,832	26,644	37,568	38,993
Restructuring expense	3,346	1,707	—	—
Special adjustments, interest income and other ⁽¹⁾	(943)	(29)	12,843	(21,339)
Adjusted EBITDA	\$ 72,576	\$ 94,883	\$ 105,065	\$ 131,901
Adjusted EBITDA Margin	14.9%	17.5%	18.2%	21.3%

⁽¹⁾ The trailing twelve months ended March 31, 2021, includes \$0.6 million of interest income, \$1.0 million of proceeds from settlements related to an historical acquisition, and \$0.6 million of severance expense. The trailing twelve months ended March 31, 2022, includes \$0.3 million currency losses on acquisition-related intercompany loans, and \$0.3 million of interest income. The trailing twelve months ended March 31, 2023, includes \$16.6 million expense on the repurchase of convertible senior notes, \$3.5 million currency losses on acquisition-related intercompany loans, a \$0.1 million gain from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition, and \$7.2 million of interest income. The trailing twelve months ended March 31, 2024, includes \$19.7 million of interest income, \$0.5 million currency gains on acquisition-related intercompany loans, and a \$1.2 million gain from the mark-to market adjustment of contingent consideration associated with the World Programming acquisition.

GAAP to Non-GAAP Reconciliations

(\$000's), except %'s	Trailing Twelve Months Ended March 31,			
	2021	2022	2023	2024
Gross profit	368,393	413,948	454,453	499,630
Stock-based compensation expense	3,266	6,364	9,200	9,345
Restructuring expense	798	250	—	—
Non-GAAP gross profit	372,457	420,562	463,653	508,975
Gross margin	75.4%	76.4%	78.6%	80.6%
Non-GAAP gross margin	76.2%	77.6%	80.2%	82.1%

GAAP to Non-GAAP Reconciliations

(\$000's), except %'s

	FY 22	Q1 FY 23	Q2 FY 23	Q3 FY 23	Q4 FY 23	FY 23	Q1 FY 24
Gross profit	449,332	133,299	110,364	104,917	142,330	490,910	142,019
Stock-based compensation expense	8,351	2,752	2,572	2,468	2,303	10,095	2,002
Non-GAAP gross profit	457,683	136,051	112,936	107,385	144,633	501,005	144,021
Gross margin	78.5%	80.3%	78.2%	78.3%	83.0%	80.1%	82.1%
Non-GAAP gross margin	80.0%	81.9%	80.0%	80.1%	84.3%	81.8%	83.3%

	FY 22	Q1 FY 23	Q2 FY 23	Q3 FY 23	Q4 FY 23	FY 23	Q1 FY 24
Total operating expense	456,269	128,113	126,633	116,181	119,740	490,667	121,084
Stock-based compensation expense	(76,436)	(19,409)	(21,164)	(18,058)	(16,855)	(75,486)	(13,997)
Amortization	(27,510)	(7,814)	(7,625)	(7,704)	(7,708)	(30,851)	(7,438)
Gain (loss) on mark-to-market adjustment of contingent consideration	7,153	(7,006)	(981)	3,493	(1,212)	(5,706)	(145)
Non-GAAP operating expense	359,476	93,884	96,863	93,912	93,965	378,624	99,504

GAAP to Non-GAAP Reconciliations

(\$000's), except %'s

	FY 22	Q1 FY 23	Q2 FY 23	Q3 FY 23	Q4 FY 23	FY 23	Q1 FY 24
Net income (loss)	(43,429)	(1,959)	(22,280)	(4,362)	19,675	(8,926)	16,547
Income tax expense	15,216	9,232	8,678	(6,541)	10,176	21,545	6,769
Stock-based compensation	84,787	22,161	23,736	20,526	19,158	85,581	15,999
Interest expense	4,377	1,526	1,528	1,529	1,533	6,116	1,576
Depreciation and amortization	35,504	9,750	9,738	9,783	9,853	39,124	9,619
Special adjustments, interest income and other ⁽¹⁾	12,145	2,345	(4,344)	(5,481)	(6,822)	(14,302)	(4,692)
Adjusted EBITDA	108,600	43,055	17,056	15,454	53,573	129,138	45,818
Adjusted EBITDA Margin	19.0%	25.9%	12.1%	11.5%	31.2%	21.1%	26.5%

⁽¹⁾ FY 22 includes \$16.6 million expense on the repurchase of convertible senior notes, \$6.8 million currency losses on acquisition-related intercompany loans, a \$7.2 million gain from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition, and \$4.1 million of interest income. Q1 FY 23 includes a \$7.0 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition, \$2.9 million of interest income, and \$1.8 million currency gains on acquisition-related intercompany loans. Q2 FY 23 includes \$4.0 million of interest income, \$1.3 million currency gains on acquisition-related intercompany loans, and a \$1.0 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition. Q3 FY 23 includes \$4.8 million of interest income, \$2.8 million currency losses on acquisition-related intercompany loans, and a \$3.5 million gain from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition. Q4 FY 23 includes \$5.2 million of interest income, \$2.9 million currency gains on acquisition-related intercompany loans, and a \$1.2 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition. FY 23 includes \$16.9 million of interest income, \$3.2 million currency gains on acquisition-related intercompany loans, and a \$5.7 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition. Q1 FY 24 includes a \$0.1 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition, \$5.7 million of interest income, and \$0.9 million currency losses on acquisition-related intercompany loans.

