

ALTIUM LIMITED

ACN 009 568 772

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

Scheme Booklet registered with ASIC

Sydney, Australia – 6 June 2024 – Altium Limited (**ASX: ALU**) (“**Altium**”) refers to its announcement on 5 June 2024 that the Supreme Court of New South Wales has approved the convening of a meeting of Altium shareholders (“**Scheme Meeting**”) to consider and vote on the proposed acquisition of Altium by Renesas Electronics NSW Pty Ltd, an indirect wholly owned subsidiary of Renesas Electronics Corporation (TSE: 6723), (“**Renesas**”) by way of a scheme of arrangement (“**Scheme**”) and the distribution to Altium shareholders of the scheme booklet providing information about the Scheme (“**Scheme Booklet**”), the Notice of Scheme Meeting and the Independent Expert’s Report (“**IER**”).

Scheme Booklet

Altium confirms that the Scheme Booklet has been registered with the Australian Securities and Investment Commission. A copy of the Scheme Booklet is annexed and will be available on the Altium website at <https://www.altium.com/company/investor-relations/investor-center/scheme>, along with a sample proxy form.

The Scheme Booklet, including the Notice of Scheme Meeting, IER, proxy form and question form is expected to be despatched to Altium shareholders on or around Wednesday, 12 June 2024.

Altium shareholders who have elected previously to receive meeting materials by post will receive hard copies of the Scheme Booklet along with personalised proxy and question forms for the Scheme Meeting. All other Altium shareholders will receive either an email to their nominated email address containing links to access the Scheme Booklet, personalised proxy forms and the option to ask questions if they have elected to receive materials electronically or, if they have not elected to receive communications electronically, will be sent materials by post directing them how to access the Scheme Booklet electronically, along with personalised proxy and question forms.

Altium shareholders should read the Scheme Booklet in its entirety before making their decision on whether to vote in favour of the Scheme.

Independent Expert’s Report

The Scheme Booklet contains the IER prepared by Kroll Australia Pty Ltd (“**Independent Expert**”). The Independent Expert has concluded that the Scheme is in the best interest of Altium shareholders, in the absence of a superior proposal. The Independent Expert has assessed the value of an Altium Share on a controlling interest basis to be in the range of A\$62.37 and A\$70.27. The Scheme Consideration of A\$68.50 per Altium Share falls within this range.

The Independent Expert’s conclusion should be read in the context of the full IER and the Scheme Booklet.

Board recommendation

The Altium Board recommends unanimously that its shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the

Scheme is in the best interest of Altium shareholders.

Subject to those same qualifications, all Altium Directors (who in aggregate own 13.8 million Altium shares) intend to vote all the Altium shares they hold or control in favour of the Scheme.

Scheme Consideration

If the Scheme is approved and implemented, Altium shareholders will receive A\$68.50 cash for each Altium Share they hold on the Scheme Record Date reduced by the value of any future approved dividend declared or paid ("**Scheme Consideration**").¹

Details of Scheme Meeting

The Scheme Meeting, at which Altium shareholders will vote on the proposed Scheme, will be held at 9:00am (Sydney time) on Friday, 12 July 2024 at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000.

The Scheme can be implemented only if, in addition to the satisfaction or waiver (in the case of certain conditions precedent that are capable of being waived) of all other conditions precedent, it is approved by the requisite majorities of:

- at least 75% of the total number of votes cast on the Scheme resolution at the Scheme Meeting; and
- more than 50% in number, unless the Court orders otherwise, of eligible Altium shareholders present and voting at the Scheme Meeting.

Shareholders are encouraged to vote by attending in person. If you are unable to attend the Scheme Meeting, please complete the proxy form accompanying the Scheme Booklet and ensure it is received by the Altium share registry by 9:00am (Sydney time) on Wednesday, 10 July 2024.

Further information

For more information, please refer to the Scheme Booklet. If Altium shareholders have any questions in relation to the Scheme Booklet, the Scheme or their shareholding, they are encouraged to contact Altium's Shareholder Information Line on 1300 103 401 (within Australia) and +61 2 9066 4063 (outside Australia). The Altium Shareholder Information Line is open between Monday and Friday (excluding public holidays) from 8.30am to 5.30pm (Sydney time).

For enquiries, please contact:

Media Contact Details:

Ben Wilson
GRACosway
Mobile: +61 407 966 083

Investor Relations Contact Details:

Sam Weiss – Chairman
Email: sam.weiss@altium.com

¹ The Scheme Consideration will be reduced by the amount of any approved dividend being any future special, ordinary, interim or final dividend that is declared or paid. However, it is expected that implementation of the Scheme will occur prior to any final dividend for the financial year ending 30 June 2024 being declared or paid. The Altium Board does not plan to declare or pay a special dividend in connection with the Scheme.

Announcement authorised by:

Sam Weiss
Chairman
Altium Limited

ENDS

About Altium

Altium ([ASX:ALU](#)) is a multinational software corporation headquartered in San Diego, California, that designs and develops 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®.

Founded in 1985, Altium has offices worldwide, with US locations in San Diego, Boston, Dallas, New York City and New Jersey. European locations in Karlsruhe, Kiev, Cambridge, 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](#).

Annexure A – Scheme Booklet

For personal use only

Altium®

SCHEME BOOKLET

Altium Limited ACN 009 568 772

In relation to a proposal from Renesas Electronics NSW Pty Ltd (ACN 676 810 156) (Renesas Bidco), a wholly owned indirect Subsidiary of Renesas Electronics Corporation (Renesas), to acquire all of the ordinary shares in Altium Limited (Altium) by way of a scheme of arrangement between Altium and Altium Shareholders.

Your Directors unanimously recommend that you **vote in favour** of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders.



**VOTE IN
FAVOUR**

This is an important document and requires your immediate attention. You should read it carefully and in its entirety before deciding whether or not to vote in favour of the Scheme.

If you are in doubt as to what you should do, you should consult your broker or financial, taxation, legal or other professional adviser.

This Scheme Booklet has been sent to you because you are shown in the Register as holding Altium Shares. If you have recently sold all your Altium Shares, please ignore this Scheme Booklet.

If, after reading this Scheme Booklet, you have any questions in relation to this Scheme Booklet or the Scheme, you should contact the Altium Shareholder Information Line on 1300 103 401 (within Australia) and +61 2 9066 4063 (outside Australia). The Altium Shareholder Information Line is open between Monday and Friday (excluding public holidays) from 8.30am to 5.30pm (Sydney time).

Financial adviser

J.P.Morgan

Legal adviser

**KING & WOOD
MALLESONS**
金杜律师事务所

Important notices

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet carefully and in its entirety before deciding whether or not to vote in favour of the Scheme at the Scheme Meeting.

Purpose of Scheme Booklet

The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which the Scheme will be considered and implemented (if approved by the Requisite Majority of Altium Shareholders and the Court and all other Conditions Precedent are satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived)) and to provide such information as is prescribed or otherwise material to the decision of Altium Shareholders whether or not to approve the Scheme. This Scheme Booklet includes the explanatory statement required to be sent to Altium Shareholders under Part 5.1 of the Corporations Act in relation to the Scheme.

This Scheme Booklet does not constitute or contain an offer to Altium Shareholders, or a solicitation of an offer from Altium Shareholders, in any jurisdiction.

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1). Instead, Altium Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

Responsibility for information

The Altium Information has been prepared by Altium and is the responsibility of Altium. None of Renesas, its affiliates or any of their Subsidiaries or any of their respective directors, officers, employees, contractors or advisers assume any responsibility for the accuracy or completeness of the Altium Information.

To the extent that the Altium Information contains a reference to an event relating to the business of Altium occurring after implementation of the Scheme, with the exception of the Altium Information included in Sections 1.2(b) and 4.2.2, it is either authorised by Renesas or expected based on communications with Renesas.

The Renesas Information has been provided by Renesas and is the responsibility of Renesas. None of Altium, its affiliates or any of their Subsidiaries or any of their respective directors, officers, employees, contractors or advisers assume any responsibility for the accuracy or completeness of the Renesas Information.

The Independent Expert has prepared the Independent Expert's Report in relation to the Scheme contained in Annexure A and takes responsibility for that report. None of Altium, Renesas any of their respective affiliates or any of their Subsidiaries or any directors, officers, employees, contractors or advisers of any of those entities assume any responsibility for the accuracy or completeness of the Independent Expert's Report.

ASIC and ASX

A copy of this Scheme Booklet was provided to ASIC under subsection 411(2) of the Corporations Act and registered by ASIC under subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with subsection 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Hearing. Neither ASIC nor its officers take any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been provided to ASX for its review under the Listing Rules. Neither ASX nor its officers take any responsibility for the contents of this Scheme Booklet.

Important notice associated with Court orders under subsection 411(1) of the Corporations Act

The fact that the Court has ordered the Scheme Meeting to be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court has (a) formed any view as to the merits of the proposed Scheme or as to how Altium Shareholders should vote (on this matter the Altium Shareholders must reach their own decision), (b) prepared, or is responsible for the content of this Scheme Booklet, or (c) approved or will approve the terms of the Scheme.

An order of the Court under subsection 411(1) of the Corporations Act is not an endorsement of, or any other expression of opinion on, the Scheme.

Future matters and intentions

Certain statements in this Scheme Booklet relate to the future. These statements may not be based on historical facts, and they involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Altium or Renesas to be materially different from future results, performance or achievements expressed or implied by those statements. Such risks, uncertainties, assumptions and other important factors include, among other things, general economic conditions, exchange rates, interest rates, the regulatory environment, competitive pressures, selling price and market demand. These forward-looking statements are based on numerous assumptions regarding present and future

business strategies, and the environment in which Altium or Renesas will operate in the future, including anticipated costs and the ability to achieve objectives and strategies.

Forward-looking statements generally may be identified by the use of forward-looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of Altium, Renesas Bidco or Renesas are or may be forward-looking statements. These statements only reflect views held as at the Last Practicable Date.

Other than as required by law neither Altium, Renesas nor any other person gives any representation, assurance or guarantee that the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur. You are cautioned about relying on any such forward looking statements in this Scheme Booklet. Additionally, statements of the intentions of Renesas Bidco or Renesas reflect Renesas Bidco's or Renesas' (as applicable) present intentions as at the Last Practicable Date and may be subject to change.

All subsequent written and oral forward-looking statements attributable to Altium or Renesas Bidco or Renesas or any person acting on their behalf are qualified by this cautionary statement.

Subject to any continuing obligations under law or regulation, Altium, Renesas Bidco and Renesas do not give any undertaking to update or revise any forward-looking statements after the Last Practicable Date to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

No investment advice

The information and the recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice and has been prepared without reference to the investment objectives, financial and taxation situation or/and particular needs of any Altium Shareholder or any other person. This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to the Scheme or your Altium Shares. Before making an investment decision in relation to the Scheme or your Altium Shares, including any decision to vote for or against the Scheme, you should consider, with or without the assistance of a financial adviser, whether that decision is appropriate in light of your particular investment needs, objectives, and financial and taxation situation circumstances. If you are in any doubt about what you should do, you should consult your broker or legal, financial, taxation, legal or other professional adviser before making any investment decision in relation to the Scheme or your Altium Shares.

Altium Shareholders outside Australia

This Scheme Booklet complies with the disclosure requirements applicable in Australia, which may be different to those in other countries.

Accordingly, the release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in those other jurisdictions, and persons outside Australia who come into possession of this Scheme Booklet should seek advice on, and observe, any applicable restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

No action has been taken to register or qualify this Scheme Booklet or any aspect of the Transaction in any jurisdiction outside of Australia.

Altium Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

Financial Information

The Altium financial information in Section 4.6 of this Scheme Booklet has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards. It is presented in an abbreviated form and does not contain all the disclosures usually provided in an annual report prepared in accordance with the Corporations Act.

Taxation implications of the Scheme

Section 7 provides a general outline of the Australian income tax, capital gains tax, GST and stamp duty consequences for Altium Shareholders who dispose of their Altium Shares to Renesas Bidco in accordance with the Scheme. It does not purport to be a complete analysis or to identify all potential tax consequences nor is it intended to replace the need for specialist tax advice in respect of the particular circumstances of individual Altium Shareholders.

Altium Shareholders who are subject to taxation outside Australia should also consult their tax adviser as to the applicable tax consequences of the Scheme in the relevant jurisdiction.

Privacy

Altium, Renesas and Altium Share Registry may collect personal information in the process of implementing the Scheme. The personal information may include the names, addresses, contact details and security holdings of Altium Shareholders and the names of persons appointed by Altium Shareholders as proxies, attorneys or corporate representatives at the Scheme Meeting. The collection of some of this personal information is required or authorised by the Corporations Act.

The primary purpose of collecting this personal information is to assist Altium in the conduct of the Scheme Meeting and to enable the Scheme to be implemented by Altium in the manner described in this Scheme Booklet. The personal information may be disclosed to Altium Share Registry, print and mail service providers, authorised securities brokers and any other service provider to the extent necessary to effect the Scheme. Some of these recipients are likely to be located in overseas countries.

If the information outlined above is not collected, Altium may be hindered in, or prevented from, conducting the Scheme Meeting and implementing the Scheme.

Altium Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact Altium Share Registry on 1300 850 505 (within Australia) or +61 3 9415 5000 (outside Australia) between Monday and Friday (excluding public holidays) from 8.30am to 5.30pm (Sydney time) if they wish to exercise these rights.

Altium Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of the matters outlined above.

Further information about how Altium collects, uses and discloses personal information is contained in Altium's Privacy Policy located at altium.com/privacy-policy.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure D.

Notice of Second Court Hearing and if any Altium Shareholder wishes to oppose the Scheme

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any Altium Shareholder may appear at the Second Court Hearing, expected to be held at 9.15am (Sydney time) on 18 July 2024. Altium will release an ASX announcement if there is any change to this date and time.

Any Altium Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Altium a notice of appearance in the prescribed form together with any affidavit that the Altium Shareholder proposes to rely on. The notice of appearance and affidavit must be served on Altium at the address for service at least one Business Day before the date fixed for the Second Court Hearing.

The address for service is: c/o King & Wood Mallesons, Level 61, Governor Phillip Tower, One Farrer Place, Sydney NSW 2000, Attention: David Friedlander. The notice of appearance and affidavit must also be sent by email to David.Friedlander@au.kwm.com.

Altium and Renesas websites

The content of the respective websites of Altium and Renesas do not form part of this Scheme Booklet and Altium Shareholders should not rely on their content.

Any references in this Scheme Booklet to a website is a textual reference for information only and no information in any website forms part of this Scheme Booklet.

Questions

Altium has established the Altium Shareholder Information Line which you should call if you have any questions or require further information. The telephone number is 1300 103 401 (within Australia) and +61 2 9066 4063 (outside Australia). The Altium Shareholder Information Line is open between Monday and Friday (excluding public holidays) from 8.30am to 5.30pm (Sydney time).

If you are in doubt as to what you should do, you should consult your broker or financial, taxation, legal or other professional adviser before making any decision in relation to the Scheme.

Supplementary information

In certain circumstances, Altium may provide additional disclosure to Altium Shareholders in relation to the Scheme after the date of this Scheme Booklet. To the extent applicable, Altium Shareholders should have regard to any such supplemental information in determining how to vote in relation to the Scheme.

Interpretation

Capitalised terms and certain abbreviations used in this Scheme Booklet have the meanings set out in the Glossary at the back of this Scheme Booklet. The documents reproduced in the Annexures to this Scheme Booklet may have their own defined terms, which are sometimes different from those in the Glossary.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Last Practicable Date. A number of figures, amounts, percentages, estimates, calculations and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

Unless the contrary intention appears, all references to dollars, \$, A\$, AUD, cents, and ¢ are references to Australian currency, and all references to JP¥ is to Japanese currency, and all references to US\$ is to United States dollars. The Altium financial information contained in Section 4.6 is presented in US dollars, which is Altium's presentation and functional currency.

All information set out in this Scheme Booklet (including financial and operational information) is current as at the Last Practicable Date, unless otherwise indicated.

Unless the contrary intention appears, all references to dates and times in this Scheme Booklet are to Sydney, Australia dates and times.

All dates and times relating to the implementation of the Scheme referred to in this Scheme Booklet are subject to change.

Date

This Scheme Booklet is dated 5 June 2024.

Contents

Important notices	1
Important Dates	4
Chairman's Letter	5
Key information about the Scheme	7
1. Matters relevant to your vote on the Scheme	10
2. Frequently asked questions	15
3. Details of the Scheme	25
4. Information on Altium	31
5. Information on Renesas	40
6. Risks	46
7. Tax implications of the Scheme	49
8. Additional information	52
9. Glossary	62
Annexure A - Independent Expert's Report	67
Annexure B - Scheme of Arrangement	165
Annexure C - Deed Poll	187
Annexure D - Notice of Scheme Meeting	202
Corporate directory	206

Important Dates

9.00am on 10 July 2024	Latest time and date for receipt of proxy forms for the Scheme Meeting
7.00pm on 10 July 2024	Time and date for determining eligibility to vote at the Scheme Meeting
9.00am on 12 July 2024	Scheme Meeting to be held at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 for Altium Shareholders to vote on the Scheme Further details relating to the Scheme Meeting are in the Notice of Scheme Meeting set out at Annexure D

If the Scheme is approved by the Requisite Majority of Altium Shareholders

18 July 2024	Second Court Hearing for approval of the Scheme
19 July 2024	Court order is lodged with ASIC and Scheme becomes Effective (Effective Date) Expected last day of trading in Altium Shares – Altium intends to apply to ASX for Altium Shares to be suspended from official quotation on the ASX from close of trading
7.00pm on 25 July 2024	Record Date (for determining entitlement to receive the Scheme Consideration under the Scheme)
1 August 2024	Implementation of the Scheme (Implementation Date) Payment of the Scheme Consideration Transfer of Scheme Shares to Renesas Bidco

All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and other Regulatory Authorities. Any changes to the above timetable (which may include an earlier or later Second Court Hearing) will be announced through the ASX.

Unless otherwise stated, all references to times and dates in this Scheme Booklet are references to Sydney, Australia times and dates.

Chairman's Letter

Dear fellow Altium Shareholder,

On behalf of the Board of Directors of Altium Limited (**Altium**), I am pleased to provide you with this Scheme Booklet, which outlines the details you will need to consider in relation to the proposed acquisition of Altium by Renesas Electronics NSW Pty Ltd (**Renesas Bidco**), a wholly owned indirect Subsidiary of Renesas Electronics Corporation (**Renesas**).

On 15 February 2024, Altium and Renesas announced that they had entered into a Scheme Implementation Agreement under which Renesas agreed to acquire or procure the acquisition of 100% of the issued shares in Altium by way of a scheme of arrangement (the **Scheme**).

If the Scheme is implemented, Altium Shareholders will receive A\$68.50 per share in cash for each Altium Share held (**Scheme Consideration**) reduced by the value of any future Approved Dividend declared or paid. The Scheme Consideration implies an equity value of approximately A\$9.1 billion and enterprise value (**EV**) of A\$8.8 billion for Altium.¹ The Scheme Consideration represents:

- an EV/Revenue multiple of approximately 22x Altium's historical revenue for the financial year ending 30 June 2023 and an EV/Underlying EBITDA multiple of approximately 60x Altium's historical Underlying EBITDA for the financial year ending 30 June 2023²;
- a 34% premium to Altium's closing share price of A\$51.26 per share on 14 February 2024 (being the last trading day prior to announcement of the Scheme);
- a 39% premium to Altium's 1-month volume-weighted average price (**VWAP**) per share of A\$49.43 prior to the announcement of the Scheme;
- a 46% premium to Altium's 3-month VWAP per share of A\$47.07 prior to the announcement of the Scheme;
- a 31% premium to Altium's pre-announcement all-time high closing share price of A\$52.34 per share on 12 February 2024 (being the highest closing price prior to announcement of the Scheme); and
- a 2% premium to Altium's closing share price of A\$66.83 per share on 30 May 2024 (being the Last Practicable Date).

The Altium Directors unanimously agree that the Scheme Consideration represents attractive and certain value for Altium Shareholders. It is a strong endorsement of the Altium strategy and performance over many years.

The Altium Board of Directors unanimously recommend that Altium Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders. Subject to these same qualifications, all Altium Directors (who in aggregate currently hold or control 13,839,948 Altium Shares) intend to vote all the Altium Shares they hold or control in favour of the Scheme. The interests of your Directors, including the number and description of Altium Shares held by or on behalf of them, are set out in Sections 8.2 and 8.3 of the Scheme Booklet. When considering the recommendation of the Altium Directors to vote in favour of the Scheme, Altium Shareholders should have regard to the personal interests of the Altium Directors. The Altium Directors consider that, despite these interests, it is important and appropriate for them to make a recommendation to Altium Shareholders about how to vote at the Scheme Meeting.

In reaching their recommendation, the Altium Directors have carefully evaluated the Scheme Consideration against the company's medium-term and long-term growth prospects and market opportunities.

In summary, we recommend that you vote in favour of the Scheme for the following reasons:

- Significant premium to pre-announcement trading;
- Opportunity to realise certain value for your Altium Shares now for 100% cash consideration;
- The Independent Expert has concluded the Scheme is in the best interests of Altium Shareholders;
- The multiples outlined above compare favourably to similar transactions in the software sector;
- You will no longer be subject to risks and uncertainties associated with the Altium business, as well as external economic and general market risks as they apply to holding Altium Shares;
- The Altium Share price may fall if the Scheme does not proceed;
- No Superior Proposal has been received; and
- No brokerage.

¹ Based on a total of 133,213,717 Altium securities on issue as at the Last Practicable Date on a fully diluted basis and net cash as at 31 December 2023 of A\$279 million.

² A reconciliation of Altium's Underlying EBITDA to unadjusted EBITDA is set out on page 8 of the Altium FY23 Annual Report.

Section 1.1 sets out the reasons for the Board's recommendation in full. There are also reasons why you may choose to vote against the Scheme, including:

- You may disagree with the recommendation of the Altium Board of Directors and the conclusion of the Independent Expert;
- You may prefer to participate in the future financial performance of Altium, noting Altium will be removed from the official list of the ASX if the Scheme is implemented;
- You may wish to maintain your current investment profile;
- You may believe that there is a possibility that a Superior Proposal could emerge; and
- The tax consequences of the Scheme may not suit you.

Section 1.2 sets out details of the reasons to vote against the Scheme. In addition, Section 6 sets out the risks associated with your current investment in Altium, including general investment risks and specific risks to Altium, and the risks associated with the implementation of the Scheme.

A copy of the Independent Expert's Report is set out at Annexure A of this Scheme Booklet.

Implementation of the Scheme remains subject to satisfaction or waiver of a number of Conditions Precedent. These include certain regulatory approvals (including approval from the Australian Foreign Investment Review Board and the Committee on Foreign Investment in the United States), Altium Shareholder approval at the Scheme Meeting and Court approval, no Material Adverse Effect or Altium Prescribed Event occurring. Details of the Conditions Precedent are summarised in Section 3.4.

The Scheme will only proceed if it is approved by the Requisite Majority of Altium Shareholders and by the Court.

Your vote is important and I encourage you to vote on the Scheme. In considering your vote I urge you to read this Scheme Booklet, carefully and in full, including the Independent Expert's Report, and to seek your own legal, financial, taxation or other professional advice.

