



31 August 2023

ALTIUM LIMITED ACN 009 568 772

Level 6, Tower B The Zenith 821 Pacific Highway Chatswood NSW 2067







Dear Elon Must

Altium Limited (Altium) Performance Rights Plan FY21 Performance Rights n Invitation Letter

As part of our Power of Choice executive remuneration framework and principles I am pleased to confirm your offer of Altium performance rights (**Performance Rights**) under the terms and conditions of this invitation letter approved by the Altium Board in August 2021 (**Offer**).

We believe in rewarding our people whose contribution to our transformation strategy is exceptional. Our long term incentive plan (**LTIP**) is designed to incentivize and retain those key employees to align your performance with long term shareholder value creation. Our LTIP currently operates on a rolling five year basis and new grants are intended to be made each year.

This letter specifies the number of performance rights offered to you in recognition of your contribution as well as a summary of the Offer terms. The Performance Rights under this Offer will vest based on the achievement of performance and service period hurdles.

The performance rights issued to you under the FY19 Offer Letter dated on or about 15 December 2018 (**FY19 Offer Letter**) continue to exist in accordance with their terms. However, those performance rights in your FY20 and FY21 tranches will not vest because the performance hurdles applicable to those tranches were not satisfied due to the impact of COVID19. We also do not anticipate that the performance conditions applicable to the FY19 Offer Letter for FY22 and FY23 will be achieved. This Offer takes into account those unvested performance rights as described.

Included in your FY21 remuneration incentive package:

1. Altium Performance Plan Rules:

- 2. An Employee Tax Summary;
- 3. Minimum Holding Statement;
- 4. Provisions for participants outside Australia; and
- 5. An Offer Application Form

The Offer Application Form is required to be completed to formally accept the Offer and is included with this Offer. If you wish to accept the Offer, please sign and return the Application Form to Natasha Davidson (natasha.davidson@altium.com) by **5pm** on **Friday 10 September 2021**.



Your FY21 Offer Explained

Number of Performance Rights Granted	2
Number of Performance Rights to Vest	1
Performance Conditions	As described below
Vesting Conditions	Satisfaction of Performance Conditions as described below
Vesting Period for FY21 Performance Rights	30 September 2021
Application Cost / Acquisition price of awards	Nil
Offer Deadline for Acceptance	5pm, Friday 10 September 2021 (PT)

Your Questions Answered

What has happened to the performance rights previously offered to me under the FY19 Offer Letter?

The performance rights offered to you under the terms of your FY19 Offer Letter in respect of FY20 and FY21 did not vest because the performance conditions applicable to those performance rights were not satisfied. We do not anticipate that the performance conditions applicable to FY22 and FY23 tranches will be achieved. The number of Performance Rights that are or will be granted to you under the Offer are the same number of performance rights as those granted to you under the FY19 Offer Letter in respect of FY20, FY21, FY22 and FY23.

Does the Offer I'm receiving replace the FY19 Offer Letter?

No. The FY19 Offer Letter remains unchanged and your rights under the FY19 Offer Letter continue to exist in accordance with its terms. However we consider that the FY19 Offer Letter does not align to our strategic objectives and 2025 trajectory and we have designed the Offer to include subscription adoption which is a key objective for 2025 in particular.

What is a Performance Right?

A Performance Right is a contractual right which entitles the holder to either receive or to be allocated on fully paid ordinary share in Altium, or at Altium's discretion, a cash equivalent at no cost to the holder. Performance Rights vest subject to the achievement of performance conditions.

What are Vesting Conditions?

Vesting occurs when applicable vesting conditions are satisfied. Vesting conditions are described in the Plan Rules and this Offer.

What is the Vesting Period?

Performance Rights vest annually as specified below. This vesting schedule prevails in the event of any inconsistency with prior communications and agreements between you and Altium or a Group Member.