GAAP to Non-GAAP Reconciliations

(\$000's)

	FY 22	Q1 FY 23	Q2 FY 23	Q3 FY 23	Q4 FY 23	FY 23	Q1 FY 24
Net income (loss)	(43,429)	(1,959)	(22,280)	(4,362)	19,675	(8,926)	16,547
Stock-based compensation expense	84,787	22,161	23,736	20,526	19,158	85,581	15,999
Amortization of intangible assets	27,510	7,814	7,625	7,704	7,708	30,851	7,438
Non-cash interest expense	1,806	465	465	469	470	1,869	472
Impact of non-GAAP tax rate ⁽¹⁾	(11,346)	(1,933)	4,033	(10,997)	(4,261)	(13,158)	(5,295)
Special adjustments and other ⁽²⁾	16,272	5,231	(361)	(658)	(1,659)	2,553	1,030
Non-GAAP net income	75,600	31,779	13,218	12,682	41,091	98,770	36,191

⁽¹⁾ The Company used a non-GAAP effective tax rate of 26% in FY 22 and FY 23, and 25% in Q1 FY 24.

⁽²⁾ FY 22 includes \$16.6 million expense on the repurchase of convertible senior notes, \$6.8 million currency losses on acquisition-related intercompany loans, and a \$7.2 million gain from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition. Q1 FY 23 includes a \$7.0 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition and \$1.8 million currency gains on acquisition-related intercompany loans. Q2 FY 23 includes \$1.3 million currency gains on acquisition-related intercompany loans and a \$1.0 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition. Q3 FY 23 includes \$2.8 million currency losses on acquisition-related intercompany loans and a \$3.5 million gain from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition. Q4 FY 23 includes \$2.9 million currency gains on acquisition-related intercompany loans and a \$1.2 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition. FY 23 includes \$3.2 million currency gains on acquisition-related intercompany loans and a \$5.7 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition. Q1 FY24 includes \$0.9 million currency losses on acquisition-related intercompany loans and \$0.9 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition.

GAAP to Non-GAAP Reconciliations

(in thousands)	(Unaudited)			
	Three Months Ending		Year Ending	
	June 30, 2024		December 31, 2024	
	Low	High	Low	High
Net income (loss)	\$ (12,300)	\$ (9,400)	\$ 23,200	\$ 30,900
Stock-based compensation expense	17,800	17,800	72,500	72,500
Amortization of intangible assets	7,300	7,300	28,900	28,900
Non-cash interest expense	400	400	1,500	1,500
Impact of non-GAAP tax rate ⁽¹⁾	(500)	(1,100)	(17,200)	(18,900)
Special adjustments and other ⁽²⁾	—	—	1,000	1,000
Non-GAAP net income	\$ 12,700	\$ 15,000	\$ 109,900	\$ 115,900

(1) The Company uses a non-GAAP effective tax rate of 25%.

(2) The year ending December 31, 2024, includes a \$0.1 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition, and \$0.9 million of currency losses on acquisition-related intercompany loans.

GAAP to Non-GAAP Reconciliations

(in thousands)	(Unaudited)			
	Three Months Ending		Year Ending	
	June 30, 2024		December 31, 2024	
	Low	High	Low	High
Net income (loss)	\$ (12,300)	\$ (9,400)	\$ 23,200	\$ 30,900
Income tax expense	3,800	3,900	19,500	19,800
Stock-based compensation expense	17,800	17,800	72,500	72,500
Interest (income) expense	(3,800)	(3,800)	(15,800)	(15,800)
Depreciation and amortization	9,500	9,500	37,600	37,600
Special adjustments and other ⁽¹⁾	-	-	1,000	1,000
Adjusted EBITDA	\$ 15,000	\$ 18,000	\$ 138,000	\$ 146,000

(1) The year ending December 31, 2024, includes a \$0.1 million loss from the mark-to-market adjustment of contingent consideration associated with the World Programming acquisition, and \$0.9 million of currency losses on acquisition-related intercompany loans.

GAAP to Non-GAAP Reconciliations

(in thousands)	(Unaudited)	
	Year Ending	
	December 31, 2024	
	Low	High
Net cash provided by operating activities	\$ 135,300	\$ 143,300
Capital expenditures	(11,300)	(11,300)
Free cash flow	\$ 124,000	\$ 132,000



THANK YOU