The Scheme Meeting is scheduled for 9.00am on 12 July 2024 at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000. If you require further information or have questions in relation to the Scheme, please visit the Scheme website at <https://www.altium.com/company/investor-relations/investor-center/scheme> or contact the Altium Shareholder Information Line on 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia) Monday to Friday between 9:00am and 5:00pm (Sydney time) (excluding public holidays).

If you wish for the Scheme to proceed, it is important that you vote in favour of the Scheme.

On behalf of the Altium Board of Directors I would like to thank you for your support of and loyalty to Altium. We believe the Scheme is an exciting opportunity for Altium Shareholders and we look forward to your participation at the Scheme Meeting.



Yours sincerely,
Sam Weiss

Key information about the Scheme

What is the Scheme?

The Scheme is a scheme of arrangement between Altium and Scheme Participants. If the Scheme becomes Effective, Renesas Bidco will acquire all Altium Shares and Altium will become a wholly-owned Subsidiary of Renesas Bidco.

A “scheme of arrangement” is a statutory procedure in the Corporations Act that can be used to enable one company to acquire another company. It requires a vote in favour of the Scheme by a Requisite Majority of Altium Shareholders at a meeting of Altium Shareholders and Court approval.

If you are an Altium Shareholder on the Record Date you will receive the Scheme Consideration, being A\$68.50 cash per Altium Share held reduced by the value of any future Approved Dividend declared or paid.

For the Scheme to proceed, votes “in favour of” the resolution to approve the Scheme at the Scheme Meeting must be received from a Requisite Majority of Altium Shareholders. A Requisite Majority is, in relation to the resolution to be put to Altium Shareholders at the Scheme Meeting:

- a majority in number (more than 50%) of Altium Shareholders who are present and voting either in person, or by proxy, attorney, or in the case of corporate shareholders, by corporate representative (**Headcount Test**);³ and
- at least 75% of the total number of votes cast on the resolution to approve the Scheme by Altium Shareholders who are present and voting either in person, or by proxy, attorney, or in the case of corporate shareholders, by corporate representative.

The Scheme is also subject to the satisfaction (or alternatively, waiver, in the case of certain Conditions Precedent that are capable of being waived) of the Conditions Precedent summarised in Section 3.4 and set out in full in clause 3.1 of the Scheme Implementation Agreement, including approval by the Court.

The terms of the Scheme are set out in full in Annexure B.

What should I do?

You should read this Scheme Booklet carefully and in its entirety and then vote by attending the Scheme Meeting or by appointing a proxy, attorney or, in the case of corporate shareholders, a corporate representative to vote on your behalf.

Answers to various frequently asked questions are set out in Section 2. If you have any additional questions in relation to this Scheme Booklet or the Scheme you should consult your broker or financial, taxation, legal or other professional adviser or contact the Altium Shareholder Information Line on 1300 103 401 (within Australia) and +61 2 9066 4063 (outside Australia) between Monday and Friday (excluding public holidays) from 8.30am to 5.30pm (Sydney time).

What are the conditions to the Scheme?

The implementation of the Scheme is subject to a number of Conditions Precedent as set out in the Scheme Implementation Agreement. Further details on the Conditions Precedent are set out in Section 3.4.

As at the Last Practicable Date, Altium is not aware of any circumstances which would cause the Conditions Precedent that have not yet been satisfied or waived to not be satisfied. An update as to the status of the Conditions Precedent will be provided at the Scheme Meeting, or earlier if required.

³ The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting. Altium reserves the right to apply to the Court at the Second Court Hearing to approve the Scheme even if the Headcount Test is not satisfied.

How do I vote?

Am I entitled to vote?

If you are registered on the Register at 7.00pm (Sydney time) on 10 July 2024 as an Altium Shareholder, you will be entitled to vote on the resolution to approve the Scheme at the Scheme Meeting. Registrable transmission applications or transfers registered after this time will not be recognised in determining entitlements to vote at the Scheme Meeting.

If Altium Shares are jointly held, only one of the joint Altium Shareholders is entitled to vote. If more than one joint Altium Shareholder votes, only the vote of the Altium Shareholder whose name appears first on the Register will be counted.

How do I vote?

You (or your attorney, or, if you are a body corporate, your duly appointed corporate representative) may vote:

- (a) **in person** by attending the Scheme Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 on 12 July 2024 commencing at 9.00am (Sydney time); or
- (b) **by proxy** by completing and submitting the proxy form for the Scheme Meeting (which accompanies this Scheme Booklet) in accordance with the instructions set out on the form. To be valid, your proxy form must be received by the Altium Share Registry by 9.00am (Sydney time) on 10 July 2024.

(a) Voting in person

To vote in person at the Scheme Meeting, Altium Shareholders must attend the Scheme Meeting to be held at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 on 12 July 2024 commencing at 9.00am (Sydney time).

An Altium Shareholder who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card upon disclosure of their name and address at the point of entry.

Persons who are attending as an attorney should bring the original or a certified copy of the power of attorney under which they were appointed to the Scheme Meeting, unless it has already been noted by Altium.

Persons who are attending as a corporate representative for a corporate shareholder must bring evidence of their appointment. The appointment must comply with section 250D of the Corporations Act. An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their appointment (including any authority under which it is signed), their name and address and the identity of their appointer, at the point of entry to the Scheme Meeting.

(b) Voting by proxy

Your personalised proxy form for the Scheme Meeting accompanies this Scheme Booklet. Information setting out how you may vote by proxy is contained in the Notice of Scheme Meeting at Annexure D. If your proxy form is signed by an attorney or corporate representative, you must also enclose the authority under which the proxy form is signed (or a certified copy of the authority). Details of the requirements for these authorities are contained in the Notice of Scheme Meeting at Annexure D.

Proxy forms (and any authority appointing an attorney or corporate representative) must be lodged as follows:

- **By post** to the Altium Share Registry at:
GPO Box 242
Melbourne VIC 3001
- **By hand delivery** during business hours (Monday to Friday (excluding public holidays)) to the Altium Share Registry at:
'Yarra Falls', 452 Johnston Street
Abbotsford VIC 3067
- **By fax** to the Altium Share Registry on 1800 783 447 (within Australia) or 61 3 9473 2555 (outside Australia).
- **Online** by visiting www.investorvote.com.au.

Completed proxy forms, together with any power of attorney or corporate representative appointment, or a certified copy of it, under which the proxy form is signed, must be received no later than 9.00am (Sydney time) on 10 July 2024 (48 hours prior to commencement of the Scheme Meeting). Proxy forms received after this time will be invalid.

A proxy voting in person will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their name and address at the point of entry to the Scheme Meeting.

The lodgement of a proxy form will not preclude an Altium Shareholder from attending and voting at the Scheme Meeting. However, if that Altium Shareholder attends the Scheme Meeting and votes, their proxy's right to vote will be suspended.

▸ What is the Altium Board's recommendation?

Your Directors unanimously recommend that Altium Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders.

In reaching their recommendation, your Directors have assessed the Scheme having regard to the reasons to vote for, or against, the Scheme, as set out in this Scheme Booklet and in the context of the Altium strategic plans.

Your Directors believe the Scheme Consideration represents a significant premium relative to recent historic trading prices of Altium Shares and provides an opportunity for Altium Shareholders to realise certain value in cash in the near term which may not be achieved if the Scheme does not proceed. The Independent Expert has concluded that the Scheme is in the best interests of Altium Shareholders in the absence of a Superior Proposal. The Scheme Consideration of A\$68.50 cash per Altium Share equates to attractive acquisition multiples that compare favourably to similar transactions in the software industry. Section 1 sets out reasons to vote for or against the Scheme.

Each of your Directors intends to vote the Altium Shares that they hold or the voting rights attached to Altium Shares that they control, and will direct any Altium proxies placed at their discretion in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders.

If a Superior Proposal emerges after the date of this Scheme Booklet or the Independent Expert changes its conclusion that the Scheme is in the best interests of Altium Shareholders, your Directors will carefully reconsider the Scheme and advise you of any change in their recommendation.

The interests of your Directors, including the number and description of Altium Shares held by or on behalf of them, are set out in Sections 8.2 and 8.3. When considering the recommendation of your Directors to vote in favour of the Scheme, Altium Shareholders should have regard to the personal interests of your Directors. Your Directors consider that, despite these interests, it is important and appropriate for them to make a recommendation to Altium Shareholders about how to vote at the Scheme Meeting.

1. Matters relevant to your vote on the Scheme

1.1 Reasons to vote in favour of the Scheme

- (a) **The Altium Board of Directors unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders**

Your Directors believe the Scheme Consideration represents attractive and certain value for Altium Shareholders and is a strong endorsement of the Altium strategy and performance over many years. Accordingly, your Directors unanimously recommend that Altium Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders.

In reaching their recommendation, your Directors have carefully evaluated the proposed Scheme Consideration against the company’s medium-term and long-term growth prospects and market opportunities.

Each of your Directors intends to vote the Altium Shares that they hold or control in favour of the Scheme, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders. The interests of your Directors, including the number and description of Altium Shares held by or on behalf of them, are set out in Sections 8.2 and 8.3. When considering the recommendation of your Directors to vote in favour of the Scheme, Altium Shareholders should have regard to the personal interests of your Directors. Your Directors consider that, despite these interests, it is important and appropriate for them to make a recommendation to Altium Shareholders about how to vote at the Scheme Meeting.

- (b) **The Scheme Consideration represents a significant premium to pre-announcement trading**

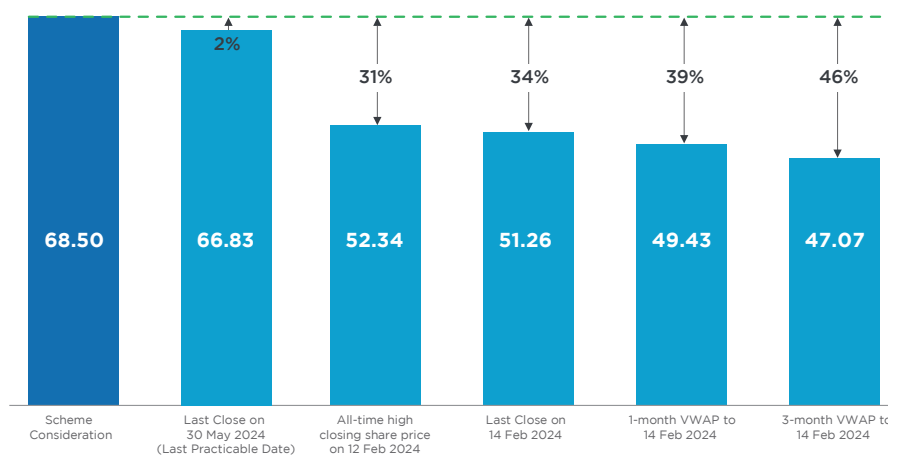
The Scheme Consideration of A\$68.50 cash per Altium Share implies an equity value of approximately A\$9.1 billion and EV of A\$8.8 billion for Altium.⁴ The offer price represents:

- a 34% premium to Altium’s closing share price of A\$51.26 per share on 14 February 2024 (being the last trading day prior to announcement of the Scheme);
- a 39% premium to Altium’s 1-month VWAP per share of A\$49.43 as at the date of the announcement of the Scheme;
- a 46% premium to Altium’s 3-month VWAP per share of A\$47.07 as at the date of the announcement of the Scheme;
- a 31% premium to Altium’s pre-announcement all-time high closing share price of A\$52.34 per share on 12 February 2024 (being the highest closing price prior to announcement of the proposed Scheme); and
- a 2% premium to Altium’s closing share price of A\$66.83 per share on 30 May 2024 (being the Last Practicable Date).

The chart below shows the premium to the Altium Share price, as well as the premium to the VWAP of Altium Shares, over certain periods.

Figure 1: Premia (A\$)

Source: Bloomberg



⁴ Based on a total of 133,213,717 Altium securities on issue as at the Last Practicable Date on a fully diluted basis and net cash as at 31 December 2023 of A\$279 million.

(c) The Scheme provides an opportunity to realise certain value for your Altium Shares now for 100% cash consideration

The Scheme Consideration of A\$68.50 per Altium Share is 100% cash, providing you with certainty of the value of your investment in Altium and an opportunity to realise your investment in full for the Scheme Consideration (subject to the Scheme being implemented).

If the Scheme does not proceed, the amount which Altium Shareholders will be able to realise in terms of price and future dividends will necessarily be uncertain and subject to a number of risks, including those outlined in Section 6, or potential benefits arising from successful implementation of the Altium Strategy, as outlined in Section 4.2.2.

(d) The Independent Expert has concluded that the Scheme is in the best interests of Altium Shareholders in the absence of a Superior Proposal

Altium appointed Kroll Australia Pty Ltd to prepare an Independent Expert's Report to advise whether the Scheme is in the best interests of Altium Shareholders. The Independent Expert concluded that the Scheme is in the best interests of Altium Shareholders.

The Independent Expert has assessed the value of an Altium Share to be in the range of A\$62.37 and A\$70.27. The Scheme Consideration of A\$68.50 falls within this range. The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure A of this Scheme Booklet. Altium Shareholders should review carefully the Independent Expert's Report in its entirety.

(e) The Scheme Consideration of A\$68.50 cash per Altium Share equates to attractive acquisition multiples that compare favourably to similar transactions in the software industry

The Scheme Consideration of A\$68.50 cash for each Altium Share implies an EV of A\$8.8 billion for Altium,⁵ representing:

- an EV/Revenue multiple of approximately 22x Altium's historical revenue; and
- an EV/Underlying EBITDA multiple of approximately 60x Altium's historical Underlying EBITDA,

for the financial year ending 30 June 2023. A reconciliation of Altium's Underlying EBITDA to unadjusted EBITDA is set out on page 8 of the Altium FY23 Annual Report.

This is considered by the Altium Board to compare favourably to the acquisition multiples of similar transactions in the software industry, referenced in the Independent Expert's Report in its assessment of the value of Altium on a control basis.

(f) You will no longer be subject to risks and uncertainties associated with the Altium business, as well as external economic and general market risks as they apply to holding Altium Shares

If the Scheme does not proceed (and Altium remains a publicly listed independent company), there is no assurance that you will be able to achieve a price for your Altium Shares equivalent to or better than the Scheme Consideration of A\$68.50 per share in the future.

While the Altium Board has a positive outlook for Altium and is confident that the business is well positioned to deliver growth in the long term, the growth opportunities for Altium will take time to be achieved, implementation of the strategy will be capital intensive, will result in Altium incurring increased costs in the near to medium term, and the strategy has risks associated with it, some of which are outside the control of Altium (see Section 6.3(e)).

In addition, the future price of Altium Shares will be subject to a number of external economic and general market risks that could materially impact the value of Altium Shares.

The risks and uncertainties associated with the Altium business are discussed further in Section 6.

(g) The Altium Share price may fall if the Scheme does not proceed and in the absence of a Superior Proposal

If the Scheme does not proceed, Altium Shares will remain quoted on the ASX and will continue to be subject to market volatility, including general stock market movements, the impact of economic conditions, and the demand for listed securities. If the Scheme does not proceed and no Superior Proposal is received, the price at which Altium Shares trade may fall below the Scheme Consideration.

Since market close on 14 February 2024 (the last trading day prior to the announcement of the Scheme), the Altium Share price has increased 30.4% up to a closing price of A\$66.83 on the Last Practicable Date. By contrast, the ASX 200, a key performance benchmark for the Australian share market, has increased 1.1% up to the Last Practicable Date.

⁵ Based on a total of 133,213,717 Altium securities on issue as at the Last Practicable Date on a fully diluted basis and net cash as at 31 December 2023 of A\$279 million.

Figure 2: Altium Share price performance over 12 months

Source: IRESS



(h) No Superior Proposal

Since the announcement of the Scheme by Altium on 15 February 2024, no Superior Proposal has been received, and as at the Last Practicable Date, the Altium Directors are not aware of any Superior Proposal that is likely to emerge.

The Scheme Implementation Agreement contains customary provisions that regulate the way in which Altium can respond to Competing Transactions, details of which are summarised in Section 8.11.

(i) If the Scheme is not implemented Altium may raise equity and potentially debt capital to fund its growth strategy

The Altium growth strategy is likely to require substantial capital over several years to fund the acquisition of and investment in existing and new businesses (see Section 4.2.2). If Altium remains listed on the ASX, Altium Shareholders may be asked to provide new capital for this growth which may have a dilutionary impact for existing Altium Shareholders if they do not participate in the capital raising. Further, if debt capital is accessed to fund the growth strategy, this could lead to additional risks that Altium does not currently face (see Section 6.3(e)) although the use of debt capital (as compared to equity) may also increase returns to Altium Shareholders on a per share basis given it is non-dilutive and has a lower cost of capital.

(j) No brokerage costs will be charged for the sale of your Altium Shares to Renesas Bidco under the Scheme

Altium Shareholders will not be required to pay any brokerage charges for the sale of their Altium Shares to Renesas Bidco under the Scheme.

It is possible that brokerage charges (and potentially GST on those charges) would be incurred if you dispose of your Altium Shares other than under the Scheme.

1.2 Reasons you may choose to vote against the Scheme

Although the Scheme is recommended unanimously by the Altium Board of Directors and the Independent Expert has concluded that the Scheme is in the best interests of Altium Shareholders in the absence of a Superior Proposal (see Section 1.1),⁶ factors which may lead you to consider voting against the Scheme include the following:

(a) You may disagree with the recommendation of the Altium Board of Directors and the conclusion of the Independent Expert

Notwithstanding the unanimous recommendation of the Altium Directors to vote in favour of the Scheme and the conclusion of the Independent Expert that the Scheme is in the best interests of Altium Shareholders in the absence of a Superior Proposal, you may believe that the Scheme is not in your best interests.

(b) You may prefer to participate in the future financial performance of the Altium business

If the Scheme is implemented, Altium will be removed from the official list of the ASX, you will no longer be an Altium Shareholder and you will no longer be able to receive any benefits that may result from being an Altium Shareholder including any that are the result of the future financial performance of Altium. However, there is no guarantee as to Altium's future performance, as is the case with all investments in listed entities.

As noted, the Altium Board has a positive outlook for Altium and is confident that the business is well positioned to deliver growth in the long term. While the Altium growth opportunities will take time to be achieved, implementation of the strategy will be capital intensive, will result in Altium incurring increased costs in the near to medium term, and the strategy has risks associated with it, some of which are outside the control of Altium (see Section 6.3(e)).

Altium has publicly articulated a revenue target of US\$500 million and an Underlying EBITDA margin goal of 38%-40% to be achieved by FY26. You should note that whilst the Altium board considers these targets are achievable based on assumptions it believes are reasonable⁷, there can be no guarantee that the targets will be met.

You will benefit from the future financial performance of the Altium business if the revenue target above is achieved, and the transformative growth strategy described in Section 4.2.2 is executed successfully. In those circumstances, the market price of Altium Shares could exceed the Scheme Consideration even allowing for the time value of money.

(c) You may wish to maintain your current investment profile

You may prefer to keep your Altium Shares because you want to have an investment in a publicly listed company with the specific characteristics of Altium.

You may also consider that it would be difficult to identify or invest in alternative investments that have similar investment characteristics to Altium or may incur transaction costs in undertaking any new investment.

(d) You may consider there is a possibility that a Superior Proposal could emerge in the foreseeable future

You may consider that a Superior Proposal could emerge in the foreseeable future. As at the Last Practicable Date, the Altium Directors are not aware of and have not received any Superior Proposal.

(e) The tax consequences of the Scheme may not suit your current financial position

Implementation of the Scheme may trigger taxation consequences for Altium Shareholders. You may consider that the tax consequences of selling your Altium Shares to Renesas Bidco pursuant to the Scheme are not attractive to you.

A general guide to the taxation implications of the Scheme is set out in Section 7 of this Scheme Booklet. This guide is expressed in general terms only and Altium Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

⁶ The interests of your Directors, including the number and description of Altium Shares held by or on behalf of them, are set out in Sections 8.2 and 8.3.

⁷ For the assumptions in relation to these targets, see Section 4.2.2.

1.3 Other relevant considerations

(a) The Scheme is subject to Conditions Precedent

In addition to the need to obtain Altium Shareholder approval by the Requisite Majority and Court approval, the Scheme is subject to a number of other Conditions Precedent. These Conditions Precedent are summarised in Section 3.4 and set out in full in clause 3.1 of the Scheme Implementation Agreement.

The Scheme will not become Effective and you will not receive the Scheme Consideration unless all of the Conditions Precedent to the Scheme are satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived) in accordance with the Scheme Implementation Agreement.

As at the Last Practicable Date, Altium is not aware of any circumstances which would cause the Conditions Precedent that have not yet been satisfied or waived not to be satisfied.

(b) The Scheme may be implemented even if you do not vote, or vote against the Scheme

Even if you do not vote, or if you vote against the Scheme, the Scheme will still be implemented if it is approved by the Requisite Majority of Altium Shareholders and the Court and if all of the other Conditions Precedent are satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived). If this occurs and you are an Altium Shareholder on the Record Date, your Altium Shares will be transferred to Renesas Bidco and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

(c) Costs of the Scheme

The fees set out in Section 8.8 only relate to fees paid or payable by Altium in connection with the Transaction and the preparation of this Scheme Booklet. If the Scheme is implemented, these costs will effectively be met by Renesas as the ultimate controller of Altium following implementation of the Scheme.

However, if the Scheme is not implemented, Altium expects to pay approximately US\$7,100,000 (excluding GST) in aggregate for transaction costs, which already have been incurred as at the date of this Scheme Booklet or will be incurred even if the Scheme is not implemented (but excluding any break fee that may be payable).

(d) Altium Break Fee

Under the Scheme Implementation Agreement, the Altium Break Fee of A\$91,300,000 (inclusive of any applicable GST) may become payable by Altium to Renesas, in certain circumstances.

However, the Altium Break Fee is not payable simply because the Scheme is not approved by the Requisite Majority of Altium Shareholders at the Scheme Meeting. See Section 8.11(e) for more details.

2. Frequently asked questions

This Scheme Booklet contains detailed information regarding the Scheme. The following section provides summary answers to some questions you may have and will assist you to locate further detailed information in this Scheme Booklet. Section 2 should be read together with all other parts of this Scheme Booklet.