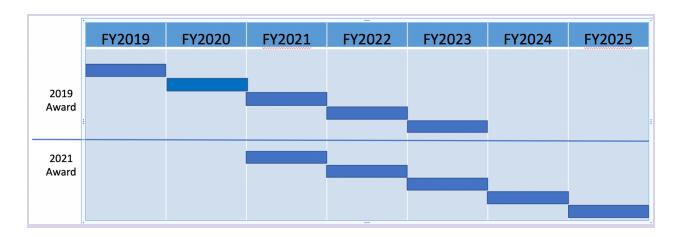
Performance Rights specified below for Year 2, Year 3, Year 4 and Year 5 will be granted to you under separate invitation letters that will be issued to you each year. The specific performance conditions that apply to these Performance Rights will be determined by the Human Resources Committee and the Board and set out in these invitation letters. However, it is currently anticipated that the number of performance rights and the vesting dates for Years 2 to 5 will be as set out below.

Year	Vesting Date	Performance Rights**
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Year 1 (2021)	30 September 2021*	6,393**
Year 2 (2022)	31 August 2022	6,393
Year 3 (2023)	31 August 2023	9,589
Year 4 (2024)	31 August 2024	7,116
Year 5 (2025)	31 August 2025	7,116

^{*}Our letter of 1 March 2021 contemplated a future offer of performance rights under the FY21 grant which would vest in April 2021. The Board has now determined the terms of the offer of performance rights under the FY21 grant and now determined that these performance rights will vest in August 2021.

Please see below the comparison of vesting schedule between the FY19 LTIP and the FY21 LTIP:



What are the FY21 Performance Conditions?

The FY21 performance conditions include:



- 1. Revenue
- 2. Performance Adoption comprising (a) Subscription Adoption and(b) Altium 365 Adoption
- 3. EBITDA Margin

which are each defined in the FY21 Annual Report.

(Performance Conditions) The FY21 Performance Conditions align to our agreed Objectives and Key Results (OKRs) to support our Transformation Strategy and create long term shareholder value. As noted above, the performance conditions for future grants will be communicated to you separately. They may be different from those identified for FY21.

^{**}This is the total number of Performance Rights available to you which are adjusted against the FY21 Achievement.

FY21 LTI ACHIEVEMENT



FY21 Performance Condition					Weighting	Actual results	Achieve ment
		Entry	Mid	Target			
Revenue	Metric	190	193	196	1/3	191.1	79.58%
Payout		75%	87.50%	100%			
Margin	Metric	36.00%	36.50%	37.00%	1/6	36.1%	50.00%
Payout		50%	75%	100%			
Subs Adoption	Metric	55,000	56,000	57,000	1/6	54,394	0.00%
Payout		50%	75%	100%			
365 Adoption	Metric	6,000	7,000	8,000	1/3	7,241	81.03%
Payout		50%	75%	100%			

As a Principal Centurion you are required to satisfy the Performance Conditions as specified below:

Principal Centurion Performance Conditions	Achievement in FY21
Revenue	79.58%
Margin	50.00%
Subscription Adoption	0.00%
Altium 365 Adoption	81.03%
Total Achievement	56.70%
Total Performance Rights Achieved	56.70% of 6,393 = 3,625
Total Performance Rights to Vest	3,625

What happens to my Performance Rights if I leave Altium during the Vesting Period?

If you cease to be employed by Altium or a Group Member on or before the nominated Vesting Date for a tranche or tranches as a result of:

Death, becoming Totally and Permanently Disabled, Redundancy or Retirement:

The Altium Board may exercise its absolute discretion to determine the number of your unvested Performance Rights that will vest and lapse. The Board will generally determine that the number of your Performance Rights that will vest is equal to the portion of the Vesting Period during which you were an employee (i.e. if you retire half way through the Vesting Period, at most, half of your Performance Rights will vest). The Board may determine that some or all of your Performance Rights will lapse or remain outstanding and then vest or lapse at the end of the Vesting Period.

Any other reason, including resignation or termination:

All of your Performance Rights that have not vested will lapse and be forfeited on the date you cease to be employed by Altium or another Group Member unless the Board chooses to exercise its discretion to accelerate vesting of any (being all or a portion of) unvested Performance Rights if you are a Good Leaver as defined in the Plan Rules. The Board will not exercise its discretion if you are a Bad Leaver as defined in the Plan Rules. Your employment will cease as of the date you no longer actively provide services to Altium or another Group Member. The relevant period will not be extended by any notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any.