QUESTION	ANSWER	MORE INFORMATION
Overview of the Scheme		
Why have I received, or why am I eligible to receive or access, this Scheme Booklet?	<p>You have received or are eligible to receive or access this Scheme Booklet because you are shown in the Register as an Altium Shareholder. Altium Shareholders are being asked to vote on the Scheme which, if approved, will result in Renesas Bidco acquiring all of the Altium Shares on issue.</p> <p>This Scheme Booklet is intended to help you to decide how to vote on the resolution which needs to be passed at the Scheme Meeting to allow the Scheme to be implemented.</p> <p>If you have sold all of your Altium Shares, please disregard this Scheme Booklet as you will not be entitled to vote at the Scheme Meeting.</p>	Section 3
What is the Scheme?	<p>The Scheme is a scheme of arrangement between Altium and Scheme Participants. If the Scheme becomes Effective, Renesas Bidco will acquire all Altium Shares and Altium will become a wholly-owned Subsidiary of Renesas Bidco.</p> <p>A “scheme of arrangement” is a statutory procedure in the Corporations Act that can be used to enable one company to acquire another company. It requires a vote in favour of the Scheme by a Requisite Majority of Altium Shareholders at a meeting of Altium Shareholders, and Court approval.</p>	<p>Section 3</p> <p>The terms of the Scheme are set out in full in Annexure B.</p>
Who is Renesas and Renesas Bidco?	<p>Renesas Electronics Corporation (Renesas) is a Tokyo based leading global semiconductor company that designs, develops, manufactures, markets, and distributes a broad range of semiconductor products and solutions for the automotive, industrial, infrastructure, and IoT sectors. With an extensive portfolio of microcontrollers, analogue, power, and SoC products, Renesas delivers complete semiconductor solutions that enable billions of connected, intelligent devices that enhance the way people work and live.</p> <p>Renesas has approximately 21,200 employees with 13 manufacturing sites and sales offices in more than 20 countries worldwide.</p> <p>Renesas Electronics NSW Pty Ltd (Renesas Bidco), is a wholly-owned Subsidiary of Renesas Electronics Australia Pty Ltd, which is in turn, a wholly-owned Subsidiary of Renesas. Renesas Bidco will acquire all of the Altium Shares on issue if the Scheme proceeds. Renesas Bidco was incorporated on 23 April 2024 as a special purpose Australian proprietary company limited by shares specifically for the purpose of holding Altium Shares pursuant to the Transaction.</p>	Section 5
Why does Renesas wish to implement the Scheme?	<p>Renesas believes that the Transaction will enable two industry leaders to combine and establish an integrated and open electronics system design and lifecycle management platform for collaboration across component, subsystem and system-level design. The Transaction supports the Renesas digitalisation strategy and represents Renesas’ first significant step to bring enhanced user experience and innovation at the system level for electronics system designers.</p>	Section 5.3

QUESTION	ANSWER	MORE INFORMATION
What are the intentions of Renesas and Renesas Bidco regarding Altium?	<p>If the Scheme is implemented, it is intended that quotation of Altium Shares on the ASX will be terminated and Altium will be removed from the official list of the ASX.</p> <p>In addition, following implementation of the Scheme, Renesas intends to undertake a strategic review of the business, assets and operations of Altium. This review may or may not lead to changes to the business, operations and assets of Altium.</p> <p>Subject to the findings of the post-implementation strategic review, Renesas' current intention is to continue the current strategic direction and operations of Altium, including actively pursuing growth opportunities available to Altium, subject to its own assessment of information available at the appropriate time.</p> <p>For further information on the intentions of Renesas and Renesas Bidco regarding Altium if the Scheme is implemented, please refer to Section 5.4 of this Scheme Booklet.</p>	Section 5.4
What are the recommendations and intentions of the Altium Directors?		
What do your Directors recommend?	<p>Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders.</p> <p>In reaching their recommendation, your Directors have assessed the Scheme having regard to the reasons to vote for, or against, the Scheme, as set out in this Scheme Booklet and in the context of the Altium strategic plans.</p> <p>Your Directors believe the Scheme Consideration represents a compelling price relative to recent historic trading prices of Altium Shares and provides an opportunity for Altium Shareholders to realise certain value in cash in the near term which may not be achieved if the Scheme does not proceed.</p> <p>The interests of your Directors, including the number and description of Altium Shares held by or on behalf of them, are set out in Sections 8.2 and 8.3. When considering the recommendation of your Directors to vote in favour of the Scheme, Altium Shareholders should have regard to the personal interests of your Directors. Your Directors consider that, despite these interests, it is important and appropriate for them to make a recommendation to Altium Shareholders about how to vote at the Scheme Meeting.</p>	Section 1 sets out reasons to vote for or against the Scheme.
Why might you vote in favour of the Scheme?	<p>Reasons to vote in favour of the Scheme:</p> <ul style="list-style-type: none"> ▪ Significant premium to pre-announcement trading: The Scheme Consideration represents a significant premium to recent historic trading prices of Altium Shares including the pre-announcement all-time high share price; ▪ Opportunity to realise certain value for your Altium Shares now for 100% cash consideration: The all cash Scheme Consideration of A\$68.50 provides Altium Shareholders with certainty of the value of their investment in Altium and provides an opportunity to realise their investment in full for the Scheme Consideration (subject to the Scheme being implemented); ▪ The Independent Expert has concluded the Scheme is in the best interests of Altium Shareholders: The Scheme Consideration is within the Independent Expert's assessed valuation range of A\$62.37 and A\$70.27 per Altium Share. The Independent Expert has concluded that the Scheme is in the best interests of Altium Shareholders in the absence of a Superior Proposal; ▪ Attractive acquisition multiples: The Scheme Consideration represents an EV/Revenue multiple of approximately 22x Altium's historical revenue for the financial year ending 30 June 2023 and an EV/Underlying EBITDA multiple of approximately 60x Altium's historical Underlying EBITDA for the financial year ending 30 June 2023⁸. These multiples compare favourably to similar transactions in the software sector; 	Section 1.1

⁸ A reconciliation of Altium's Underlying EBITDA to unadjusted EBITDA is set out on page 8 of the Altium FY23 Annual Report.

QUESTION	ANSWER	MORE INFORMATION
<p>Why might you vote in favour of the Scheme?</p> <p><i>Continued</i></p>	<ul style="list-style-type: none"> ▪ You will no longer be subject to risks and uncertainties associated with the Altium business, as well as external economic and general market risks as they apply to holding Altium Shares: While the Altium Board has a positive outlook for Altium and is confident that the business is well positioned to deliver growth in the long term, the growth opportunities for Altium will take time to be achieved and have risks associated with them, some of which are outside the control of Altium. In addition, the future price of Altium Shares will be subject to a number of external economic and general market risks that could materially impact their value. Given these risks, if the Scheme does not proceed and Altium remains a publicly listed company, there is no assurance that you will be able to achieve a price for your Altium Shares equivalent to or better than the Scheme Consideration in the future; ▪ The Altium Share price may fall if the Scheme does not proceed: Since market close on 14 February 2024 (the last trading day prior to the announcement of the proposed Scheme), the Altium Share price has increased 30.4% up to a closing price of A\$66.83 on the Last Practical Date. If the Scheme is not implemented and in the absence of a Superior Proposal, the Altium Share price may fall below the Scheme Consideration; ▪ No Superior Proposal: Since the announcement of the Scheme by Altium on 15 February 2024, no Superior Proposal has been received, and as at the Last Practicable Date, the Altium Directors are not aware of any Superior Proposal that is likely to emerge; and ▪ No brokerage: Altium Shareholders will not be required to pay any brokerage charges on the sale of their Altium Shares to Renesas Bidco under the Scheme. 	Section 1.1
<p>Why might you vote against the Scheme?</p>	<p>Factors which may lead you to consider voting against the Scheme include the following:</p> <ul style="list-style-type: none"> ▪ You may disagree with the recommendation of the Altium Board of Directors and the conclusion of the Independent Expert: Notwithstanding the unanimous recommendation of the Altium Directors to vote in favour of the Scheme and the conclusion of the Independent Expert that the Scheme is in the best interests of Altium Shareholders in the absence of a Superior Proposal, you may believe that the Scheme is not in your best interests; ▪ You may prefer to participate in the future financial performance of the Altium business: If the Scheme is implemented, you will no longer be an Altium Shareholder and you will no longer be able to receive any benefits that may result from being an Altium Shareholder including any that are the result of the future financial performance of Altium. However, there is no guarantee as to Altium's future performance, as is the case with all investments in listed entities; ▪ You may wish to maintain your current investment profile: You may prefer to keep your Altium Shares because you want to have an investment in a publicly listed company with the specific characteristics of Altium. You may also consider that it would be difficult to identify or invest in alternative investments that have similar investment characteristics to Altium or may incur transaction costs in undertaking any new investment; ▪ You may consider there is a possibility that a Superior Proposal could emerge in the foreseeable future: You may consider that a Superior Proposal could emerge in the foreseeable future. As at the Last Practicable Date, the Altium Directors are not aware of and have not received any Superior Proposal; and ▪ The tax consequences of the Scheme may not suit your current financial position: Implementation of the Scheme may trigger taxation consequences for Altium Shareholders. You may consider that the tax consequences of selling your Altium Shares to Renesas Bidco pursuant to the Scheme are not attractive to you. Altium Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances. 	Section 1.2

QUESTION	ANSWER	MORE INFORMATION
What are some other relevant considerations to your vote?	<p>Other relevant considerations to your vote include:</p> <ul style="list-style-type: none"> ▪ The Scheme is subject to Conditions Precedent: In addition to the need to obtain Altium Shareholder approval by the Requisite Majority and Court approval, the Scheme is subject to a number of other Conditions Precedent. The Scheme will not become Effective and you will not receive the Scheme Consideration unless all of the Conditions Precedent to the Scheme are satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived) in accordance with the Scheme Implementation Agreement. As at the Last Practicable Date, Altium is not aware of any circumstances which would cause the Conditions Precedent that have not yet been satisfied not to be satisfied; ▪ The Scheme may be implemented even if you do not vote, or vote against the Scheme: Even if you do not vote, or if you vote against the Scheme, the Scheme will still be implemented if it is approved by the Requisite Majority of Altium Shareholders and the Court and if all of the other Conditions Precedent are satisfied (or if applicable, waived). If this occurs and you are an Altium Shareholder on the Record Date, your Altium Shares will be transferred to Renesas Bidco and you will receive the Scheme Consideration even though you did not vote for, or voted against, the Scheme; ▪ Costs of the Scheme: The fees set out in Section 8.8 only relate to fees paid or payable by Altium in connection with the Transaction and the preparation of this Scheme Booklet. If the Scheme is implemented, these costs will effectively be met by Renesas as the ultimate controller of Altium following implementation of the Scheme. However, if the Scheme is not implemented, Altium expects to pay approximately US\$7,100,000 (excluding GST) in aggregate for transaction costs, which already have been incurred as at the date of this Scheme Booklet or will be incurred even if the Scheme is not implemented (but excluding any break fee that may be payable); and ▪ Altium Break Fee: Under the Scheme Implementation Agreement, the Altium Break Fee of A\$91,300,000 (inclusive of any applicable GST) may become payable by Altium to Renesas, in certain circumstances. However, the Altium Break Fee is not payable simply because the Scheme is not approved by the Requisite Majority of Altium Shareholders at the Scheme Meeting. 	Section 1.3
How do your Directors intend to vote?	<p>Each of your Directors intends to vote the Altium Shares that they hold or the voting rights attached to Altium Shares that they control, and will direct any Altium proxies placed at their discretion, in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders.</p>	Section 8.2

QUESTION	ANSWER	MORE INFORMATION
What are the implications for you and the intentions of your Directors if the Scheme does not proceed?	<p>If the Scheme is not approved by a Requisite Majority of Altium Shareholders at the Scheme Meeting or the Scheme is not approved by the Court, or any of the other Conditions Precedent are not satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived) in accordance with the Scheme Implementation Agreement, the Scheme will not proceed.</p> <p>In those circumstances:</p> <ul style="list-style-type: none"> ▪ Altium Shareholders will retain their Altium Shares and, in doing so, will continue to have the benefit of their current Altium investment and to be exposed to the risks of holding their Altium Shares (see Section 6 in respect of risks relating to an investment in Altium); ▪ Altium Shareholders will not receive the Scheme Consideration; ▪ Altium will continue as a standalone company listed on the ASX; ▪ in certain circumstances, a break fee of \$91,300,000 (inclusive of any applicable GST) may be payable by Altium, or a reverse break fee of \$410,800,000 (inclusive of any applicable GST) may be payable by Renesas; ▪ in the absence of a Superior Proposal, there is a risk that Altium Shareholders may not be able to realise a price for all of their Altium Shares (at least in the short-term) comparable to the price that they would receive under the Scheme; and ▪ Altium expects to pay approximately US\$7,100,000 (excluding GST) in aggregate for transaction costs, which already have been incurred as at the date of this Scheme Booklet or will be incurred even if the Scheme is not implemented (but excluding any break fee that may be payable). <p>If the Scheme does not proceed, the intention of the Altium Board is to continue to operate Altium in the ordinary course of business, including continuing to implement Altium's strategy described in Section 4.2.2.</p>	Section 1.1(g), 1.3(c), 4.2.2, 4.8 and 8.11(e)
What is the Independent Expert's conclusion?	<p>The Independent Expert has concluded that the Scheme is in the best interests of Altium Shareholders, in the absence of a Superior Proposal.</p> <p>The Independent Expert has assessed the value of an Altium Share on a controlling interest basis to be in the range of \$62.37 to \$70.27. The Scheme Consideration of A\$68.50 per Altium Share falls within this range.</p>	A complete copy of the Independent Expert's Report is set out in Annexure A.
What are the prospects of receiving a Superior Proposal?	<p>Since the Scheme was announced, no Superior Proposal has been received and as at the Last Practicable Date, the Altium Directors are not aware of any Superior Proposal that is likely to emerge.</p> <p>The Scheme Implementation Agreement contains customary provisions that regulate the way in which Altium can respond to Competing Transactions, details of which are summarised in Section 8.11.</p>	Section 8.11(d) and 8.11(e)
What should I do?	<p>You should read this Scheme Booklet carefully and in its entirety and then vote by attending the Scheme Meeting or by appointing a proxy, attorney or, in the case of corporate shareholders, a corporate representative to vote on your behalf.</p>	Section 3.5 and 3.6

QUESTION	ANSWER	MORE INFORMATION
What will I receive under the Scheme?		
What will I receive if the Scheme becomes Effective?	If the Scheme is approved and implemented and you remain an Altium Shareholder on the Record Date, you will receive A\$68.50 cash, for each Altium Share you hold on the Record Date. The Scheme Consideration will be reduced by the amount of any Approved Dividend being any future special, ordinary, interim or final dividend that is declared or paid. However, based on the indicative timetable (see the section of this Scheme Booklet entitled "Important Dates" on page 4 of this Scheme Booklet), it is expected that implementation of the Scheme will occur prior to any final dividend for the financial year ending 30 June 2024 being declared or paid. The Altium Board does not plan to declare or pay a special dividend in connection with the Scheme.	Section 3.2
When will I receive the Scheme Consideration?	If you hold Altium Shares on the Record Date, you will be paid your Scheme Consideration on the Implementation Date (currently expected to be 1 August 2024).	Section 3.2
How will I be paid?	Payment of the Scheme Consideration will be made in Australian currency to each Scheme Participant by: <ul style="list-style-type: none"> (a) electronic funds transfer on the Implementation Date to the Scheme Participant's validly nominated bank account as shown on the Register as at the Record Date; or (b) cheque, if a Scheme Participant has not nominated a bank account, sent by pre-paid ordinary post to that Scheme Participant's registered address as shown on the Register at the Record Date (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post). 	Section 3.2
What will I receive if the Scheme is not approved by the Requisite Majority at the Scheme Meeting?	If the Scheme is not approved by the Requisite Majority, you will retain your Altium Shares and will not receive the Scheme Consideration.	Not applicable
How is Renesas funding the Scheme Consideration?	Renasas Bidco intends to fund the Scheme Consideration from a debt facility described in Section 5.5 of this Scheme Booklet. The total amount available to Renesas Bidco under this facility will be sufficient to pay the aggregate consideration in connection with the Scheme. Renasas Bidco's obligation to pay the Scheme Consideration is not conditional on the debt facility described in Section 5.5 being available to it.	Section 5.5
What are the tax consequences of the Scheme?	Section 7 provides a general outline of the Australian income tax, capital gains tax, GST and stamp duty consequences for Altium Shareholders who dispose of their Altium Shares to Renesas Bidco in accordance with the Scheme. It does not purport to be a complete analysis nor to identify all potential tax consequences nor is it intended to replace the need for specialist tax advice in respect of the particular circumstances of individual Altium Shareholders. Altium Shareholders who are subject to taxation outside Australia should also consult their tax adviser as to the applicable tax consequences of the Scheme in their relevant jurisdiction.	Section 7
Will I have to pay brokerage fees or stamp duty?	No brokerage fees or stamp duty will be payable by Altium Shareholders on the transfer of Altium Shares under the Scheme.	Section 1.1(j) and 7.5

QUESTION	ANSWER	MORE INFORMATION
Voting to approve the Scheme		
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 on 12 July 2024, commencing at 9.00am (Sydney time).	Annexure D
What will Altium Shareholders be asked to vote on at the Scheme Meeting?	At the Scheme Meeting, Altium Shareholders will be asked to vote on whether to approve the Scheme.	Annexure D
Am I entitled to vote at the Scheme Meeting?	If you are registered as an Altium Shareholder on the Register at 7.00pm (Sydney time) on 10 July 2024, you will be entitled to vote at the Scheme Meeting.	Section 3.7
What vote is required to approve the Scheme?	<p>For the Scheme to proceed, votes “in favour of” the resolution to approve the Scheme at the Scheme Meeting must be received from a Requisite Majority of Altium Shareholders. A Requisite Majority is, in relation to the resolution to be put to Altium Shareholders at the Scheme Meeting:</p> <ul style="list-style-type: none"> ▪ a majority in number (more than 50%) of Altium Shareholders who are present and voting either in person, or by proxy, attorney, or in the case of corporate shareholders, by corporate representative (Headcount Test);⁹ and ▪ at least 75% of the total number of votes cast on the resolution to approve the Scheme by Altium Shareholders who are present and voting either in person, or by proxy, attorney, or in the case of corporate shareholders, by corporate representative. <p>It is also necessary for the Court to approve the Scheme before it can become Effective.</p>	Section 3.4
What choices do I have as an Altium Shareholder?	<p>As an Altium Shareholder you have the following choices:</p> <ul style="list-style-type: none"> ▪ you can vote at the Scheme Meeting (see Section 3.6); ▪ you can do nothing. Even if you do not vote, the Scheme will still be implemented if it is approved by the Requisite Majority of Altium Shareholders and the Court and if all of the other Conditions Precedent are satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived). If this occurs and you are an Altium Shareholder on the Record Date, your Altium Shares will be transferred to Renesas Bidco and you will receive the Scheme Consideration even though you did not vote for the Scheme. It is also possible that the Scheme does not proceed, in which case you will not receive the Scheme Consideration and you will remain an Altium Shareholder; or ▪ you can sell your Altium Shares on the ASX. If the Scheme becomes Effective, Altium intends to apply to ASX for Altium Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date (expected to be 19 July 2024). Accordingly, you can sell your Altium Shares on the ASX at any time before the close of trading on the Effective Date. Normal brokerage and other expenses on sale may be incurred. 	Section 3.5
Should I vote?	Voting is not compulsory. However, your Directors believe that the Scheme is important to Altium Shareholders and unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders.	Section 1

⁹ The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting. Altium reserves the right to apply to the Court at the Second Court Hearing to approve the Scheme even if the Headcount Test is not satisfied.

QUESTION	ANSWER	MORE INFORMATION
How do I vote?	<p>You (or your attorney, or, if you are a body corporate, your duly appointed corporate representative) may vote:</p> <p>(a) in person by attending the Scheme Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 on 12 July 2024 commencing at 9.00am (Sydney time); or</p> <p>(b) by proxy by completing and submitting the proxy form for the Scheme Meeting (which accompanies this Scheme Booklet) in accordance with the instructions set out on the form. To be valid, your proxy form must be received by the Altium Share Registry by 9.00am (Sydney time) on 10 July 2024.</p> <p>Full details of how to vote and how to lodge a proxy form, corporate representative appointment or power of attorney are set out in the Notice of Scheme Meeting in Annexure D. See also the section of this Scheme Booklet entitled “How do I vote?” on page 8 of this Scheme Booklet.</p>	Page 8, Section 3.6 and Annexure D
How do I appoint a proxy?	<p>Altium Shareholders can appoint a proxy to vote on their behalf at the Scheme Meeting by following the instructions contained in the Notice of Scheme Meeting at Annexure D and completing the proxy form that accompanies this Scheme Booklet.</p> <p>Completed proxy forms, together with any power of attorney or corporate representative appointment, or a certified copy of it, under which the proxy form is signed, must be received no later than 9.00am (Sydney time) on 10 July 2024 (48 hours prior to commencement of the Scheme Meeting). Proxy forms received after this time will be invalid. See also the section of this Scheme Booklet entitled “How do I vote?” on page 8 of this Scheme Booklet.</p>	Page 8, Section 3.6 and Annexure D
How do I ask questions before the Scheme Meeting?	<p>We encourage Altium Shareholders to submit questions in advance of the Scheme Meeting online at www.investorvote.com.au.</p> <p>Altium Shareholders also may ask questions by completing and returning the paper copy question form in the enclosed reply paid envelope.</p> <p>To enable sufficient time for questions raised in advance to be considered and responded to in sufficient detail at the Scheme Meeting, Altium requests that questions be received as early as possible and no later than 9.00am (Sydney time) on 10 July 2024.</p>	Section 3.18 and Annexure D
How do I ask questions at the Scheme Meeting?	<p>Altium Shareholders (including their attorneys and corporate representatives) and proxyholders will have a reasonable opportunity to ask questions during the Scheme Meeting by attending the Scheme Meeting.</p>	Section 3.18 and Annexure D
How can I vote if I can't attend the Scheme Meeting?	<p>If you are unable to attend the Scheme Meeting, you are able to vote by proxy, by following the instructions contained in the Notice of Scheme Meeting at Annexure D and completing the proxy form that accompanies this Scheme Booklet.</p> <p>Completed proxy forms, together with any power of attorney or corporate representative appointment, or a certified copy of it, under which the proxy form is signed, must be received no later than 9.00am (Sydney time) on 10 July 2024 (48 hours prior to commencement of the Scheme Meeting). Proxy forms received after this time will be invalid. See also the section of this Scheme Booklet entitled “How do I vote?” on page 8 of this Scheme Booklet.</p>	Page 8, Section 3.6 and Annexure D
What happens if I do not vote, or I vote against the Scheme?	<p>Even if you do not vote, or if you vote against the Scheme, the Scheme will still be implemented if it is approved by the Requisite Majority of Altium Shareholders and the Court and if all of the other Conditions Precedent are satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived). If this occurs and you are an Altium Shareholder on the Record Date, your Altium Shares will be transferred to Renesas Bidco and you will receive the Scheme Consideration even though you did not vote for, or voted against, the Scheme.</p> <p>It is also possible that the Scheme is not approved at the Scheme Meeting. If this occurs, the Scheme will not proceed, you will not receive the Scheme Consideration and you will remain an Altium Shareholder.</p>	Section 1.3(b)

QUESTION	ANSWER	MORE INFORMATION
What happens if the Scheme is not approved at the Scheme Meeting or is not approved by the Court or if any of the other Conditions Precedent are not satisfied or waived?	<p>If the Scheme is not approved by a Requisite Majority of Altium Shareholders at the Scheme Meeting or the Scheme is not approved by the Court, or any of the other Conditions Precedent are not satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived) in accordance with the Scheme Implementation Agreement, the Scheme will not proceed. In those circumstances:</p> <ul style="list-style-type: none"> Altium Shareholders will retain their Altium Shares and, in doing so, will continue to have the benefit of their current Altium investment and to be exposed to the risks of holding their Altium Shares (see Section 6 in respect of risks relating to an investment in Altium); Altium Shareholders will not receive the Scheme Consideration; and Altium will continue as a standalone company listed on the ASX. <p>In certain circumstances, a break fee of \$91,300,000 (inclusive of any applicable GST) may be payable by Altium. However, this break fee is not payable simply because the Scheme is not approved by the Requisite Majority of Altium Shareholders.</p> <p>In certain circumstances, a reverse break fee of \$410,800,000 (inclusive of any applicable GST) may be payable by Renesas. See Section 8.11(f).</p> <p>In the absence of a Superior Proposal, there is a risk that Altium Shareholders may not be able to realise a price for all of their Altium Shares (at least in the short-term) comparable to the price that they would receive under the Scheme.</p> <p>If the Scheme is not implemented, Altium expects to pay approximately US\$7,100,000 (excluding GST) in aggregate for transaction costs, which already have been incurred as at the date of this Scheme Booklet or will be incurred even if the Scheme is not implemented (but excluding any break fee that may be payable). If the Scheme is implemented, these costs effectively will be met by Renesas as the ultimate controller of Altium following implementation of the Scheme.</p>	Section 1.1(g), 1.3(c), 4.8 and 8.11(e)
When will the result of the Scheme Meeting be known?	The result of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX once available.	Section 3.3
Other questions		
Can I keep my Altium Shares?	<p>If the Scheme is approved and implemented, Renesas Bidco will acquire all of the Altium Shares on issue. This will happen even if you did not vote or you voted against the Scheme.</p> <p>However, if the Scheme is not implemented, you will remain entitled to retain your Altium Shares.</p>	Section 1.3(b)
Can I sell my Altium Shares now?	<p>You can sell your Altium Shares at any time before close of trading on the ASX on the Effective Date, at the then prevailing market price (which may vary from the Scheme Consideration).</p> <p>If the Scheme becomes Effective, Altium intends to apply to ASX for Altium Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date (expected to be 19 July 2024) and you will not be able to sell your Altium Shares after this time.</p> <p>If you sell your Altium Shares before the Effective Date you:</p> <ul style="list-style-type: none"> will receive the proceeds from the sale of your Altium Shares sooner than you would receive payment under the Scheme (noting that your sale proceeds may vary from the Scheme Consideration); may incur a brokerage charge if you sell your Altium Shares on the ASX; and will not be able to participate in the Scheme or a Superior Proposal, if one emerges. 	Section 3.5

QUESTION	ANSWER	MORE INFORMATION
What happens if a Competing Transaction emerges?	<p>If a proposal for a Competing Transaction is received, your Directors will carefully consider whether it is a Superior Proposal and advise you of any change to their recommendation.</p> <p>In accordance with the Scheme Implementation Agreement, Altium must notify Renesas if any Competing Transaction is received that your Directors determine is likely to be a Superior Proposal, and Renesas has a right to match any Competing Transaction that your Directors determine is a Superior Proposal.</p>	Section 8.11(d)(v)
Are any other approvals required?	<p>The Scheme must be approved by the Court in addition to being approved by a Requisite Majority of Altium Shareholders. If the Scheme is approved by a Requisite Majority of Altium Shareholders at the Scheme Meeting, and other applicable Conditions Precedent are satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived) Altium will apply to the Court for approval of the Scheme. The Second Court Hearing is expected to be held on 18 July 2024 (although this may change). Further details of the approval process are set out in Section 3.15.</p> <p>Implementation of the Scheme is subject to certain regulatory approvals and other Conditions Precedent as summarised in Section 3.4.</p>	Section 3.4 and 3.15
Is the Scheme subject to any conditions?	<p>Implementation of the Scheme is subject to a number of Conditions Precedent, including:</p> <ul style="list-style-type: none"> ▪ approvals from regulatory bodies including FIRB, CFIUS, US Department of Justice under the HSR Act, German Ministry, German Federal Cartel Office, Turkish Competition Authority, ASIC and ASX; ▪ Altium Shareholder approval; ▪ Court approval; ▪ certain events not occurring between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date; and ▪ the Independent Expert issuing a report which concludes that the Scheme is in the best interests of Altium Shareholders before the date on which this Scheme Booklet is registered with ASIC and maintains this conclusion at the time this Scheme Booklet is registered with ASIC. <p>Some of these Conditions Precedent have been satisfied and some remain outstanding. The status of each of these Conditions Precedent is set out in Section 3.4. The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Agreement.</p>	Section 3.4
Do I need to do or sign anything to transfer my Altium Shares?	<p>No. If the Scheme becomes Effective, Altium will automatically have authority to sign a transfer document on behalf of Scheme Participants, who will then be paid the Scheme Consideration as set out above.</p> <p>Under the terms of the Scheme each Scheme Participant warrants to Renesas Bidco and is deemed to have authorised Altium as its agent and attorney to warrant to Renesas Bidco that:</p> <ol style="list-style-type: none"> (a) all of its Altium Shares (including any rights and entitlements attaching to those shares) transferred to Renesas Bidco under the Scheme will, as at the time of the transfer, be fully paid and free from all Encumbrances or any other third party interest or restrictions on transfer of any kind; and (b) that it has full power and capacity to sell and transfer its Altium Shares (including any rights and entitlements attaching to those shares) to Renesas Bidco under the Scheme. <p>Scheme Participants should ensure that these warranties can be given by them as at the Implementation Date.</p>	Section 3.3 and 3.13
What if I have further questions about the Scheme?	<p>If you have any further questions about the Scheme please call the Altium Shareholder Information Line on 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday (excluding public holidays).</p> <p>For information about your individual financial or taxation circumstance please consult your broker or financial, legal, taxation or other professional adviser.</p>	Not applicable

3. Details of the Scheme

3.1 Background to the Scheme

On 15 February 2024, Altium announced that it had entered into a Scheme Implementation Agreement with Renesas under which, subject to the satisfaction or waiver of a number of Conditions Precedent, Altium agreed to propose the Scheme to Altium Shareholders. A summary of the key terms of the Scheme Implementation Agreement is included in Section 8.11.

3.2 Payment of Scheme Consideration

If the Scheme is approved and implemented, each Scheme Participant will receive A\$68.50 in cash, for each Altium Share they hold on the Record Date (**Scheme Consideration**). The Scheme Consideration will be reduced by the amount of any Approved Dividend being any future special, ordinary, interim or final dividend that is declared or paid. However, based on the indicative timetable (see the section of this Scheme Booklet entitled “Important Dates” on page 4 of this Scheme Booklet), it is expected that implementation of the Scheme will occur prior to any final dividend for the financial year ending 30 June 2024 being declared or paid. The Altium Board does not plan to declare or pay a special dividend in connection with the Scheme.

Payment will be made to the Scheme Participants on the Implementation Date (which is currently expected to be 1 August 2024).

Payment of the Scheme Consideration will be made in Australian currency to each Scheme Participant by:

- (a) **electronic funds transfer** on the Implementation Date to the Scheme Participant’s validly nominated bank account as shown on the Register as at the Record Date; or
- (b) **cheque**, if a Scheme Participant has not nominated a bank account, sent by pre-paid ordinary post to that Scheme Participant’s registered address as shown on the Register at the Record Date (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post).

If a Scheme Participant does not have a registered address, or Altium considers that the Scheme Participant is not known at its registered address and no bank account has been nominated, payments owed to the relevant Scheme Participant will be held by Altium until claimed or applied under the relevant laws dealing with unclaimed money.

Altium Shareholders should ensure that their contact and bank account details are up to date. You can view and update your payment information:

- (a) **online by** logging in to <https://www.investorcentre.com/au>; or
- (b) **by contacting Altium Share Registry** on 1300 850 505 (within Australia) or +61 3 9415 5000 (outside Australia) between Monday and Friday (excluding public holidays) from 8.30am to 5.30pm (Sydney time).

3.3 Key steps to implement the Scheme

The key steps to implement the Scheme are as follows:

- (a) Altium Shareholders will vote on whether to approve the Scheme at the Scheme Meeting. Each Altium Shareholder who is registered on the Register at 7.00pm (Sydney time) on 10 July 2024 is entitled to vote at the Scheme Meeting.
- (b) If the Scheme is approved by the Requisite Majority of Altium Shareholders at the Scheme Meeting, Altium will apply to the Court to approve the Scheme on the Second Court Date (expected to be 18 July 2024). Section 3.15 contains details on this procedure. The Corporations Act and the relevant Court rules provide a procedure for Altium Shareholders to oppose the approval by the Court of the Scheme.
- (c) If the Court approves the Scheme, and if all other Conditions Precedent to the Scheme are satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived), Altium will lodge with ASIC an office copy of the Court order approving the Scheme. Altium expects to lodge this with ASIC on 19 July 2024. The Scheme becomes Effective once the Court order is lodged with ASIC.
- (d) It is expected that with effect from close of trading on the Business Day on which the office copy of the Court order is lodged with ASIC (being the Effective Date), Altium Shares will be suspended from trading on the ASX.
- (e) Altium Shareholders will be entitled to receive the Scheme Consideration under the Scheme if they are registered on the Register at 7.00pm (Sydney time) on the Record Date (being the Scheme Participants). The Record Date is currently expected to be 25 July 2024.
- (f) No later than the Business Day before the Implementation Date, Renesas is required to deposit the aggregate amount of the Scheme Consideration into the Trust Account. On the Implementation Date, Altium will pay the Scheme Consideration from the Trust Account to each Scheme Participant by electronic funds transfer or cheque and all of the Altium Shares will be transferred to Renesas Bidco.
- (g) After the Scheme has been implemented, Altium will apply for termination of the official quotation of Altium Shares on the ASX and to have itself removed from the official list of ASX.

3.4 Conditions to the Scheme

The Scheme will not become Effective and you will not receive the Scheme Consideration unless all of the Conditions Precedent to the Scheme are satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived) in accordance with the Scheme Implementation Agreement.

The Conditions Precedent to the Scheme are set out in full in clause 3.1 of the Scheme Implementation Agreement. These include but are not limited to the following:

NO.	CONDITION PRECEDENT	STATUS
1	<p>(FIRB approval) before 5.00pm on the Business Day before the Second Court Date either:</p> <p>(a) the Treasurer (or the Treasurer's delegate) has provided a written no objections notification to the Scheme either without conditions or with conditions acceptable to Renesas (acting reasonably and subject to clause 3.5 of the Scheme Implementation Agreement); or</p> <p>(b) following notice of the proposed Scheme having been given by Renesas to the Treasurer under the FIRB Act, the Treasurer has ceased to be empowered to make any order under Part 3 of the FIRB Act because the applicable time limit on making orders and decisions under the FIRB Act has expired,</p> <p>and in the case of clause 3.1(a)(i) of the Scheme Implementation Agreement, the written no objections notification has not been varied on terms not acceptable to Renesas (acting reasonably) or withdrawn, suspended or revoked on or before 8:00am on the Second Court Date.</p>	<p>The application for FIRB approval was lodged on 15 March 2024.</p> <p>The outcome of this Condition Precedent is expected to be known prior to the date of the Scheme Meeting.</p>
2	<p>(CFIUS) CFIUS Approval being obtained, on terms and conditions acceptable to Renesas (subject to and without limiting clauses 3.3(e) and 3.4 of the Scheme Implementation Agreement) on or before the Longstop Date.</p>	<p>The application for CFIUS Approval was lodged on 19 March 2024. The second review period for CFIUS will end on 1 July 2024 and therefore, the outcome of this Condition Precedent is expected to be known prior to the date of the Scheme Meeting.</p>
3	<p>(HSR Act Clearance) on or before the Longstop Date, all filings and related submissions required to be made under the HSR Act in connection with the Transaction have been made and all related waiting periods (including any extensions thereof) have expired or been terminated.</p>	<p>The application was lodged on 5 March 2024. The waiting period under the HSR Act has expired and therefore this Condition Precedent is satisfied.</p>
4	<p>(German Ministry FDI Approval) on or before the Longstop Date, an application for certificate of non-objection in respect of the Transaction has been filed in accordance with the <i>German Foreign Trade and Payments Ordinance (Außenwirtschaftsverordnung - AWV)</i> and clearance has been obtained either by expiration of the review period or by decision from the German Ministry.</p>	<p>Renesas received a certificate of non-objection in respect of the Transaction on 30 April 2024 and therefore this Condition Precedent is satisfied.</p>
5	<p>(German Federal Cartel Office Clearance) on or before the Longstop Date, a merger control filing required to be made under the <i>German Act Against Restraints of Competition of 1998 (Gesetz gegen Wettbewerbsbeschränkungen)</i> in connection with the Transaction has been made, and clearance has been obtained either by expiration of the review period or by decision from the German Federal Cartel Office.</p>	<p>Renesas obtained clearance from the German Federal Cartel Office on 14 May 2024 and therefore this Condition Precedent is satisfied.</p>
6	<p>(Turkish Competition Authority Approval) on or before the Longstop Date, the competition filing under the rules of the Turkish competition law in connection with the Transaction has been made, and all related waiting periods (including any extensions thereof) have been expired or clearance decision has been obtained.</p>	<p>Renesas received Turkish Competition Authority Approval on 22 May 2024 and therefore this Condition Precedent is satisfied.</p>

NO.	CONDITION PRECEDENT	STATUS
7	(ASIC and ASX) before 8.00am on the Second Court Date, ASIC and ASX issue or provide any consents or approvals, or have done any other acts, which the parties agree are reasonably necessary or desirable to implement the Scheme, and those consents, approvals or other acts have not been withdrawn, revoked or adversely amended at that time.	<p>As at the Last Practicable Date, Altium has not applied for, and does not expect to apply for, any relief, waivers or confirmations from ASIC or ASX which would constitute a Condition Precedent.</p> <p>Noting this, applications for relief (which are not Conditions Precedent) were lodged with ASIC on 3 April 2024. ASIC granted Altium the relevant relief sought on or about the date of this Scheme Booklet. See further details in Section 8.10.</p> <p>As at the Last Practicable Date, neither Altium nor Renesas is aware of anything that will cause this Condition Precedent not to be satisfied.</p>
8	(Altium Shareholder approval) Altium Shareholders approve the Scheme by the Requisite Majorities in accordance with the Corporations Act.	The Scheme Meeting is scheduled for Friday, 12 July 2024.
9	(Court approval) the Court approves the Scheme in accordance with subsection 411(4)(b) of the Corporations Act.	The Second Court Hearing is scheduled for Thursday, 18 July 2024.
10	<p>(Other conditions) the following do not occur between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date:</p> <p>(a) no court or Regulatory Authority has issued or taken steps to issue or seek to have issued an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition, or seeking to enjoin, restrain or otherwise impose a legal restraint or prohibition preventing the Scheme and no order, decree, ruling, other action or refusal is in effect;</p> <p>(b) no Altium Prescribed Event; and</p> <p>(c) no Material Adverse Effect.</p>	As at the Last Practicable Date, neither Altium nor Renesas is aware of anything that will cause these Conditions Precedent not to be satisfied.
11	(Independent Expert) the Independent Expert issues a report which concludes that the Scheme is in the best interests of Altium Shareholders before the date on which this Scheme Booklet is registered with ASIC and maintains this conclusion at the time this Scheme Booklet is registered with ASIC.	The Independent Expert has concluded in the Independent Expert's Report that the Scheme is in the best interests of Altium Shareholders.
	As at the Last Practicable Date, Altium is not aware of any circumstances which would cause the Conditions Precedent that have not yet been satisfied or waived to not be satisfied. An update as to the status of the Conditions Precedent will be provided at the Scheme Meeting, or earlier if required.	

3.5 Your choices as a Shareholder

As an Altium Shareholder you have the following choices:

- (a) you can vote at the Scheme Meeting (see Section 3.6);
- (b) you can do nothing. Even if you do not vote, the Scheme will still be implemented if it is approved by the Requisite Majority of Altium Shareholders and the Court and if all of the other Conditions Precedent are satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived). If this occurs and you are an Altium Shareholder on the Record Date, your Altium Shares will be transferred to Renesas Bidco and you will receive the Scheme Consideration even though you did not vote for the Scheme. It is also possible that the Scheme does not proceed, in which case you will not receive the Scheme Consideration and you will remain an Altium Shareholder; or
- (c) you can sell your Altium Shares on the ASX. If the Scheme becomes Effective, Altium intends to apply to ASX for Altium Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date (expected to be 19 July 2024). Accordingly, you can sell your Altium Shares on the ASX at any time before the close of trading on the Effective Date. Normal brokerage and other expenses on sale may be incurred.

3.6 How to vote

You (or your attorney, or, if you are a body corporate, your duly appointed corporate representative) may vote:

- (a) **in person** by attending the Scheme Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 on 12 July 2024 commencing at 9.00am (Sydney time); or
- (b) **by proxy** by completing and submitting the proxy form for the Scheme Meeting (which accompanies this Scheme Booklet) in accordance with the instructions set out on the form. To be valid, your proxy form must be received by the Altium Share Registry by 9.00am (Sydney time) on 10 July 2024.

Full details of how to vote and how to lodge a proxy form, corporate representative appointment or power of attorney are set out in the Notice of Scheme Meeting in Annexure D. See also the section of this Scheme Booklet entitled "How do I vote?" on page 8 of this Scheme Booklet.

3.7 Eligibility to vote

The time for determining eligibility to vote at the Scheme Meeting is 7.00pm (Sydney time) on 10 July 2024. Only those Altium Shareholders registered on the Register at that time will be entitled to vote at the Scheme Meeting.

3.8 Determination of persons entitled to the Scheme Consideration

To establish the identity of the Altium Shareholders entitled to receive the Scheme Consideration, dealings in Altium Shares will only be recognised by Altium if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant Altium Shares on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Register is kept.

3.9 Record Date

Those Altium Shareholders on the Register on the Record Date, being 7.00pm (Sydney time) on the ninth Business Day after the Effective Date, or another date as Altium and Renesas agree in writing, currently expected to be 25 July 2024, will be entitled to receive the Scheme Consideration in respect of the Altium Shares they hold as at the Record Date.

3.10 Register

Altium must register any registrable transmission applications or transfers of the Altium Shares received on or before the Record Date. For the purposes of determining entitlements under the Scheme, Altium will not accept for registration or recognise any transmission, application or transfer in respect of Altium Shares received after the Record Date, or received prior to the Record Date but not in registrable or actionable form.

3.11 No disposals after Effective Date

If the Scheme becomes Effective, you may not dispose of any Altium Shares after the close of trading on the Effective Date, given that Altium will apply for a suspension of trading in Altium Shares on the ASX with effect from this time. Any dealings in Altium Shares after this time will not be recognised (except a transfer to Renesas Bidco pursuant to the Scheme and any subsequent transfers).

3.12 Maintenance of the Register

For the purpose of determining entitlements to the Scheme Consideration, Altium will maintain the Register until the Scheme Consideration has been paid to the Scheme Participants and Renesas Bidco has been entered in the Register as the holder of all the Altium Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

3.13 Warranty on transfer of Altium Shares to Renesas Bidco

Under the terms of the Scheme each Scheme Participant warrants to Renesas Bidco and is deemed to have authorised Altium as its agent and attorney to warrant to Renesas Bidco that:

- (a) all of its Altium Shares (including any rights and entitlements attaching to those shares) transferred to Renesas Bidco under the Scheme will, as at the time of the transfer, be fully paid and free from all Encumbrances or any other third party interest or restrictions on transfer of any kind; and
- (b) that it has full power and capacity to sell and transfer its Altium Shares (including any rights and entitlements attaching to those shares) to Renesas Bidco under the Scheme.

Scheme Participants should ensure that these warranties can be given by them as at the Implementation Date.

3.14 Deed Poll

On 4 June 2024, Renesas and Renesas Bidco executed the Deed Poll under which Renesas and Renesas Bidco agreed, subject to the Scheme becoming Effective, to pay the aggregate Scheme Consideration payable to Scheme Participants into the Trust Account no later than the Business Day before the Implementation Date. A summary of the key terms of the Deed Poll is set out in Section 8.13. A copy of the Deed Poll is also included in Annexure C.

3.15 Court approval

On 5 June 2024, the Court made orders that the Scheme Meeting be convened and that this Scheme Booklet be despatched to Altium Shareholders. Those orders do not constitute an endorsement of, or any other expression of opinion on, the Scheme or this Scheme Booklet.

Altium will apply to the Court for orders approving the Scheme if the Scheme is approved by the Requisite Majority of Altium Shareholders at the Scheme Meeting. The Court has discretion as to whether to grant the orders approving the Scheme, even if the Scheme is approved by the Requisite Majority of Altium Shareholders.

Each Altium Shareholder and, with the Court's permission, any other interested person has the right to appear at the Second Court Hearing.

The Corporations Act and the *Supreme Court (Corporations) Rules 1999* (NSW) provide a procedure for Altium Shareholders to oppose the approval by the Court of the Scheme. If you wish to oppose the approval of the Scheme at the Second Court Hearing you may do so by filing with the Court and serving on Altium a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Altium at the address for service at least one Business Day before the date fixed for the Second Court Hearing. With leave of the Court, you may also oppose the approval of the Scheme by appearing at the Second Court Hearing and applying to raise any objections you may have at the hearing. Altium should be notified in advance of an intention to object.

The address for service is:

c/o King & Wood Mallesons, Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000.
Attention: David Friedlander, copy to: David.Friedlander@au.kwm.com.

The date for the Second Court Hearing is currently scheduled to be 18 July 2024, though an earlier or later date may be sought. Any change to this date will be announced through the ASX.

3.16 Taxation implications

A general guide to the taxation implications of the Scheme for Altium Shareholders is set out in Section 7. This guide is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any Shareholder. Each Altium Shareholder should seek and rely on their own independent tax advice in relation to their particular circumstances.

3.17 Suspension of trading

Altium will apply to ASX for suspension of trading in Altium Shares on the ASX with effect from close of trading on the Effective Date. Following final implementation of the Scheme, Altium will request ASX to remove it from the official list of the ASX.

3.18 Questions in relation to Scheme

(a) Asking questions before the Scheme Meeting

We encourage Altium Shareholders to submit questions in advance of the Scheme Meeting online at www.investorvote.com.au.

Altium Shareholders may also ask questions by completing and returning the paper copy question form in the enclosed reply paid envelope.

To enable sufficient time for questions raised in advance to be considered and responded to in sufficient detail at the Scheme Meeting, Altium requests that questions be received as early as possible and no later than 9.00am (Sydney time) on 10 July 2024.

(b) Asking questions at the Scheme Meeting

Altium Shareholders (including their attorneys and corporate representatives) and proxyholders will have a reasonable opportunity to ask questions during the Scheme Meeting.

For further details, see the Notice of Scheme Meeting at Annexure D.

Questions should be stated clearly and should be relevant to the business of the Scheme Meeting, including matters directly relating to the Scheme.

The Chair of the Scheme Meeting will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the meeting. However, there may not be sufficient time available at the meeting to address all of the questions raised. Individual responses will not be sent to Altium Shareholders.

For information about your individual financial or taxation circumstance please consult your broker or financial, legal, taxation or other professional adviser.