What is the minimum holding requirement?

The Human Resources Committee has recommended and the Board of Altium has adopted amendments for the minimum holding requirement for certain Centurions.

The amendments are as follows:

- 1. Minimum holding requirement remains unchanged for Principal Centurions;
- 2. Minimum holding requirement for Senior Centurions is changed to 2 x base remuneration;
- 3. No minimum holding requirement for Fellow Centurions.

What are the taxation implications?

An employee tax summary for your country is included in your remuneration incentive package. Altium may withhold or collect such taxes as it is obliged, or as it reasonably believes it is obliged, to account for, to any taxation authority. This may include selling sufficient shares to satisfy the tax or withholding obligation.

What is the Employee Share Option Plan Trust?

When your Performance Rights vest, you may receive ordinary shares (**Shares**) in respect of those Performance Rights from a trustee appointed by Altium. The Trustee is appointed under the terms of a Trust Deed. If you would like to receive a copy of the Trust Deed please contact either of our Company Secretaries, Alison Raffin (<u>alison.raffin@altium.com</u>) or Tash Davidson (<u>natasha.davidson@altium.com</u>).

The Key Trust Deed Terms include:

Voting rights: You will have voting rights in respect of the Shares when they are allocated to you. Until that time you will not be able to cast any vote in respect of the Shares.

Dividends: You will be entitled to any dividends when the Shares are allocated to you. Until that time you will not receive any dividends.

Written records: The Trustee must maintain written records on the administration of the trust including, in the case of underlying eligible products being held for a specified eligible participant on an allocated basis, written records that identify the underlying eligible products held on an allocated basis for the eligible participant.

No fees or charges: The Trustee does not charge any fees for administering the Trust, other than reasonable disbursements including brokerage and tax levied or incurred in connection with the Trust.

In accordance with applicable Australian law (ASIC Class Order 14/1000) the Trustee of the Trust will not hold more than 5% of voting shares or interests in Altium at any one time.

What are the risks of acquiring Performance Rights?

An investment in Altium is subject to both known and unknown risks. Some of these are beyond Altium's reasonable control. In acquiring Performance Rights, you should consider all relevant risk factors which relate to investments in financial products generally as well as the acquisition of Performance Rights in Altium.

Some risk factors may impact the price at which the Shares trade on the Australian Securities Exchange which include fluctuations in domestic and international markets for listed securities, currency fluctuations, general economic conditions including interest rates, inflation rates, taxation, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which Altium operates and general operational and business risks including product development delivery, strategic or organisational changes.

The major currency risk is the EUR/USD due to the large proportion of sales conducted in Europe. A depreciation of EUR against the USD would have a negative impact on group sales and revenue.

The ongoing delivery of new product releases is a key factor in driving new subscription growth. Innovative technology development required for inclusion in releases carries inherent risks in terms of timing and quality. These risks are mitigated by forward planning for each release and a disciplined project management and quality assurance process.

The future condition of the global economy will have an impact on Altium and the growth of new markets in which Altium operates. We have observed the global economic impact caused by the COVID19 pandemic.

Where can I find the current Altium share price?

Altium is listed on the Australian Securities Exchange (ASX) and trades on that market. The

trading price for Altium shares is found at https://www2.asx.com.au/markets/company/alu. There you will also find information about Altium including our Board of Directors and some members of Senior Management.

What is the nature of the Offer?

By accepting the Offer, you acknowledge and agree that:

- 1. The LTIP is established voluntarily by Altium. It is discretionary in nature and may be modified, amended, suspended or terminated at any time in accordance with applicable laws and the ASX Listing Rules.
- 2. Participation is voluntary and does not create any contractual right to receive future offers of Performance Rights or other benefits.
- 3. Performance Rights and the income derived from those Performance Rights are not part of normal or expected compensation for any purpose including, but not limited to, severance, resignation, redundancy, termination or dismissal, end-of-service payments, long-service awards, bonuses, pension or retirement, welfare benefits or any similar payments or benefit programs.
- 4. No claim or entitlement to compensation or damages shall arise from forfeiture of your Performance Rights resulting from cessation of your employment for any reason.
- 5. Participation does not affect your employment relationships or form part of your employment contract with Altium. It is not a promise that you will continue to be employed by Altium or any Group Member.