For personal use only

4. Information on Altium

4.1 Overview of Altium

Altium (ASX: ALU) is a multinational corporation headquartered in San Diego, California, that makes software for engineers to design the layout of printed circuit board (PCB) and operates and maintains a Cloud platform on which software engineers of multiple disciplines can collaborate for the design and development of PCBs. 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 organisations and design communities to innovate, collaborate and create connected products while remaining on time and on budget. Products and trademarks include ACTIVEBOM®, ActiveRoute®, Altium 365®, Altium Concord Pro™, Altium Designer® (AD), 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® and Xsignals®.

Founded in 1985, Altium has offices worldwide, including U.S. locations in San Diego, Boston, Dallas and New Jersey, European locations are in Karlsruhe, Munich, Markelo, Cambridge and Zug, and Asia Pacific locations are in Shanghai, Beijing, Shenzhen, Tokyo, Bangalore and Sydney.

4.2 Overview of operations and strategy

4.2.1 Operations

An overview of Altium’s business segments is outlined below.

(a) Design Software (Altium Designer and Enterprise)

Altium Design Software provides PCB design solutions to empower and connect PCB designers to develop electronics products faster and more efficiently than ever before. Altium Design Software indirectly drives value from the Altium 365 platform through the subscriptions associated with the Altium Designer Pro and Altium Designer Enterprise level workflow and design capabilities.

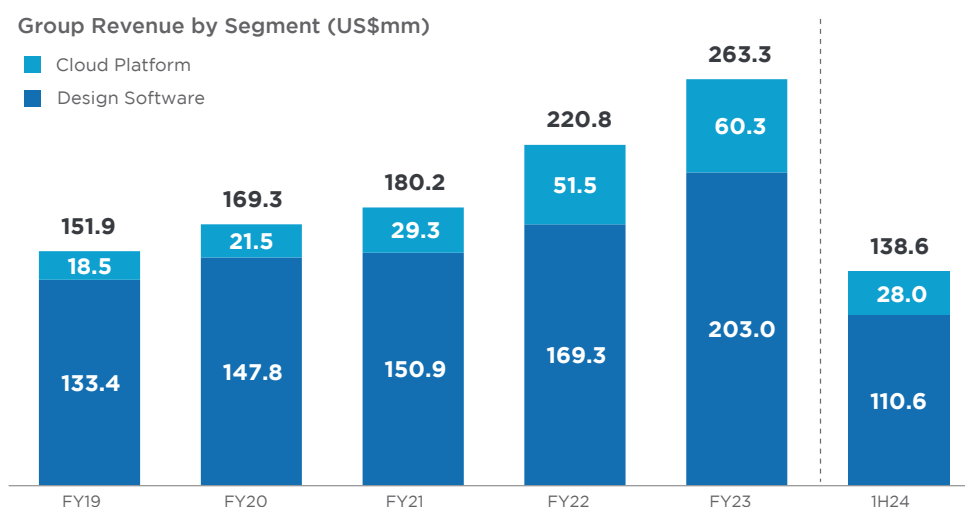
(b) Cloud Platform (Altium 365, Nexar and Octopart)

The Altium 365 Cloud Platform provides professionals and industry partners access to a vast ecosystem of electronic design and manufacturing users and customers. The Octopart search engine enables users to find and review the technical specifications of millions of components for use on PCBs. Nexar supports the broader electronics ecosystem through programmatic connection and engagement with Altium technologies and services. Spectra is an Altium service for Data-as-a-product.

An overview of the Altium business segments financial performance is shown in Figure 3 below.

Figure 3: Overview of Altium financial performance

Source: Company filings



4.2.2 Altium strategic plans

Altium is in the process of launching a revised version of its 'Flight Path' which it has followed since FY12 and is now referred to as the 'Route 66' strategy. The Altium vision for Route 66 is to transform the electronics industry value chain through the cloud-enablement of all industry processes involved in the development and production of electronics hardware. The electronics industry value chain is comprised of three segments: electronics design, supply chain for components, and PCB manufacturing. Altium considers that these segments are isolated and digitally disconnected within their own branches of the value chain. The implementation of the Route 66 Strategy will give Altium an opportunity to connect these branches and disrupt the industry.

As part of the Route 66 strategy, Altium aims to use its advanced PCB design software and its popular Octopart search website to create a powerful 'network effect' with strong 'data gravity' on its Altium 365 cloud platform connecting professionals and organizations that are involved in electronics hardware design and manufacturing. This is expected to enable Altium 365 to become the market-leading and unique industrial platform, making Altium synonymous with PCB design.

To implement the Route 66 Strategy, Altium intends to develop its existing suite of products to grow revenue organically and pursue bolt-on acquisitions where necessary or desirable. The Altium Board has a positive outlook for Altium and is confident that the business is well positioned to deliver growth in the long term as a result of this strategy. Previously Altium announced that, pursuant to its existing strategy, it has a revenue target of US\$500 million and an Underlying EBITDA margin goal of 38%-40% to be achieved by FY26. Whilst the Altium Board considers these targets are achievable based on assumptions it believes are reasonable, there can be no guarantee that the targets will be met.

The key assumptions underlying achievability of these revenue targets include the following:

- (a) growth of Altium Design Software to approximately US\$350 million through:
 - (i) an increase in the customer base by expanding into new markets;
 - (ii) growing higher value Altium Design Software Enterprise sales; and
 - (iii) improving annual recurring revenue continuing the recent success in converting customers from subscriptions to term licenses, and increasing average subscription seat value;
- (b) growth of Altium Cloud Business to approximately US\$150 million through:
 - (i) the direct monetisation of Altium 365 through the sale of applications that software engineers of multiple disciplines can use to collaborate for the design and development of PCBs; and
 - (ii) access to a larger addressable market of multiple disciplines represented by users such as mechanical computer-aided design software, simulation engineering, computer-aided engineering, computer-aided manufacturing engineers, purchasing agents, product managers and financial executives; and
- (c) Underlying EBITDA margin expansion delivered through:
 - (i) scalability of the Altium Design Software go-to-market model to deliver improving revenue per employee through efficiencies in mid-market and further growth in larger Altium Design Software Enterprise transactions. As the business scales, revenue growth is expected to outstrip cost growth leading to higher margins; and
 - (ii) the additional revenue from direct monetisation of Altium 365 is expected to provide a greater coverage for the ongoing operating costs of the Altium Cloud Business leading to improved margins.

For further information, Altium Shareholders should refer to the Altium 2023 FY Results Investor Presentation dated 21 August 2023 – Slides 6-9.

If successful with its Route 66 strategy Altium expects to achieve significant revenue and earnings growth beyond FY26. However, the strategy will take time to be achieved, implementation of the strategy will be capital intensive, will result in Altium incurring increased costs in the near to medium term, and the strategy has risks associated with it, some of which are outside the control of Altium (see Section 6.3).

Altium is currently progressing and/or considering bolt-on acquisitions pursuant to the Route 66 strategy. To the extent any material transactions are agreed, it will update the market if required, in accordance with its continuous disclosure obligations.

4.3 Altium Board and senior management

(a) Altium Board

As at the date of this Scheme Booklet, the Altium Directors are:

DIRECTORS

<p>Samuel Weiss</p> <ul style="list-style-type: none"> Joined the Altium Board as a Non-Executive Director on 1 January 2007 and was elected Chairman of the Board on 4 October of that year. Former Chairman of 3Plearning Limited, Orotan Group Limited, Open Universities Australia, Pty Ltd, The Benevolent Society and The Sydney Festival. Formerly Non-Executive Director of Breville Group Limited, iProperty Limited, Vice President, Asia-Pacific, Gateway Computers and COO, Nike Europe. Committee Memberships: Audit Committee, Remuneration and People Committee, Risk, Governance and Nominations Committee. 	Non-Executive Chairman
<p>Aram Mirkazemi</p> <ul style="list-style-type: none"> Joined Altium in 1991 and appointed CEO in January 2014. Served as Director of R&D from 1992-1999 and was a member of the Altium board during the same period. Following a successful IPO in 1999, Aram founded Morfik technology which was acquired by Altium in 2010. Aram served as Head of Engineering and CTO from 2010-2014. 	Managing Director and Chief Executive Officer
<p>Sergey Kostinsky</p> <ul style="list-style-type: none"> Joined Altium in 2010. 20 years of experience at a senior management level in CAD software development and web-based technology. One of the founding members of the Dream Company, a Ukraine component development company which was acquired by Altium in 2001. 	President and Executive Director
NON-EXECUTIVE DIRECTORS	
<p>Sylvia Wiggins</p> <ul style="list-style-type: none"> Joined the Altium Board as Non-Executive Director on 18 September 2023. Prior to commencing her non-executive career, Sylvia spent 30 years living and working globally in both investment banking and as a CEO of an SGX-ST listed fund and Executive Director of Finance & Commercial of ASX listed, Infigen Energy Group. She currently sits on the board of ASX listed entity Service Stream Limited, where she chairs the Audit and Risk Committee. Former director of Aeris Resources Limited where she chaired the Sustainability Committee. Committee Memberships: Audit Committee (Chair), Risk, Governance and Nominations Committee. 	Independent Non-Executive Director
<p>Lauren Williams</p> <ul style="list-style-type: none"> Joined the Altium Board as Non-Executive Director on 18 September 2023. Her prior roles include CEO of Carsguide/Autotrader, a digital automotive marketplace and media business, and senior leadership and corporate development position at BBC Worldwide (London / Sydney), Nine Entertainment Co, and Fairfax Digital. She began her career in investment banking in the global technology group at Solomon Smith Barney (Silicon Valley) followed by several years in management consulting. She currently serves as a Non-Executive Director of Constructiv Technologies Group, where she also Chairs the Remuneration Committee, and as a Non-Executive Director of Good360. Committee Memberships: Remuneration and People Committee (Chair), Risk, Governance and Nominations Committee. 	Independent Non-Executive Director
<p>Michael Hawker AM</p> <ul style="list-style-type: none"> Joined the Altium Board as Lead Independent Director on 1 November 2023. He is currently the Lead Independent Director of Washington H. Soul Pattinson, Deputy Chairman of the Bupa Australia and New Zealand group companies, and a Non-Executive Director of the global board of the Bupa Group (headquartered in the UK), Allianz Australian group companies, Vicinity Centres, and the Museum of Contemporary Art. He has 40 years of international experience in financial services over 30+ countries, in both banking and insurance. His last executive role was as CEO and Managing Director of Insurance Australia Group from 2001-2007. He has also chaired the Insurance Council of Australia and Australian Financial Markets Association. His first role was with Citigroup Australia in Financial Markets. Committee Memberships: Risk, Governance and Nominations Committee (Chair), Audit Committee, Remuneration and People Committee. 	Lead Independent, Non-Executive Director

Additional information of each of the directors of Altium can be found at <https://www.altium.com/company/about-us>.

(b) Senior Management

As at the date of this Scheme Booklet, Altium senior management comprises:

NAME	CURRENT POSITION
Aram Mirkazemi	Managing Director and Chief Executive Officer
Sergey Kostinsky	President and Executive Director
Richard Leon	Interim Chief Financial Officer
Kim Besharati	Chief of Staff and Investor Engagement Officer
David Read	Chief Operating Officer
Natasha Davidson	Group General Counsel and Chief Administration Officer
Marc Boonen	Chief Commercial Officer
Ted Pawela	Chief Customer Success Officer
Leigh Gawne	Chief Technology Officer
Ananth Avva	Senior Vice President and General Manager of Cloud Platform
G�rard M�trailler	Senior Vice President and General Manager of Digital Software
Sanjay Gupta	Senior Vice President of Corporate Development and Strategic Partnerships

4.4 Capital structure

As at the Last Practicable Date, the capital structure of Altium was:

TYPE OF SECURITY	NUMBER ON ISSUE
Altium Shares	131,926,838
Altium Employee Share Rights	1,286,879

See Section 8.3 for further information on Altium Employee Share Rights and their intended treatment under the Scheme.

4.5 Recent Altium Share price performance

Altium Shares are listed on the ASX under the trading symbol 'ALU'.

On 14 February 2024, being the last trading day prior to announcement of the Scheme on the ASX, the closing price for Altium Shares was A\$51.26 per Altium Share.

The VWAP for Altium Shares in the period up to the announcement of the Scheme was:

- **A\$49.43** per share for the 1-month ended 14 February 2024
- **A\$47.07** per share for the 3-months ended 14 February 2024

The following chart highlights the movements in the Altium Share price over the past 12 months to the Last Practicable Date, demonstrating the impact of the announcement of the proposal from Renesas on 15 February 2024.

Figure 4: Altium Share price performance over 12 months

Source: IRESS



4.6 Historical financial information

(a) Basis of Preparation of Historical Financial Information

Section 4.6 is a summary of financial information in relation to Altium for the purpose of this Scheme Booklet. The information has been extracted from the Altium financial statements for the financial years ended 30 June 2023 and 30 June 2022 (which were audited by KPMG Australia) and for the half-year ended 31 December 2023 (which were reviewed by KPMG Australia).

The financial information contained in this section is presented in an abbreviated form and may not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act, and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. The financial information contained in this section is presented in US dollars, which is the Altium functional and presentation currency.

A full description of Altium's accounting policies can be found in its full year report for its financial year ended 30 June 2023 and its half-year report for the half-year ended 31 December 2023.

Altium full financial accounts, including all notes to those accounts, can be found in:

- The financial statements for the half-year ended 31 December 2023 (included in the financial report for that half-year released to the ASX on 27 February 2024);
- the financial statements for the year ended 30 June 2023 (included in the annual report released to the ASX on 15 September 2023); and
- the financial statements for the year ended 30 June 2022 (included in the annual report released to the ASX on 22 August 2022).

Copies of these reports can be found on the ASX website at www2.asx.com.au and the Altium website at <https://www.altium.com/company/investor-relations/investor-news/market-announcements>.

(b) Altium historical consolidated income statement

A summary of Altium's consolidated statement of profit or loss and other comprehensive income for the financial years ended 30 June 2022 and 30 June 2023, and half-year ended 31 December 2023 is shown below.

US\$'000	HALF YEAR ENDED 31-DEC-23 (REVIEWED)	FULL YEAR ENDED 30-JUN-23 (AUDITED)	FULL YEAR ENDED 30-JUN-22 (AUDITED)
Continuing operations			
Revenue	138,558	263,286	220,812
Operating expenses			
Employee benefits expense ¹⁰	(63,458)	(113,210)	(99,194)
Marketing expense ¹¹	(8,343)	(12,780)	(9,003)
Communication expense	(4,998)	(10,092)	(8,271)
Depreciation, amortisation and impairment expense	(4,039)	(9,609)	(11,967)
Professional advice expense	(5,755)	(8,504)	(6,150)
Software and equipment expense	(5,025)	(8,878)	(7,939)
Insurance expense	(1,212)	(2,241)	(2,138)
Hardware material expense	(994)	(2,270)	(2,992)
Rental and occupancy expense	(889)	(1,808)	(1,436)
Other expenses	(3,195)	(7,485)	(3,849)
Total operating expenses	(97,908)	(176,877)	(152,939)
Operating profit	40,650	86,409	67,873
Finance income	2,227	1,957	690
Finance costs	(311)	(601)	(704)
Profit before income tax expense	42,566	87,765	67,859
Income tax expense	(9,535)	(21,417)	(12,371)
Profit after income tax expense from continuing operations	33,031	66,348	55,488
Discontinued operations			
Loss after income tax expense from discontinued operations	-	-	(143)
Profit after income tax expense for the half-year/year attributable to the owners of Altium Limited	33,031	66,348	55,345
Other comprehensive income for the half-year/year, net of tax			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences for disposed foreign operations	-	(1,211)	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	780	(204)	(1,756)
Other comprehensive gain / (loss) for the year	780	(1,415)	(1,756)
Total comprehensive income for the half-year attributable to the owners of Altium Limited	33,811	64,933	53,589
	CENTS	CENTS	CENTS
Continuing operations			
Basic earnings per share	25.06	50.41	42.23
Diluted earnings per share	24.83	49.91	42.05
Group total			
Basic earnings per share	25.06	50.41	42.12
Diluted earnings per share	24.83	49.91	41.95

10 Includes share-based payments, which were presented separately in Altium Annual Reports for the financial years ended 30 June 2023 and 30 June 2022.

11 Includes travel expense, which were presented separately in Altium's half-year financial report for the half-year ended 31 December 2023.

(c) Altium historical consolidated statement of financial position

A summary of Altium's consolidated statements of financial position as at 30 June 2022, 30 June 2023, and 31 December 2023 is shown below.

US\$'000	31-DEC-23 (REVIEWED)	30-JUN-23 (AUDITED)	30-JUN-22 (AUDITED)
Assets			
Current assets			
Cash and cash equivalents	179,982	200,975	199,287
Trade and other receivables	61,818	61,180	52,510
Contract assets	24,036	18,255	10,976
Inventories	1,207	1,161	1,161
Tax receivables	4,060	1,064	1,639
Prepayments	6,712	6,205	7,651
Other assets	-	-	657
Total current assets	277,815	288,840	273,881
Non-current assets			
Non-current contract assets	4,066	2,505	-
Other receivables	28,509	28,099	1,629
Investments and other assets	3,373	3,373	3,274
Property, plant and equipment	5,786	4,530	3,822
Right-of-use assets	8,838	10,104	8,190
Intangible assets	58,937	40,751	43,926
Deferred tax assets	51,723	49,045	46,728
Total non-current assets	161,232	138,407	107,569
Total assets	439,047	427,247	381,450
Liabilities			
Current liabilities			
Trade and other payables	20,846	22,949	20,058
Lease liabilities	3,440	3,603	5,364
Tax liabilities	7,334	5,498	3,672
Provisions	4,197	3,862	3,837
Customer contract liabilities	64,991	66,940	56,449
Other liabilities	2,208	-	-
Total current liabilities	103,016	102,852	89,380
Non-current liabilities			
Non-current trade and other payables	-	404	-
Lease liabilities	6,255	7,413	4,088
Deferred tax liabilities	2,796	3,146	3,804
Provisions	537	505	476
Customer contract liabilities	8,513	8,690	8,835
Other liabilities	2,220	12	13
Total non-current liabilities	20,321	20,170	17,216
Total liabilities	123,337	123,022	106,596
Net assets	315,710	304,225	274,854
Equity			
Contributed equity	127,699	127,699	127,699
Reserves	37,467	34,216	25,869
Retained profits	150,544	142,310	121,286
Total equity	315,710	304,225	274,854

(d) Altium historical consolidated statement of cash flows

A summary of Altium's consolidated statements of cash flow for the financial years ended 30 June 2022 and 30 June 2023, and half-year ended 31 December 2023 is shown below.

US\$'000	HALF YEAR ENDED 31-DEC-23 (REVIEWED)	FULL YEAR ENDED 30-JUN-23 (AUDITED)	FULL YEAR ENDED 30-JUN-22 (AUDITED)
Cash flows from operating activities			
Receipts from customers (inclusive of tax)	137,029	267,083	229,502
Payments to suppliers and employees (inclusive of tax)	(101,230)	(163,479)	(147,698)
Interest received	1,417	2,231	369
Interest and other finance costs paid	(343)	(869)	(489)
Net income taxes paid	(13,723)	(49,239)	(9,193)
Net cash from operating activities	23,150	55,727	72,491
Cash flows from investing activities			
Payments for property, plant and equipment	(2,155)	(3,677)	(1,040)
Payments for intangible assets	(15,233)	-	(425)
Proceeds from sale of TASKING, net of cash disposed, transaction costs and tax paid	-	-	(15,841)
Net cash used in investing activities	(17,388)	(3,677)	(17,306)
Cash flows from financing activities			
Dividends paid	(24,797)	(45,324)	(40,118)
Repayment of principal component of lease liabilities	(1,679)	(4,314)	(5,707)
Net cash used in financing activities	(26,476)	(49,638)	(45,825)
Net (decrease) / increase in cash and cash equivalents	(20,714)	2,412	9,360
Cash and cash equivalents at beginning of period	200,975	199,287	191,541
Effects of exchange rate changes on cash and cash equivalents held	(279)	(724)	(1,614)
Cash and cash equivalents at end of period	179,982	200,975	199,287

4.7 Material changes in the Altium financial position

To the knowledge of the Altium Directors, the financial position and financial performance of Altium has not materially changed since 31 December 2023, the date of the Altium audit reviewed accounts for the half-year ending 31 December 2023, other than:

- the accumulation of earnings and the incurring of expenses in the ordinary course of trading;
- as disclosed to the ASX by Altium; or
- as disclosed in this Scheme Booklet, including in the following paragraphs of this Section 4.7.

Altium dispute with the ATO

The Australian Tax Office (ATO) conducted an audit of the years ended 30 June 2014 to 30 June 2018 after a company restructure by Altium in 2015 which resulted in the relocation of the Altium core business assets, valued at US\$402.9 million including intellectual property, to a wholly owned group entity in the USA.

In November 2022, the ATO issued amended assessments for the 2016 to 2018 tax years of approximately A\$80.0 million in primary tax, A\$19.8 million in shortfall interest charges and A\$10.0 million in penalties. Altium disputed those assessments and a contingent liability was disclosed to reflect the ATO's amended assessments. In December 2022, Altium entered into a payment deferral agreement with the ATO under which Altium paid A\$40,012,711 to the ATO on 3 January 2023 pending the outcome of the dispute. This payment was accounted for as a non-current receivable on the basis of it being refundable to Altium (with interest) if Altium was ultimately successful in the dispute.

In December 2022, the ATO commenced "roll-over audits" (2019 to 2022 tax years). Assessments for those years have not yet issued.

On 15 May 2024, Altium and the ATO reached an in-principle agreement to resolve their tax dispute by way of a full and final settlement of all claims for primary tax, interest and penalties relating to the transfer of the Altium core business assets to a wholly owned group entity in the USA in 2015. A binding settlement is subject to the parties agreeing the terms of a formal settlement deed. Upon execution of that deed, Altium will pay A\$59,804,582 being the agreed settlement sum of A\$99,817,293 less the amount of A\$40,012,711 already paid. It is expected that any future payment will be funded out of available cash reserves. The payment is subject to execution of the formal settlement deed, it is unknown when the balancing payment will be made. Once this payment is made, this will reduce the cash held by Altium, and available for its operations, by A\$59,804,582. Altium believes that it will retain sufficient working capital for its operating requirements after the payment has been made. The financial position of Altium, therefore, reflects a provision of A\$59,804,582, a reversal of the non-current receivable of A\$40,012,711, and a corresponding adjustment to net profit after tax of A\$99,817,293.

4.8 Intentions regarding continuation of the Altium business

The Corporations Act requires Altium to provide a statement from the Altium Directors of their intentions regarding Altium's business.

If the Scheme is implemented, the Altium Board will be reconstituted in accordance with the instructions of Renesas. Further information in respect of the proposed board composition is set out in Section 5.4(c).

It will be the responsibility of the reconstituted Altium Board to determine its intentions as to:

- (a) the continuation of the business of Altium;
- (b) any major changes, if any, to be made to the business of Altium, including any redeployment of the fixed assets of Altium; or
- (c) the future employment of the present employees of Altium.

The current intention of Renesas with respect to these matters is set out in Section 5.4(e).

If the Scheme is not implemented, the current intention of the Altium Board is to continue to operate in the ordinary course of business.

4.9 Where to find publicly available information

Altium is an ASX listed company and a "disclosing entity" for the purpose of the Corporations Act, and is subject to regular reporting and disclosure obligations. As a company listed on the ASX, Altium is subject to the Listing Rules which (subject to some exceptions) require continuous disclosure of any information that Altium has that a reasonable person would expect to have a material effect on the price or value of Altium Shares.

The ASX maintains files containing publicly disclosed information about all entities listed on the ASX. Information disclosed to the ASX by Altium is available on the ASX website at www.asx.com.au. Announcements concerning developments at Altium will continue to be made available on this website after the date of this Scheme Booklet.

In addition, Altium is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Altium may be obtained from or inspected at any ASIC service centre. Please note ASIC may charge a fee in respect of such services.

Altium Shareholders may obtain copies of the Altium full year report for the financial year ended 30 June 2023 and its half-year report for the half-year ended 31 December 2023 from the ASX website (www.asx.com.au) or from the Altium website (<https://www.altium.com/company/investor-relations/investor-news/market-announcements>). Other information about Altium including financial information and releases to the ASX is also available on Altium's website.

5. Information on Renesas

5.1 Introduction

The information contained in this Section 5 has been prepared by Renesas as at the Last Practicable Date and is the responsibility of Renesas. Altium does not assume any responsibility for the accuracy or completeness of the information in this Section 5.

5.2 Overview of Renesas

(a) Overview and ownership

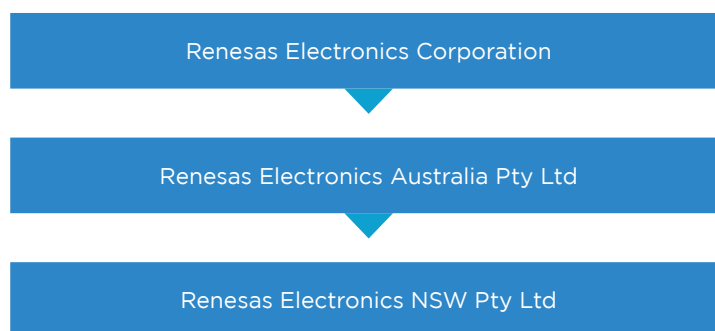
Renesas was formed in April 2010 through the integration of NEC Electronics Corporation and Renesas Technology Corp. and is a leading global semiconductor company that designs, develops, manufactures, markets, and distributes a broad range of semiconductor products and solutions with a focus on the automotive, industrial, infrastructure, and IoT sectors. With an extensive portfolio of microcontrollers, analogue, power, and SoCs products, Renesas delivers complete semiconductor solutions that enable billions of connected, intelligent devices that enhance the way people work and live.

Renesas is headquartered in Tokyo, Japan and has approximately 21,200 employees with 13 manufacturing sites and sales offices operating in more than 20 countries worldwide. For the financial year ended 31 December 2023, the Renesas Group's net revenue was JP¥ 1,469.7 billion (equivalent to A\$14.17 billion¹²). Renesas' shares are quoted on the Tokyo Stock Exchange, and as at the Last Practicable Date, Renesas had a market capitalisation of approximately JP¥ 5,446 billion (equivalent to A\$52.51 billion¹³).

For more information regarding Renesas, please visit <https://www.renesas.com/us/en>.

Renesas Bidco

If the Scheme proceeds, Renesas Electronics NSW Pty Ltd (**Renesas Bidco**), a wholly-owned Subsidiary of Renesas Electronics Australia Pty Ltd, which in turn is a wholly-owned Subsidiary of Renesas, will acquire all of the Altium Shares. Renesas Bidco was incorporated on 23 April 2024 as a special purpose Australian proprietary company limited by shares specifically for the purpose of holding Altium Shares pursuant to the Transaction.



¹² This approximate Australian dollar figure was calculated using an exchange rate of 1 Australian dollar (A\$) = 103.712 Japanese Yen (JP¥).

¹³ This approximate Australian dollar figure was calculated using an exchange rate of 1 Australian dollar (A\$) = 103.712 Japanese Yen (JP¥).

(b) Directors of Renesas

As at the date of this Scheme Booklet, the directors of Renesas are:

DIRECTORS

Hidetoshi Shibata

Director,
Representative
Executive
Officer,
President and
CEO

Mr Shibata became Representative Director, President and CEO of Renesas in July 2019 and his latest title was changed to Director, Representative Executive Officer, President and CEO in March 2024. He joined Renesas in November 2013 as Executive Vice President and CFO. He served on Renesas' Board of Directors from November 2013 to May 2016 and was re-appointed to the Board from March 2018 to the present.

His experience includes serving as:

- Partner of MKS Partners Limited;
- Managing Director of Global Private Equity at Merrill Lynch Japan Securities Co., Ltd (currently, BofA Securities Japan Co., Ltd.); and
- Executive Managing Director of Investment Group at Innovation Network Corporation of Japan (currently, Japan Investment Corporation).

Mr Shibata started his career at Central Japan Railway Company in April 1995.

Jiro Iwasaki

Outside
Director

Mr Iwasaki was appointed as an Outside Director in June 2016.

His experience includes serving as:

- Director and Executive Vice President, Senior Executive Officer of Administration Group of TDK Corporation;
- Director and Senior Vice President, Executive Officer of the Strategic Human Resources and Administration Division of JVC KENWOOD Holdings, Inc. (currently, JVC KENWOOD Corporation);
- Professor at Teikyo University, Faculty of Economics; and
- Outside Director of GCA Savvian Corporation (currently HOULIHAN LOKEY Corporation).

He concurrently serves as an Outside Director of SBS Holdings, Inc.

Mr Iwasaki started his career at Tokyo Denki Kagaku Kogyo K.K. (currently, TDK Corporation) in April 1974.

Selena Loh LaCroix

Outside
Director

Ms Loh LaCroix was appointed as an Outside Director in March 2020.

Her experience includes serving as:

- Senior Counsel of Texas Instruments Incorporated;
- Vice President and General Counsel, Asia Pacific of Honeywell International Inc;
- Board Member of Integrated Device Technology, Inc.; and
- Global Technology & Communication Practice Leader of Egon Zehnder.

She concurrently serves as a Board Member of National Association of Corporate Directors - North Texas Chapter and Vice Chair of Technology Practice of Korn Ferry.

Ms Loh LaCroix started her career at a Singaporean law firm as an associate in 1988.

Noboru YamamotoOutside
Director

Mr Yamamoto was appointed as an Outside Director in March 2021, after serving as Renesas' Outside Corporate Auditor from March 2018.

His experience includes serving as:

- Managing Director of PricewaterhouseCoopers Financial Advisory Service Ltd. (currently, PwC Advisory LLC);
- Managing Director of Lazard Frères K.K;
- Managing Director of Investment Banking Unit at Nikko Citigroup Securities Co., Ltd. (currently, Citigroup Global Markets Japan Inc.); and
- Co-head of Investment Banking Division at BNP Paribas, Tokyo Branch.

He concurrently serves as an Outside Director of Koki Holdings Co., Ltd., a Representative Director, Representative Partner and CEO of XIB Capital Partners Inc. (currently, XIB Inc.), an Outside Director, and Chairperson of the Board of Directors of Tsubaki Nakashima Co., Ltd. and a Senior Advisor of Bain & Company Japan, Inc.

Mr Yamamoto started his career at Mazda Motor Corporation in April 1986.

Takuya HiranoOutside
Director

Mr Hirano was appointed as an Outside Director in March 2023.

His experience includes serving as:

- President of Hyperion Solutions Japan;
- President of Microsoft Japan Co., Ltd.; and
- Vice President of Global Service Partner Business at Microsoft Corporation.

He concurrently serves as an Outside Director of Yokogawa Electric Corporation and Chairman of Yayoi Co., Ltd.

Mr Hirano started his career at Kanematsu USA in December 1995.

Tomoko MizunoOutside
Director

Ms Mizuno was appointed as an Outside Director in March 2024, after serving as Renesas' Outside Corporate Auditor from March 2021.

Her experience includes serving as:

- Senior MR of Eli Lilly Japan K.K;
- Group Manager of Equa Marketing Group at Novartis Pharma K.K; and
- Brand Leader of Gardasil Marketing Group at MSD K.K.

She concurrently serves as a Director of Japan Automatic Machine Co., Ltd.

Ms Mizuno started her career at Bain & Company Japan, Inc. in July 1994.

Additional information of each of the directors of Renesas can be found at <https://www.renesas.com/us/en/about/executive-team>.

(c) Directors of Renesas Bidco

As at the date of this Scheme Booklet, the directors of Renesas Bidco are:

DIRECTORS

Takahiro Homma	Director
David Cullen	Director
Luke Alcock	Director

5.3 Rationale for the Transaction

Renesas believes the Transaction will enable two industry leaders to combine and establish an integrated and open electronics system design and lifecycle management platform for collaboration across component, subsystem and system-level design. The Transaction supports the Renesas digitalisation strategy and represents Renesas' first significant step to bring enhanced user experience and innovation at the system level for electronics system designers. Renesas envisages that:

- (a) as technology advances, the design and integration of electronic systems become increasingly complex. Current electronics system design flow is a complicated and iterative process that involves multiple stakeholders and design steps, from component selection and evaluation to simulation and printed circuit board physical design. Engineers must be able to design systems that are not only functional but also efficient and cost-effective under shortened development cycles; and
- (b) the Transaction will enable Renesas and Altium to build an integrated and open electronics system design and lifecycle management platform that unifies these steps at a system level, by bringing together Altium's sophisticated cloud platform capabilities with Renesas' strong portfolio of embedded solutions, combining processors, analogue, power, and connectivity.

It is Renesas' vision that:

- (a) the Transaction will enable integration with third-party vendors across the ecosystem to execute all electronic design steps seamlessly on the cloud;
- (b) the electronics system design and lifecycle management platform will deliver integration and standardisation of various electronic design data and functions and enhanced component lifecycle management, while enabling seamless digital iteration of design process to increase overall productivity; and
- (c) the Transaction brings significantly faster innovation and lowers barriers to entry for system designers by reducing development resources and inefficiencies.

5.4 Renesas' intentions if the Scheme is implemented

This Section 5.4 sets out Renesas' present intentions in relation to:

- (a) the continuation of the business of Altium;
- (b) any major changes to be made to the business of Altium including any redeployment of fixed assets; and
- (c) the future employment of the present employees of the Altium Group,

if the Scheme is implemented. Renesas Bidco has the same intentions as Renesas in relation to these matters.

The statements of intention in this Section 5.4 are based on the information concerning Altium and its business known to Renesas at the Last Practicable Date. Renesas will only make any final decisions in light of the information available to it and circumstances at the relevant time. The statements in this Section 5.4 are therefore statements of present intention only, which may vary as new information becomes available or circumstances change.

Following implementation of the Scheme, Renesas intends to undertake a strategic review of the business, assets and operations of Altium. This review may or may not lead to changes to the business, operations and assets of Altium, including in relation to its employees and offices, which are contrary to the intentions of Renesas and Renesas Bidco described in this Section 5.4.

(a) Business, operations and assets

Subject to the findings of the post-implementation strategic review referred to in this Section 5.4, Renesas' current intention is to continue the current strategic direction and operations of Altium, including actively pursuing growth opportunities available to Altium, subject to its own assessment of information available at the appropriate time.

(b) Removal from ASX

If the Scheme is implemented, it is intended that quotation of Altium Shares on the ASX will be terminated and Altium will be removed from the official list of ASX.

(c) Board composition

If the Scheme becomes Effective and subject to Renesas having paid the Scheme Consideration in accordance with the Scheme Implementation Agreement, on the Implementation Date (or thereafter) the Altium Board and the board of each Altium Group Member will be reconstituted with people nominated by Renesas.

At the date of this Scheme Booklet, the final composition of the post-Scheme Altium Board and the board of each Altium Group Member has not been determined.

(d) Employees

As at the date of this Scheme Booklet, there are no plans to change (or reduce) the number of employees currently employed by the Altium Group as a direct result of the Scheme. Renesas may make limited changes to employee and management roles as a result of potential duplication or redundancy of some roles following implementation of the Scheme, although no determination has been made in respect of such changes. Final decisions on these matters (including any changes to the employment of the present employees of the Altium Group) will, if necessary, only be made by Renesas following a strategic review of the business, assets and operations of the Altium Group.

(e) Intentions generally

Other than as set out in this Section 5.4 and elsewhere in this Scheme Booklet, it is Renesas and Renesas Bidco's current intention (based on information presently known to it):

- to continue the business of Altium while maintaining Altium's neutral business model and independence by reinforcing the security and privacy of data;
- not to make any major changes to the business of Altium;
- not to redeploy any of the Altium Group's fixed assets; and
- to retain the employment of the present employees of the Altium Group, other than those changes referred to in Section 5.4(d).

5.5 Funding arrangements

Section 5.5 sets out how Renesas Bidco intends to fund the amounts payable by it upon implementation of the Scheme, including the Scheme Consideration.

Maximum Scheme Consideration

The maximum amount of Scheme Consideration payable by Renesas Bidco is estimated to be A\$9,090,291,883.50. This amount has been calculated based on Altium's fully diluted share capital of 133,213,717 Altium Shares as at the Last Practicable Date, which includes Scheme Consideration payable in respect of all Altium Employee Share Rights which are accelerated (as contemplated by Section 8.3(c)(ii)) and assumes no Approved Dividend will be deducted from the Scheme Consideration. If the Scheme becomes Effective, Renesas Bidco will pay the Scheme Consideration in cash, in accordance with the Scheme and Deed Poll.

Debt Funding

Renesas Bidco intends to fund the aggregate Scheme Consideration from amounts available under Renesas' Debt Facilities, further described below in this Section 5.5 that will be made available to Renesas Bidco through a binding intragroup subscription agreement.

On 30 May 2024 Renesas entered into a facilities agreement, governed by the laws of Japan under which MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited, The Norinchukin Bank, Bank of America, National Association, Tokyo Branch, Sumitomo Mitsui Banking Corporation and Aozora Bank, Ltd. (**Lenders**) agreed to provide to Renesas an aggregate amount of JP¥ 1,000 billion (equivalent to A\$9.64 billion¹⁴) (**Debt Facilities**) which are able to be used to fund the aggregate consideration payable in connection with the Scheme and related transaction costs.

As at 31 March 2024, Renesas had cash reserves in excess of JP¥ 200 billion (equivalent to A\$1.93 billion¹⁵) which will be available for partially funding the payment of the Scheme Consideration and are not required for other operations or commitments of Renesas.

The aggregate Australian dollar equivalent amount available to Renesas under the Debt Facilities, and from Renesas' cash reserves, currently exceed the maximum of Scheme Consideration payable by Renesas Bidco under the Scheme and any transaction costs associated with the Scheme, and includes a sufficient buffer to accommodate any adverse fluctuations in currency exchange rates that could reduce the Australian dollar value of these funds that Renesas and Renesas Bidco believe are reasonably likely prior to payment of the Scheme Consideration. Renesas could possibly enter into foreign currency hedging arrangements and proportionately reduce the buffer available under the Debt Facilities.

The Scheme is not subject to any financing condition.

¹⁴ This approximate Australian dollar figure was calculated using an exchange rate of 1 Australian dollar (A\$) = 103.712 Japanese Yen (JP¥).

¹⁵ This approximate Australian dollar figure was calculated using an exchange rate of 1 Australian dollar (A\$) = 103.712 Japanese Yen (JP¥).

The Debt Facilities are subject to the satisfaction of certain conditions, which are customary for debt facilities of this kind and include:

- confirmation that Renesas is required to complete the acquisition of the Altium Shares in accordance with the terms of the Scheme Implementation Agreement;
- all governmental and regulatory consents and approvals listed as conditions in the Scheme Implementation Agreement having been obtained;
- Renesas and its Subsidiaries not being insolvent;
- certain representations and warranties provided by Renesas under the definitive documentation in respect of the Debt Facilities being true and correct in all material respects on the date the Debt Facilities are provided; and
- other customary conditions in respect of matters such as payment of fees and expenses, delivery of documentation and execution of documents.

It is expected that the above-mentioned conditions precedent will be satisfied on or before the Second Court Date (other than certain conditions which are within the control of Renesas and are intended to be satisfied concurrently with, or prior to, first drawdown on the Debt Facilities, including payment of fees and expenses).

As at the Last Practicable Date, Renesas is not aware of any circumstances why any of the abovementioned conditions precedent will not be satisfied or any reason why the Debt Facilities will not be available to be drawn down for the purposes of acquiring the Altium Shares in accordance with the Scheme.

At the time funds are required by Renesas Bidco, Renesas may elect to source a portion of those funds from its existing cash reserves in addition to drawing under the Debt Facilities.

On the basis of the funding arrangements described above in this Section 5.5, Renesas Bidco holds the view, and is of the opinion that it has a reasonable basis to hold the view, that it will be able to pay the amounts payable in connection with the Scheme and related transaction costs.

5.6 Interest in Altium securities

None of Renesas, Renesas Bidco or any other member of the Renesas Group hold a Relevant Interest, or have any Voting Power, in Altium Shares or any other Altium security.

Except for the consideration to be provided under the Scheme and as described in this Scheme Booklet, none of Renesas, Renesas Bidco or any of their Associates has provided or agreed to provide consideration for any Altium Shares or other Altium securities under any transaction during the period of 4 months before the date of this Scheme Booklet.

5.7 Collateral benefits

Except as otherwise disclosed in this Scheme Booklet, in the 4 months before the date of this Scheme Booklet, none of Renesas, Renesas Bidco, any of their Related Bodies Corporate or any of their respective Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an Associate, to vote in favour of the Scheme or dispose of Altium Shares which benefit is not offered to all Altium Shareholders under the Scheme.

5.8 Other agreements or arrangements

Except as otherwise disclosed in this Scheme Booklet, none of Renesas, Renesas Bidco, any of their Related Bodies Corporate or any of their respective Associates will make any payment or give any benefit to any of the current directors, secretaries or executive officers of any Altium Group Member as compensation for, or otherwise in connection with, his or her resignation from their respective offices if the Scheme is implemented.

5.9 Publicly available information about Renesas

Renesas is listed on the Tokyo Stock Exchange. Renesas is obligated to disclose information that may have a material impact on investor' investment decisions in a timely manner in accordance with the timely disclosure rules established by the Tokyo Stock Exchange. Copies of these announcements can be obtained in English free of charge from Renesas' website at <https://www.renesas.com/us/en/about/investor-relations>.

A substantial amount of information about Renesas is available in electronic form in English from: <https://www.renesas.com/us/en>.

5.10 Other material information

Except as otherwise disclosed in this Scheme Booklet, neither Renesas nor Renesas Bidco are aware of any information that is material to the decision of an Altium Shareholder in relation to the Scheme, being information that is within the knowledge of any director of Renesas or any director of Renesas Bidco at the Last Practicable Date, which is not disclosed in this Section 5 or elsewhere in this Scheme Booklet or otherwise previously been disclosed to Altium Shareholders.

6. Risks

6.1 Overview

In considering the Scheme, Altium Shareholders should be aware that there are several risk factors, both general and specifically relating to Altium or which may affect the future operating and financial performance of Altium and the price or value of Altium Shares.

If the Scheme is implemented, Altium Shareholders will receive the Scheme Consideration, will cease to hold Altium Shares and will no longer be exposed to benefits and risks associated with investment in Altium, including the risks set out in this Section 6. However, if the Scheme is not implemented, Altium Shareholders will continue to hold Altium Shares and be exposed to benefits and risks associated with investment in Altium.

In deciding whether to vote in favour of the Scheme, Altium Shareholders should read this Scheme Booklet carefully and consider the following risk factors. These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Altium Shareholders. In addition, Section 6 is a summary only and does not purport to list every risk that may be associated with an investment in Altium now or in the future. There also may be additional risks and uncertainties not currently known to Altium which may have a material adverse effect on the Altium operating and financial performance and the value of Altium Shares.

Whilst the Altium Directors unanimously recommend that Altium Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders, Altium Shareholders are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme.

6.2 General investment risks

Altium is exposed to a number of general risks that could have a material adverse effect on its assets and liabilities, financial position, profits, prospects and potential to make further distributions to Altium Shareholders, and the price and/or value of Altium Shares. General risks that may impact Altium or the market for Altium Shares include:

- (a) changes in general business, industry cycles and economic conditions, including inflation, interest rates, commodity prices, employment levels and consumer demand;
- (b) changes in exchange rates, noting Altium's functional and presentation currency is US dollars;
- (c) changes in government fiscal, taxation, monetary and regulatory policies, including foreign investment;
- (d) government or political intervention in export and import markets (including sanction controls and import duties) and the disruptions this causes to supply and demand dynamics;
- (e) interruptions at workplaces arising from industrial disputes, litigation, work stoppages and accidents, which may result in business operations delays;
- (f) force majeure events, including natural disasters, catastrophes, pandemics, acts of terrorism, war or hostilities and civil disturbances;
- (g) changes in investor sentiment and overall performance of Australian and international stock markets;
- (h) changes to the competitive landscape in the markets in which Altium operates;
- (i) changes in recommendations by securities analysts;
- (j) inclusion or removal from major market indices; and
- (k) changes to accounting standards and reporting standards.

Some of these factors could affect the Altium Share price regardless of Altium's underlying operating performance.

6.3 Risks associated with your current investment in Altium Shares

(a) New Product Adoption

As Altium continues to grow, new product adoption is central to achieving fiscal targets. Altium 365 is critical to Altium's success and is monitored closely for adoption rates, as that is a key indicator for revenue growth and market expansion. In addition to driving adoption, significant investment and development of the Altium Enterprise Sales group will be essential to achieve set targets.

(b) Cyber Risk

Altium is at risk from cyber attacks or other digital intrusions on proprietary information, employee data and customer data. Altium could be impacted significantly by security breaches through theft, destruction or misappropriation or release of confidential digital (or other) data.

(c) Economic and Geopolitical Instability Risk

As a global employer with teams in regions across the globe, Altium is susceptible to macroeconomic instability or other political challenges that may arise in those regions. These may include geopolitical conflicts such as the Ukraine-Russia conflict, US-China trade tensions or Israel-Hamas War and related conflicts in the Middle East. The risks to Altium include employee collaboration and availability, trade tensions, sanctions, fiscal liquidity, and our customers' solvency/business.

(d) Ability to Attract and Retain Key Personnel

The success of Altium is dependent on attracting and retaining key personnel and executives in a global market. There is a risk Altium may not be able to attract and retain key personnel due to competitive recruitment pressure, which could affect the near-term ability to achieve key strategic and operational goals.

(e) Strategic and Operational Risk

There is a business risk of too much focus on immediate outcomes at the expense of strategic goals. Altium has articulated a clear strategy with deliverables well into the future. Our ability to execute strategy and deliver on commitments over both the short and long term is critical to future success.