Language of the Offer

The Offer is made to you in English. You acknowledge that you are proficient in English or you have consulted an advisor who is proficient in English to enable you to understand all the terms and conditions that apply to the Offer. If you have received this Offer or any other document related to the Offer translated into another language and as a result of that translation a different meaning is ascribed to any part of the Offer, then the English language version will prevail.

Any other requirements?

Altium reserves the right to impose any other requirements in relation to the Offer, the Performance Rights or the Shares acquired on vesting of the Performance Rights, to the extent that Altium determines such additional requirements necessary to comply with legal, regulatory or administrative purposes and may require you sign any additional documentation as a result of any additional requirements being imposed.

Governing Law

The Offer is made to you and the Plan Rules are governed by the laws of New South Wales, Australia.

Data Privacy

Altium collects, processes and uses personal data about you including your name, home address, email address, telephone number, date of birth, social insurance numbers, passport or other identification number, salary information, nationality, job title, any Shares or directorships held in Altium, details of all Performance Rights or any other entitlement to Shares awarded, cancelled or exercised, vested or unvested or outstanding in your favour, which Altium receives from you (**Personal Data**) for the purposes of implementing, administering and managing the LTIP. The legal basis on which processing of your Personal Data may occur, is being specifically informed that your Personal Data is being obtained for the purpose of accepting the Offer and your consent to this occurring.

In compliance with the Australian Privacy Principles and Australian Privacy Laws, Altium is required to advise that it may transfer your Personal Data to Computershare which is an independent share plan service provider which assists Altium with the implementation, administration and management of the LTIP. Computershare may open an account for you to receive and trade Shares. You may be asked to acknowledge, or agree to, separate terms and data processing practices with Computershare with such agreement being a condition of your participation in the LTIP. If you wish to contact Computershare directly in relation to any data privacy matters, please send an email to privacy@computershare.com.au.

Personal Data will be transferred from your country to Australia and the United States where Altium and Computershare are based. Your country or jurisdiction may have different data privacy laws and protections to both Australia and the United States. The legal basis on which the transfer of Personal Data may occur is being specifically informed that your Personal Data will be transferred for the purposes of accepting the Offer and your specific consent to this occurring.

Altium will use Personal Data as long as required to implement, administer and manage your participation in the LTIP or as required to comply with applicable legal or regulatory obligations including tax and securities law requirements. Where Altium no longer needs the Data which will generally be seven (7) years from the date of your participation in the LTIP, Altium will remove the Data from its systems. If Altium retains your Personal Data then it would be only to satisfy legal or regulatory obligations and the basis on which Altium may legally do this, is your consent.

You may have a number of rights under applicable data privacy laws in your jurisdiction.

Depending on where you are based, such rights may include the right to (1) request access or copies of Personal Data processed by Altium (2) rectification of incorrect Personal Data (3) deletion of Personal Data (4) restrictions on processing of Personal Data (5) portability of Personal Data (6) lodgment of complaints with competent data authorities in your jurisdiction and/or (7) receiving a list of names and addresses of any potential recipients of your Personal Data. To receive any clarification in relation to any of these matters please contact data.compliance@altium.com.

Participation in the LTIP is voluntary and you provide your consent on a voluntary basis. If you do not consent, or if you later seek to revoke your consent, your salary from or employment and career with Altium will not be affected. The only consequence of refusing or withdrawing your consent is that Altium will not be able to offer you any Performance Rights or other awards which require the processing and transfer of your Personal Data.

If you are outside Australia, then certain additional provisions will apply to you that are included in your remuneration pack.

If you wish to accept your Offer please complete the Offer Application Form and return it in accordance with the instructions provided in this invitation letter.

If you have any further questions in relation to the Offer please contact Martin Ive or Natasha Davidson.

Thank you again for your contribution.

Yours sincerely