The implementation of the 'Route 66' strategy described in Section 4.2.2 will involve Altium undertaking various activities to facilitate the success of the strategy. These activities have certain risks, including:

- (i) Altium may from time to time pursue bolt-on acquisitions. Altium may face significant challenges to manage and integrate the operations and key personnel of acquired companies which could disrupt the ongoing business of Altium and distract management from other responsibilities. In addition, acquisition opportunities may not be available on acceptable terms or at all, and Altium may not be able to obtain the necessary financing or regulatory approvals to complete proposed acquisitions;
- (ii) Altium may need to rely on access to the credit markets to finance its strategy (and in the future to refinance that indebtedness), which is subject to a number of risks arising from certain variables including the conditions of these markets and the prevailing interest rate environment. If Altium incurs indebtedness, this will lead to debt servicing requirements and thereby reduce Altium's ability to use cash flow to fund dividends, working capital, capital expenditure, acquisitions and other strategic initiatives;
- (iii) Altium may need to raise equity capital as a component of any acquisition finance strategy which may subject it to market risks, including volatility, and may also dilute the returns to Altium Shareholders, at least in the near to medium term; and
- (iv) the objectives of the strategy may not materialise to the extent expected or at all, or they may be delayed. This may occur due to matters beyond the control of Altium. A failure to achieve these objectives could have an adverse impact on Altium's operations, financial performance and financial position.

Investors should be aware that the implementation of the strategy described in Section 4.2.2 will be capital intensive and will result in Altium incurring increased costs in the near to medium term which may reduce margins over that time period. The Directors consider this expenditure to be consistent with the ultimate objectives of the strategy and in the long-term interest of Altium Shareholders. However, the long-term investment horizon may not align with the preferences and investment profile of all Altium Shareholders.

(f) Innovation Risk

Altium exists in a competitive marketplace, vying to both increase market share and expand into new markets. Continuous innovation and response to ever-changing market requirements is essential to stay competitive.

(g) Monetisation Model Risk

As Altium develops monetisation models for new products, services, and applications, a risk of not generating expected revenue is present with any new launch. The market may respond poorly to new models, which could negatively impact revenue and reputation.

(h) Compliance and Regulatory Risk

Altium is a global organisation operating in multiple jurisdictions and is subject to varying regulatory and compliance regimes around the world. Altium's ability to manage relations with key regulatory agencies in all markets in which it operates is required for the proper functioning of its business model. Additionally, Altium must maintain protocols to monitor and effectively stay across any new or changing regulatory requirements applicable to its business.

(i) Sustainability (including climate)

Climate-related risks may have an adverse impact on Altium, its customers, suppliers and the communities in which it operates. There are uncertainties to identify and model accurately climate related risks, opportunities and assess their impact.

6.4 Risks associated with the Implementation of the Scheme

(a) Implications related to the Scheme implementation

The Scheme is subject to certain Conditions Precedent that must be satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived) in order for the Scheme to be implemented. These Conditions Precedent are outlined in Section 3.4 and set out in full in clause 3.1 of the Scheme Implementation Agreement. The failure of a Condition Precedent to be satisfied (or alternatively, waived, in the case of certain Conditions Precedent that are capable of being waived) may also give rise to a right of either Altium or Renesas to terminate the Scheme Implementation Agreement.

The Conditions Precedent include approval by the Court and Altium Shareholders. There is the risk that the Altium Shareholders or the Court may not approve the Scheme, or that the Court may be willing to approve the Scheme subject to conditions that Altium or Renesas are not prepared to accept.

There is also a risk that some or all of the aspects of the Altium Shareholder and Court approvals required for the Scheme to proceed may be delayed – including, for example, as a result of delays in the receipt of regulatory approvals that are Conditions Precedent (refer to Section 3.4).

(b) Implications for Altium and Altium Shareholders if the Scheme is not implemented

If the Scheme is not implemented, Altium Shareholders will retain their Altium Shares and will not receive the Scheme Consideration. In these circumstances, Altium will remain listed on the ASX and continue to be subject to market volatility, including general stock market movements, the impact of economic conditions, and the demand for listed securities. See Section 1.1(g) for further information. Altium will continue to be subject to the risks currently associated with an investment in Altium (and to which Altium Shareholders are currently exposed), including those as set out in Sections 6.2 and 6.3.

A large number of hedge funds have purchased Altium Shares since the Scheme was announced, and may have been motivated by potential value arbitrage opportunities during times that the market price for Altium Shares has been below the Scheme Consideration price. If the Scheme does not proceed, these investors may seek to exit their investment which could depress the price of Altium Shares in the near to medium term.

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7. Tax implications of the Scheme

7.1 Taxation outline

The following is a general description of the Australian tax consequences of the Scheme for Altium Shareholders (assuming it becomes Effective). It does not constitute tax advice and should not be relied upon by investors in consideration of their own tax obligations.

The comments set out below are relevant only to those Altium Shareholders who hold their Altium Shares on capital account. The description is based upon Australian law and administrative practice in effect at the date of this Scheme Booklet, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of an Altium Shareholder. Altium Shareholders should seek independent professional advice in relation to their particular circumstances.

Altium Shareholders who:

- (a) hold their Altium Shares for the purposes of speculation or a business of dealing in securities (for example, as trading stock);
- (b) acquired their Altium Shares pursuant to an employee share, option or rights plan;
- (c) are financial institutions, insurance / life insurance companies, partnerships, superannuation funds, tax exempt organisations or temporary residents;
- (d) are Australian residents who hold their Altium Shares as part of an enterprise carried on at or through a permanent establishment in a foreign country;
- (e) change their tax residence while holding Altium Shares;
- (f) invest indirectly into Altium Shares through directed portfolio services, master funds or other portfolio administration services;
- (g) are dealers in Altium Shares; or
- (h) are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Altium Shares,

should also seek their own professional tax advice.

Altium Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

7.2 Australian resident shareholders

(a) Capital gains tax

The Scheme will result in the disposal by Altium Shareholders to Renesas Bidco of their Altium Shares. This change in the ownership of the Altium Shares will constitute a CGT event A1 for Australian CGT purposes.

The date of disposal of the Altium Shares for CGT purposes will be the Implementation Date.

(b) Calculation of capital gain or capital loss

Altium Shareholders may make a capital gain on the disposal of Altium Shares to the extent that the capital proceeds from the disposal of the Altium Shares are more than the cost base of those Altium Shares. Conversely, Altium Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those Altium Shares.

▪ Cost base

The cost base of the Altium Shares generally includes the cost of acquisition and any incidental costs of acquisition and disposal that are not deductible to the Altium Shareholder. The reduced cost base of the Altium Shares is usually determined in a similar, but not identical, manner.

▪ Capital proceeds

The capital proceeds received in respect of the disposal of each Altium Share should generally be A\$68.50 per Altium Share.

▪ Reduction in capital gain

If an Approved Dividend is paid by Altium on or before the Implementation Date, any capital gain made by the Altium Shareholder on the disposal should be reduced to the extent the dividend is separately included in the Altium Shareholder's assessable income (however that reduction cannot result in a capital loss).

(c) CGT discount

Individuals or complying superannuation entities that have held Altium Shares for at least 12 months prior to the date of disposal may be entitled to discount the amount of the capital gain (after application of capital losses) from the disposal of Altium Shares by 50% for individuals or by 33% for complying superannuation entities. For trustees, the ultimate availability of the discount for beneficiaries of the trusts will depend on the particular circumstances of the beneficiaries.

Companies that hold Altium Shares in their own capacity are not eligible for the CGT discount.

(d) Capital gains and capital losses

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Any net capital gain is included in assessable income of the relevant Altium Shareholder and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to any specific loss recoupment rules).

(e) Australian income tax treatment of the Approved Dividend (if any)

Altium Shareholders who receive the Approved Dividend (if any) should include the amount of that dividend and the attached franking credits in their assessable income in the income year in which the dividend is paid. Altium Shareholders may be entitled to a tax offset equal to the franking credit attached to an Approved Dividend.

However, Altium Shareholders will only be required to include the amount of the franking credits and be entitled to a tax offset for the franking credits if they are 'qualified persons' in relation to the Approved Dividend and certain franking integrity rules do not apply. In order to be considered a 'qualified person' in relation to any Approved Dividend, the Altium Shareholder must have held their Altium Shares 'at risk' for a continuous period of 45 days (excluding the day of acquisition and the day of disposal) beginning on the day that is 45 days before the relevant ex-dividend date of the Approved Dividend and ending on the 45th day after the relevant ex-dividend date of the Approved Dividend.

Altium Shareholders should seek independent professional taxation advice regarding the application of the franking rules, including the 'qualified person' and franking integrity rules, to their particular circumstances.

Provided that Altium Shareholders are 'qualified persons' in relation to any Approved Dividend and none of the franking integrity measures apply, to the extent that the Altium Shareholder's entitlement to franking tax offsets exceeds their tax liability for the income year:

- (i) Altium Shareholders who are Australian resident individuals and complying superannuation funds should be entitled to receive a refund of the excess franking tax offsets; and
- (ii) Altium Shareholders that are Australian resident companies may be able to convert excess franking tax offsets into tax losses and credit their franking account with the amount of the franking tax offsets attached to any Approved Dividend.

7.3 Non-resident shareholders**(a) Disposal of Altium Shares**

For an Altium Shareholder who:

- (i) is not a resident of Australia for Australian tax purposes; and
- (ii) does not hold (and at no time held) their Altium Shares in carrying on a business through a permanent establishment in Australia;

the disposal of Altium Shares will generally only result in Australian CGT implications if:

- (i) that Altium Shareholder together with its associates held 10% or more of all Altium Shares at the time of disposal or for any continuous 12-month period within 2 years preceding the disposal (referred to as a "non-portfolio interest"); and
- (ii) more than 50% of Altium's value is due to direct or indirect interests in Australian real property (as defined in the income tax legislation). Altium does not expect this to be the case given the nature of the assets it holds.

If you hold a "non-portfolio" interest in Altium, you should obtain independent advice as to the tax implications of sale, and whether any protection will be available under a relevant double tax treaty. You should also obtain independent advice as to whether the foreign resident capital gains withholding rules in Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) apply to your circumstances. Altium does not expect that this Subdivision should apply to it given the nature of assets that it holds.

(b) Approved Dividend (if any)

If an Altium Shareholder is a non-resident of Australia, any Approved Dividend that they receive should not be subject to income tax in Australia. To the extent that the Approved Dividend is unfranked, the unfranked portion may be subject to dividend withholding tax.

Non-resident Altium Shareholders should consult with a professional tax adviser regarding their particular circumstances (including in the jurisdiction where they are a tax resident).

7.4 Goods and services tax (GST)

Holders of Altium Shares should not be liable to GST in respect of a disposal of those Altium Shares.

Altium Shareholders may incur GST on costs (such as third party brokerage and adviser fees) that relate to the Scheme. Altium Shareholders that are registered, or required to be registered, for GST may not be entitled to full input tax credits for any GST payable on such costs but may be entitled to reduced input tax credits for some acquisitions. This will depend on each Altium Shareholders' individual circumstances.

7.5 Stamp duty

No stamp duty should be payable by Altium Shareholders in respect of the disposal of their Altium Shares.

8. Additional information

This Section 8 sets out additional statutory information, as well as some additional information that may be considered material to Altium Shareholders' decision as to how they should vote at the Scheme Meeting.

8.1 Substantial shareholders

As at the Last Practicable Date, the following persons had notified Altium that they had Voting Power in 5% or more of Altium Shares:

NAME	NUMBER OF SHARES IN WHICH THEY HAVE VOTING POWER	% OF SHARES
UBS Group AG	13,190,199	10.00
Mirkazemi Holdings Pty Ltd	9,663,000 ¹⁶	7.47 ¹⁷
Goldman Sachs Group	9,660,753	7.32
State Street Corporation	7,723,794	5.85
Macquarie Group Limited	6,788,231	5.15
Vanguard Group	6,597,094	5.00

8.2 Marketable securities of Altium held by or controlled by Directors

The only marketable securities that Altium has on issue are Altium Shares and Altium Employee Share Rights. As at the Last Practicable Date, no marketable securities of Altium are held or controlled by Altium Directors and no such persons are otherwise entitled to such securities other than as listed below:

DIRECTOR	NUMBER OF ALTIMUM SHARES
Samuel Weiss	1,906,207
Aram Mirkazemi	9,518,403
Sergey Kostinsky	2,402,468
Michael Hawker	9,905
Sylvia Wiggins	2,000
Lauren Williams	965

Altium Directors who hold or control Altium Shares will be entitled to vote at the Scheme Meeting in the same manner as other Altium Shareholders and, if the Scheme is implemented, will receive the Scheme Consideration for their Altium Shares along with the other Scheme Participants.

Each Altium Director intends to vote the Altium Shares that they hold or the voting rights attached to Altium Shares that they control in favour of the Scheme subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders and in the absence of a Superior Proposal.

Except as stated in this Section 8 of the Scheme Booklet:

- there are no marketable securities of Altium held by or on behalf of Altium Directors as at the Last Practicable Date;
- there are no marketable securities of Renesas held by or on behalf of Altium Directors as at the Last Practicable Date; and
- there has been no dealing by any Altium Director in any marketable securities of Altium or Renesas in the 4 months preceding the Last Practicable Date.

¹⁶ Mirkazemi Holdings Pty Ltd is a holding vehicle in which Aram Mirkazemi (CEO and Managing Director) holds Altium Shares. Since the last substantial shareholding notice lodged by Mirkazemi Holdings Pty Ltd on 13 October 2014, the number of Altium Shares in which Mr Mirkazemi holds or controls has, through several transactions (with the latest transaction on 5 October 2018), decreased from 9,663,000 to 9,518,403 (as set out in Section 8.2 of this Scheme Booklet).

¹⁷ See footnote 18 in this Scheme Booklet. The number of Altium Shares that Mr Mirkazemi currently holds or controls (9,518,403 Altium Shares) makes up 7.21% of Altium Shares.

8.3 Benefits and agreements

(a) Benefits in connection with retirement from office

It is not proposed that any payment or other benefit be made or given to any director, secretary or executive officer of Altium (or of its Related Bodies Corporate) as compensation for loss of, or as consideration for, or in connection with their retirement from, office in Altium (or in any of its Related Bodies Corporate) as a result of the Scheme other than as set out in this Section 8.3, their existing employment agreement or as a result of them being a Scheme Participant.

(b) Deeds of indemnity, insurance and access

Altium has entered into deeds of indemnity, insurance and access with the Altium Directors and various officers on customary terms.

Altium pays premiums in respect of a directors and officers insurance policy for the benefit of the Altium Directors and various officers. The Altium Constitution contains a provision permitting Altium to pay (to the maximum extent permitted by law) a premium for a contract indemnifying a current or former Altium Director, secretary or executive officer, against liability (including a liability for legal costs) incurred by the person acting in that capacity.

Clause 7.6 of the Scheme Implementation Agreement contains an undertaking by Renesas to ensure that run-off insurance cover is maintained for the Altium Directors and relevant Altium officers for a period of 7 years from the Implementation Date.

(c) Incentive Arrangements

Renesas recognises that a well-trained and motivated workforce is critical to the success of the business, and that the incentivisation of staff is an essential component of the future success of Altium. Accordingly, a key element of the Renesas acquisition proposal of Altium was the retention of Altium employees and the motivation of those employees under Renesas ownership. The statements regarding the intention of Renesas in this Section 8.3(c) is Renesas Information.

Discussions regarding the treatment of employee incentives and retention arrangements, occurred after negotiations concluded about the price at which Renesas would offer to acquire Altium Shares. In the opinion of the Altium Board, the outcome for recipients under these arrangements has not impacted the price per share offered to Altium Shareholders.

The following section is a summary of the treatment of employee incentives and retention arrangements in connection with the Scheme:

(i) Short-term incentive plans

Any short-term incentive plan (STI) awards on foot as at the Last Practicable Date, will continue to vest and be paid out on their terms in the ordinary course. As at the Last Practicable Date, there are no short-term incentives in place for any Altium key management personnel.

(ii) Long-term incentive plans

Overview of arrangements

As detailed in the Altium FY23 Annual Report, Altium operates long-term incentive (LTI) plans under which Altium Employee Share Rights are granted to participants. These plans offer participants the opportunity to share in the long-term growth of Altium and aligns their interests with those of Altium Shareholders.

Altium Employee Share Rights are granted for nil consideration and are subject to certain vesting conditions. Certain participants recognised as “Professional Operators” have vesting subject to continued service only, whereas certain participants recognised as “Company Builders” are subject to performance hurdles and continued service. On vesting, and subject to applicable plan rules, each Altium Employee Share Right entitles its holder to receive (for no consideration) one Altium Share.

As detailed in the Altium FY23 Annual Report, Aram Mirkazemi and Sergey Kostinsky who are executive Directors are significant shareholders of Altium (see also Section 8.2 of this Scheme Booklet which sets out the shareholdings of all Altium Directors). The Altium Non-Executive Directors have resolved to pay all LTI entitlements to Mr Mirkazemi and Mr Kostinsky in cash up to a maximum fixed cash value (**LTI Cash Awards**). Upon the performance conditions being satisfied the LTI Cash Awards held by Mr Mirkazemi and Mr Kostinsky are paid in 3 equal tranches following the end of each relevant financial year subject only to employment testing after the first year.

As at the Last Practicable Date, Altium had on issue a total of:

- 1,286,879 unvested Altium Employee Share Rights;
- US\$1,530,000 unvested LTI Cash Awards to Mr Mirkazemi; and
- US\$1,020,000 unvested LTI Cash Awards to Mr Kostinsky.

Implications of the Scheme for Altium Employee Share Rights

Under the Scheme Implementation Agreement, Altium is required to ensure that by no later than the Effective Date, there are no outstanding Altium Employee Share Rights.

Subject to the Scheme becoming Effective, the Altium Board has resolved to:

- (A) if the Effective Date is prior to 31 August 2024, accelerate the vesting of unvested Altium Employee Share Rights held by participants scheduled to be tested in August 2024 (a total of approximately 269,427 Altium Employee Share Rights as at the Last Practicable Date);
- (B) in respect of all remaining unvested Altium Employee Share Rights:
- (1) accelerate the vesting of 50% of the unvested Altium Employee Share Rights held by participants immediately prior to the Effective Date (a total of approximately 508,726 Altium Employee Share Rights as at the Last Practicable Date). Participants will be allocated Altium Shares for these vested Altium Employee Share Rights as soon as practicable after the Effective Date, and in any event before the Record Date, which will be acquired by Renesas under the Scheme; and
 - (2) cancel and lapse the remaining 50% of unvested Altium Employee Share Rights (a total of approximately 508,726 Altium Employee Share Rights as at the Last Practicable Date) (**Lapsed Incentive**). Shortly after the Implementation Date, the Lapsed Incentives will be replaced with a Renesas equity-based award (**Renesas Restricted Stock Unit** or **Renesas RSU**) as a retention measure (subject to the relevant participant accepting those awards). The Renesas RSUs will be substantially comparable in value to the Lapsed Incentives. Key terms and conditions of the Renesas RSUs are as follows:
 - a Renesas RSU is a right to receive one share of ordinary common stock in Renesas (**Renesas Common Stock**), upon satisfaction of time-based vesting conditions;
 - the Renesas RSUs will have a vesting date of one year after the Implementation Date, subject to the participant remaining employed by Renesas or any of its Subsidiaries on that date. However, continued employment will not be a condition for vesting for good leavers (ie participants whose employment arrangements are terminated due to death, total and permanent disability, redundancy or retirement);
 - participants may not transfer, encumber or otherwise dispose of any Renesas RSUs;
 - Renesas RSUs which do not vest will otherwise lapse; and
 - participants will have no rights as a shareholder of Renesas unless and until they hold Renesas Common Stock.¹⁸

In respect of the participants recognised as “Professional Operators”, the maximum number of Renesas RSUs issued to the participant will be calculated based on the Lapsed Incentives (with each unvested Altium Employee Share Right which was cancelled and lapsed valued at \$68.50). The maximum number of Renesas RSUs to be issued to a participant recognised as “Professional Operators” will be calculated using a formula (**Replacement Award Formula**). The Replacement Award Formula will have a numerator of the number of Lapsed Incentives multiplied by \$68.50 converted into Japanese Yen in accordance with Renesas’ standard currency conversion calculations, and a denominator of the average closing price of a share of ordinary common stock in Renesas on the Tokyo Stock Exchange over the period of 3 months immediately prior to the grant date of the Renesas RSU.¹⁹

The maximum number of Renesas RSUs to be issued to participants recognised as “Company Builders” will also be calculated using the Replacement Award Formula, except that the numerator will be multiplied by 1.25. This means the maximum number of Renesas RSUs “Company Builders” will receive will be calculated based on their Lapsed Incentives (with each unvested Altium Employee Share Right which was cancelled and lapsed valued at \$68.50) multiplied by 1.25. The terms and conditions of the Renesas RSUs are the same as those described above.

In respect of the unvested LTI Cash Awards to Mr Mirkazemi and Mr Kostinsky:

- (A) (**Type 1 LTI Cash Awards**) for the LTI Cash Awards held by Mr Mirkazemi and Mr Kostinsky that are scheduled to be tested before the Implementation Date for satisfaction of the applicable level of performance will be tested by Altium in the ordinary course. After the Implementation Date, Renesas must ensure that the relevant LTI Cash Awards that have been tested are paid to Mr Mirkazemi and Mr Kostinsky on their applicable original scheduled payment dates (ie 3 equal tranches following the end of each relevant financial year) subject to continued employment conditions. The aggregate value of the Type 1 LTI Cash Awards as at the Last Practicable Date are as follows:

Recipient	Position	Aggregate value US(\$)
Aram Mirkazemi	Chief Executive Officer, Managing Director	780,000
Sergey Kostinsky	President, Executive Director	520,000

¹⁸ The key terms and conditions of the Renesas RSUs as set out in this section is Renesas Information.

¹⁹ Rounded up to the nearest 100 Renesas RSU.

- (B) (**Type 2 LTI Cash Awards**) for the LTI Cash Awards held by Mr Mirkazemi and Mr Kostinsky that are scheduled to be tested after the Implementation Date for satisfaction of the applicable level of performance, the Altium Board has resolved to cancel and lapse these LTI Cash Awards (**Lapsed LTI Cash Awards**). Shortly after the Implementation Date, the Lapsed LTI Cash Awards will be replaced with Renesas RSUs with performance-based vesting conditions as set out below (**Renesas PSU**) as a retention measure.

The maximum number of Renesas PSUs issued to Mr Mirkazemi and Mr Kostinsky will be based on their Lapsed LTI Cash Awards and will have the same performance hurdles and continued service requirements as the Lapsed LTI Cash Awards. The maximum number of Renesas PSUs to be issued to Mr Mirkazemi and Mr Kostinsky will be calculated using a formula (**Cash Replacement Award Formula**). The Cash Replacement Award Formula will have a numerator of the Lapsed LTI Cash Awards converted into Japanese Yen in accordance with Renesas' standard currency conversion calculations, and a denominator of the average closing price of a share of ordinary common stock in Renesas on the Tokyo Stock Exchange over the period of 3 months immediately prior to the grant date of the Renesas PSUs.²⁰

As at the Last Practicable Date, the aggregate value of the Type 2 LTI Cash Awards held by Mr Mirkazemi and Mr Kostinsky proposed to be cancelled and the Renesas PSU's proposed to be issued to Mr Mirkazemi and Mr Kostinsky are as follows:

RECIPIENT	POSITION	AGGREGATE VALUE OF TYPE 2 LTI CASH AWARDS US(\$)	AGGREGATE FACE VALUE OF RENESAS PSU US(\$)
Aram Mirkazemi	Chief Executive Officer, Managing Director	750,000	750,000
Sergey Kostinsky	President, Executive Director	500,000	500,000

(d) **Further retention arrangements**

Shortly after the Implementation Date, some executives of the Altium Group may receive Renesas RSUs which will be subject to continued service conditions (**Retention Renesas RSUs**). These Retention Renesas RSUs are separate and in addition to the Renesas RSUs proposed to be issued in respect of the LTI arrangements as set out above. 50% of these Retention Renesas RSUs will vest 2 years after the Implementation Date and the remaining ones will vest 3 years after the Implementation Date. The maximum aggregate value attributed to the Retention Renesas RSUs will be approximately \$74 million.

Mr Mirkazemi and Mr Kostinsky will not receive any Retention Renesas RSUs under these retention arrangements.

(e) **Agreements connected with or conditional on the Scheme**

Except as set out in this Section 8.3:

- no Altium Director has any other interest in a contract entered into by Renesas;
- there are no contracts or arrangements between an Altium Director and any person, including Renesas in connection with or conditional on the outcome of the Scheme; and
- no Altium Director has a material interest in relation to the Scheme other than in their capacity as an Altium Shareholder.

8.4 Capital structure of Altium

As at the Last Practicable Date, Altium has 131,926,838 ordinary shares and 1,286,879 Altium Employee Share Rights on issue.

Additional details about Altium Employee Share Rights, including the intended treatment of Altium Employee Share Rights upon the Scheme becoming Effective, are set out in Section 8.3(c).

8.5 Independent Expert

The Independent Expert has prepared the Independent Expert's Report set out in Annexure A advising as to whether, in its opinion, the Scheme is in the best interests of Altium Shareholders.

The Independent Expert has concluded that the Scheme is in the best interests of Altium Shareholders in the absence of a Superior Proposal. The Independent Expert's conclusion should be read together with the full Independent Expert's Report set out in Annexure A.

²⁰ Rounded up to the nearest 100 Renesas PSUs.

8.6 Consents

The following parties have given and have not withdrawn, before the registration of this Scheme Booklet by ASIC, their written consent to be named in this Scheme Booklet in the form and context in which they are named:

- Renesas and Renesas Bidco;
- J.P. Morgan as financial adviser to Altium;
- Kroll Australia Pty Ltd as Independent Expert;
- King & Wood Mallesons as legal adviser and tax adviser to Altium; and
- Computershare Investor Services Pty Limited as the Altium Share Registry.

The following parties have also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, their written consent to the inclusion of certain information in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to that information in the form and context in which they appear:

- Renesas in respect of the Renesas Information; and
- Kroll Australia Pty Ltd in respect of the Independent Expert's Report.

8.7 Disclaimers

None of the persons referred to in Section 8.6 have authorised or caused the issue of this Scheme Booklet and do not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than those statements made in the capacity and to the extent the person has provided its consent, as referred to in Section 8.6.

To the maximum extent permitted by law, each person referred to in Section 8.6 disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any statements or material in or omissions from, this Scheme Booklet other than as described in Section 8.6 with that person's consent.

The Renesas Information has been prepared by and is the responsibility of Renesas. None of Altium, its directors, officers, employees, contractors or advisers assume any responsibility for the accuracy or completeness of the Renesas Information.

8.8 Fees

Each of the persons named in Section 8.6 who has performed a function in a professional, advisory or other capacity in connection with the Scheme and the preparation of this Scheme Booklet, will be entitled to receive professional fees charged in accordance with their normal basis of charging.

8.9 Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in those other jurisdictions, and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe any applicable restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

Altium Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Transaction in any jurisdiction outside of Australia.

8.10 ASIC relief and ASX waivers

(a) ASIC relief – payments/benefits to Relevant Persons

Relief has been sought from ASIC in relation to paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations, which requires this Scheme Booklet to set out particulars of any payment or benefit proposed to be made or given to a director, secretary or executive officer of Altium or any of its Related Bodies Corporate (each a **Relevant Person**) in relation to their retirement from office. Altium has applied to ASIC for relief from this requirement so that this Scheme Booklet is only required to disclose particulars of payments or benefits described above where those payments or benefits are made in connection with or are materially affected by the implementation of the Scheme.

ASIC has granted Altium relief from this requirement on the basis that Altium is not required to set out in this Scheme Booklet the particulars of any payments or benefits which may be made or given to a Relevant Person in relation to their loss of office, or retirement from office, unless:

- (i) the Relevant Person will lose office or retire from office as a consequence of, or in connection with, the Scheme; or
- (ii) the amount of any payment or benefit which may be made to the Relevant Person upon their loss of office or retirement from office may be materially affected by the Scheme.

(b) ASIC relief – disclosure of material changes to the financial position of Altium

Relief has been sought from ASIC in relation to paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations, which requires this Scheme Booklet to set out whether, within the knowledge of Altium Directors, the financial position of Altium has materially changed since the date of the last balance sheet laid before the annual general meeting or sent to Altium Shareholders in accordance with sections 314 or 317 of the Corporations Act.

ASIC has granted Altium relief from this requirement so that this Scheme Booklet only need set out whether, within the knowledge of the Altium Directors, the financial position of Altium has materially changed since 31 December 2023 (being the last date of the period to which the financial statements for the financial half-year ended 31 December 2023 relate). Altium will give a copy of its financial report for the financial half-year ended 31 December 2023, free of charge, to anyone who asks for it before the Scheme is approved by order of the Court.

(c) ASX waivers

As at the Last Practicable Date, Altium has not applied for, and does not expect to apply for, any waivers or confirmations from ASX in respect of the Scheme.

8.11 Key terms of the Scheme Implementation Agreement**(a) Overview**

Altium and Renesas entered into the Scheme Implementation Agreement on 15 February 2024. The Scheme Implementation Agreement sets out the steps required to be taken by Altium and Renesas to give effect to the Scheme.

Key terms of the Scheme Implementation Agreement are summarised below.

(b) Conditions Precedent (clause 3)

The Conditions Precedent are summarised in Section 3.4 and set out in full in clause 3.1 of the Scheme Implementation Agreement.

(c) Altium Board recommendation (clause 6)

The Scheme Implementation Agreement requires Altium to use best endeavours to procure that none of the Altium Directors withdraws, or changes their recommendation to Altium Shareholders to vote in favour of the Scheme or their intention to vote all Altium Shares held or controlled by them in favour of the Scheme unless:

(i) either:

- (A) there is a Competing Transaction which emerges and the Altium Board determines that the Competing Transaction constitutes a Superior Proposal. The Competing Transaction cannot arise as a result of breach of the exclusivity provisions (see Section 8.11(d) below) and Renesas must have exhausted their matching rights (see Section 8.11(d)(v) below); or
- (B) the Independent Expert concludes that the Scheme is not in the best interests of Altium Shareholders, or adversely changes its previously given opinion that the Scheme is in the best interests of Altium Shareholders; and

(ii) the Altium Board determines in good faith having received expert advice in writing from its legal advisers that they must do so because of their fiduciary or statutory duties to Altium Shareholders.

(d) Exclusivity (clause 9)

The Scheme Implementation Agreement contains certain customary exclusivity provisions which apply during the Exclusivity Period in favour of Renesas summarised as follows:

(i) No shop: Altium must not, and must ensure that its representatives do not:

- (A) solicit, invite, encourage or initiate any enquiries, negotiations or discussions; or
- (B) communicate any intention to do any of these things,

regarding a Competing Transaction, or that may be reasonably expected to lead to a Competing Transaction, including with a view to obtaining any inquiry, offer, proposal or expression of interest from any person in relation to a Competing Transaction.

(ii) **No talk:** Subject to a fiduciary exception on market standard terms, Altium must not, and must ensure that its representatives do not negotiate or enter into or participate in negotiations, discussions or other communications with any person regarding a Competing Transaction or any inquiry, offer, proposal or expression of interest agreement, understanding or arrangement that may be reasonably expected to lead to a Competing Transaction, even if that Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by Altium.

(iii) **No due diligence:** Subject to a fiduciary exception on market standard terms, Altium must not, and must ensure that its representatives do not:

- (A) provide to any person other than Renesas or its representatives any non-public information relating to the business or affairs of any member of the Altium Group; or
- (B) otherwise facilitate or permit any person other than Renesas or its representatives to undertake due diligence investigations relating to the business or affairs of any member of the Altium Group,

in connection with the person formulating, developing, finalising or assisting in the formulation, development or finalisation of a Competing Transaction, or any agreement, understanding or arrangement relating to a Competing Transaction, or that could be reasonably expected to lead to a Competing Transaction, even if that Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by Altium.

If Altium proposes that any non-public information be provided to a person in connection with a Competing Transaction which would have been prohibited under the due diligence restriction but for the fiduciary exception, Altium must:

- (A) not provide any information to the person until the person is bound by a confidentiality agreement in favour of Altium which imposes obligations that are no less onerous in any respect to the obligations imposed on Renesas under the confidentiality agreement between Altium and Renesas; and
- (B) promptly provide to Renesas any non-public information provided to that person that has not already been provided to Renesas.

(iv) **Notice of approach:** Altium must notify Renesas within 24 hours if it or any of its representatives receives any Competing Transaction or is approached to engage in any activity prohibited by the exclusivity provisions in the Scheme Implementation Agreement or determines that the fiduciary exception applies in respect of a Competing Transaction. The notice must disclose the identity of the person who made the proposal and the material terms and conditions of the Competing Transaction.

(v) **Matching right:** Altium:

- (A) must not accept or enter into, and must ensure no other member of the Altium Group accepts or enters into, any agreement, arrangement or understanding where a third party, Altium or both proposes to undertake or give effect to a Competing Transaction, or pay any amount or incur any liability if such an agreement, arrangement or understanding is not entered into or a Competing Transaction is not recommended by some or all of the Altium Board (noting this restriction does not apply with respect to a confidentiality agreement entered into in accordance with the terms of the Scheme Implementation Agreement); and
- (B) must use its best endeavours to procure that none of the Altium Directors withdraws or change their recommendation to Altium Shareholders to vote in favour of the Scheme or their intention to vote all Altium Shares held or controlled by them in favour of the Scheme, or publicly recommends, supports or endorses the Competing Transaction.

These two obligations do not apply if:

- (A) the Altium Board acting in good faith in order to satisfy what the Altium Board considers to be its statutory or fiduciary duties (having written advice from external legal advisers) determines that the Competing Transaction is a Superior Proposal;
- (B) Altium has provided Renesas with the identity of the third party making the Competing Transaction and the material terms and conditions of the Competing Transaction;
- (C) Altium has notified Renesas that it has made the determinations set out in (A) above in relation to the Competing Transaction and provided an explanation as to why the Altium Board considers that the Competing Transaction is a Superior Proposal;
- (D) Altium has given Renesas at least 4 Business Days after the date the information is provided under (B) and (C) above to provide a counterproposal; and
- (E) either (1) Renesas has not announced or provided a counterproposal within 4 Business Days after the date the information is provided under (B) and (C) above, or (2) Renesas has announced or provided a counterproposal within the 4 Business Days and the Altium Board has determined in good faith that the counterproposal does not provide an outcome for Altium Shareholders which is equally as favourable to, or more favourable to Altium Shareholders as a whole than the relevant Competing Transaction.

If Renesas provides a counterproposal within 4 Business Days after the date the information is provided under (B) and (C) above, the Altium Board must consider the counterproposal in good faith and if the Altium Board, acting in good faith and after having consulted Altium's advisers determines that the counterproposal would provide an outcome which is equally as favourable to, or more favourable to Altium Shareholders as a whole compared with the Competing Transaction, then:

- (A) Altium and Renesas must use their best endeavours to amend the relevant Scheme documents to reflect and implement the counterproposal as soon as reasonably practicable; and
- (B) Altium must use its best endeavours to procure that each Altium Director continues to recommend the Scheme as modified by the counterproposal to Altium Shareholders.

(e) Altium Break Fee (clause 10)

Altium has agreed to pay Renesas \$91,300,000 (inclusive of any applicable GST) (**Altium Break Fee**) if the Scheme does not become Effective and any of the following circumstances occur:

(i) (Change of Recommendation and Voting Intention) during the Exclusivity Period:

- (A) any Altium Director fails to make, or makes and then withdraws or adversely changes their recommendation to Altium Shareholders to vote in favour of the Scheme or their intention to vote all Altium Shares held or controlled by them in favour of the Scheme, or otherwise makes a public statement indicating that they no longer recommend, support or endorse the Scheme;
- (B) any Altium Director publicly recommends, supports or endorses a Competing Transaction; or
- (C) any member of the Altium Group accepts or enters into any agreement, arrangement or understanding to give effect to or implement a Competing Transaction or to pay any amount or incur any liability if such an agreement, arrangement or understanding is not entered into or a Competing Transaction is not recommended by some or all of the Altium Board.

Any of the above three circumstances will not trigger payment of the Altium Break Fee where:

- (A) the Independent Expert concludes in the Independent Expert's Report that the Scheme is not in the best interests of Altium Shareholders (other than where the reason for that opinion is a Competing Transaction); or
- (B) Altium has a right to terminate the Scheme Implementation Agreement for Renesas' material breach of the Scheme Implementation Agreement and Altium has given notice terminating the Scheme Implementation Agreement to Renesas on that basis.

(ii) (Competing Transaction) a Competing Transaction is announced during the Exclusivity Period and, within 12 months of this announcement the Competing Transaction results in a person (other than a member of the Renesas Group):

- (A) completing in all material respects a transaction of the kind referred to in items (b), (c) or (d) of the definition of Competing Transaction; or
- (B) acquiring a Relevant Interest in more than 50% of Altium Shares or Voting Power of more than 50% in Altium.

(iii) (Altium material breach of SIA) Renesas has a right to terminate the Scheme Implementation Agreement due to Altium's material breach of the Scheme Implementation Agreement and has given notice to Altium terminating the Scheme Implementation Agreement.

(f) Renesas Break Fee (clause 11)

Renesas has agreed to pay Altium \$410,800,000 (inclusive of any applicable GST) (**Renesas Break Fee**) if the Scheme does not become Effective and any of the following circumstances occur:

- (i) **(Failure to satisfy Conditions Precedent)** the Scheme does not proceed because the Scheme Implementation Agreement is terminated due to a breach or non-fulfilment of certain Conditions Precedent as specified in clause 11.2(a) of the Scheme Implementation Agreement, except where a breach of the Scheme Implementation Agreement by Altium is a material cause of the breach or non-fulfilment of the relevant Conditions Precedent.
- (ii) **(Renesas material breach of SIA)** Altium has a right to terminate the Scheme Implementation Agreement due to Renesas' material breach of the Scheme Implementation Agreement and has given notice to Renesas terminating the Scheme Implementation Agreement.
- (iii) **(Non-payment of Scheme Consideration)** Renesas does not pay the aggregate Scheme Consideration in accordance with the terms and conditions of the Scheme Implementation Agreement, the Scheme and the Deed Poll and Altium validly terminates the Scheme Implementation Agreement as a result.

(g) Termination Events (clause 13)

The Scheme Implementation Agreement may be terminated:

- (i) **(lack of support)** by Altium at any time prior to 8.00am on the Second Court Date if the Altium Board adversely changes or withdraws their recommendation to Altium Shareholders to vote in favour of the Scheme provided that the Altium Break Fee has been paid to the extent required and the change or withdrawal is permitted by clause 6.2 of the Scheme Implementation Agreement;
- (ii) **(material breach)** by either Renesas or Altium at any time prior to 8.00am on the Second Court Date if the other is in material breach of the Scheme Implementation Agreement which is not remedied within a specified period;
- (iii) **(change of recommendation or voting intention or Competing Transaction)** by Renesas at any time prior to 8.00am on the Second Court Date if:
 - (A) any Altium Director fails to make, or makes and then withdraws or adversely changes their recommendation to Altium Shareholders to vote in favour of the Scheme or their intention to vote the Altium Shares held or controlled by them in favour of the Scheme;
 - (B) any Altium Director publicly recommends, supports or endorses a Competing Transaction, or otherwise makes a public statement indicating that they no longer recommend, support or endorse the Scheme; or
 - (C) any member of the Altium Group accepts or enters into any agreement, arrangement or understanding to give effect to or implement a Competing Transaction or to pay any amount or incur any liability if such an agreement, arrangement or understanding is not entered into or a Competing Transaction is not recommended by some or all of the Altium Board;
- (iv) **(consultation or appeal failure)** by either Altium or Renesas:
 - (A) if there is a breach or non-fulfilment of a Condition Precedent which is not waived and if Altium and Renesas cannot reach agreement as to an alternative way forward after consulting in good faith; or
 - (B) the Court refuses to make orders convening the Scheme Meeting or approving the Scheme, and the parties agree not to appeal the Court's decision (or senior counsel of the New South Wales bar advises that an appeal would have no reasonable prospects of success); or
- (v) **(agreement)** if agreed to in writing by Renesas and Altium.

(h) Representations and Warranties

The Scheme Implementation Agreement contains customary representations and warranties given by the parties to each other. These representations are set out in clauses 6.1, 9.1 and 12.1 (in the case of Altium) and 12.3 (in the case of Renesas) of the Scheme Implementation Agreement.

(i) Renesas may elect a nominee (clause 4.7)

Under the Scheme Implementation Agreement, Renesas may nominate any wholly owned Subsidiary of Renesas to acquire the Altium Shares under the Scheme. Renesas has nominated Renesas Bidco to acquire the Altium Shares under the Scheme.

8.12 Regulatory

All regulatory approvals that are Conditions Precedent to the Scheme are set out in clause 3.1 of the Scheme Implementation Agreement.

8.13 Deed Poll

Renesas and Renesas Bidco have entered into the Deed Poll in favour of the Scheme Participants under which, subject to the Scheme becoming Effective:

- (a) each of Renesas and Renesas Bidco have agreed to be bound by the terms of the Scheme as if it were a party to the Scheme and undertaken to perform all obligations and other actions, including those obligations and actions which relate to the payment of the Scheme Consideration, and give each acknowledgement, representation and warranty (if any) attributed to it under the Scheme, subject to and in accordance with the terms of the Scheme; and
- (b) each of Renesas and Renesas Bidco has undertaken to pay or procure the payment of the Scheme Consideration into the Trust Account, on behalf of each Scheme Participant, in accordance with the Scheme.

The Deed Poll may be relied upon and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it. Under the Scheme, each Scheme Participant irrevocably appoints Altium and each of its Directors, officers and secretaries (jointly and each of them individually) as its agent and attorney to enforce the Deed Poll against Renesas and Renesas Bidco.

8.14 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, so far as your Directors are aware, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Altium Director or any director of a Related Body Corporate of Altium which has not previously been disclosed to Altium Shareholders.

8.15 No unacceptable circumstances

The Altium Directors believe that, as at the Last Practicable Date, the Scheme does not involve any circumstances in relation to the affairs of Altium that could reasonably be characterised as constituting “unacceptable circumstances” for the purposes of section 657A of the Corporations Act.

8.16 Supplementary information

Altium will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date:

- (a) a material statement in this Scheme Booklet is false or misleading in a material respect;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet has occurred; or
- (d) a significant new matter that has arisen which would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances, and subject to compliance with any relevant laws and/or obtaining any relevant approvals, Altium may circulate and publish any supplementary document by:

- (a) making an announcement to the ASX;
 - (b) placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
 - (c) sending the supplementary document to Altium Shareholders; and/or
 - (d) posting a statement on the Altium website (<https://www.altium.com>),
- as Altium, in its absolute discretion, considers appropriate.

9. Glossary

The following is a glossary of certain terms used in this Scheme Booklet.

Altium or Company	Altium Limited (ACN 009 568 772).
Altium Board	the board of directors of Altium.
Altium Break Fee	has the meaning given in Section 8.11(e) of this Scheme Booklet.
Altium Constitution	the constitution of Altium.
Altium Directors or Directors	the directors of Altium.
Altium Employee Share Right	a performance right issued under the long-term incentive plans operated by Altium.
Altium FY23 Annual Report	the annual report for the year ended 30 June 2023 issued by Altium.
Altium Group	Altium and its Subsidiaries.
Altium Group Member	any member of the Altium Group.
Altium Information	the information in this Scheme Booklet (or any amendment or supplement), other than: (a) the Renesas Information; and (b) the Independent Expert's Report (or references to the Independent Expert's analysis or conclusions).
Altium Prescribed Event	has the meaning given in the Scheme Implementation Agreement.
Altium Share	a fully paid ordinary share in the capital of Altium.
Altium Share Registry	Computershare Investor Services Pty Limited (ACN 078 279 277).
Altium Shareholder or Shareholder	each person registered in the Register as a holder of Altium Shares.
Approved Dividends	any ordinary interim or final dividends paid by Altium in accordance with the Scheme Implementation Agreement in respect of any financial period ending after 30 June 2024 or any special dividend paid by Altium in accordance with the Scheme Implementation Agreement.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in subsection 12(2) of the Corporations Act.
ASX	ASX Limited (ACN 008 624 691) or the market operated by it, as the context requires.
ATO	Australian Taxation Office.
Business Day	a business day as defined in the Listing Rules.
Cash Replacement Award Formula	has the meaning given in Section 8.3(c).
CFIUS	the Committee on Foreign Investment in the United States and each member agency thereof, acting in this capacity.
CFIUS Approval	has the meaning given in the Scheme Implementation Agreement.
CGT	Capital Gains Tax.
CHES	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ACN 008 504 532) and ASX Clear Pty Limited (ACN 001 314 503).

Competing Transaction	<p>any actual, proposed or potential offer, proposal, agreement, transaction or arrangement (whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, joint venture or otherwise) which, if completed, would mean a person (other than Renesas or its Related Bodies Corporate) whether alone or together with its Associates would:</p> <p>(a) directly or indirectly, acquire an interest or Relevant Interest in or have a right to acquire a legal, beneficial or economic interest in, or control of, become the holder of 20% or more of the Altium Shares or Voting Power of 20% or more in Altium;</p> <p>(b) directly or indirectly acquire control of Altium, or any other member of the Altium Group, within the meaning of section 50AA of the Corporations Act, or acquire or merge with Altium or any member of the Altium Group;</p> <p>(c) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in all or a substantial part or a material part of the assets of or business conducted by the Altium Group; or</p> <p>(d) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with Altium or require or cause Altium to abandon or not proceed with the Scheme.</p>
Conditions Precedent	the conditions precedent in clause 3.1 of the Scheme Implementation Agreement, a summary of which are set out in Section 3.4.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Supreme Court of New South Wales.
Debt Commitment Letter	has the meaning given in Section 5.5.
Debt Facilities	has the meaning given in Section 5.5.
Deed Poll	the deed poll dated 4 June 2024 executed by Renesas and Renesas Bidco under which Renesas and Renesas Bidco covenants to carry out its obligations under the Scheme.
Effective	the coming into effect, pursuant to subsection 411(10) of the Corporations Act, of the order of the Court made under subsection 411(4)(b) of the Corporations Act in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.
Effective Date	the date on which the Scheme becomes Effective, currently expected to be 19 July 2024.
Encumbrance	any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any “security interest” as defined in subsections 12(1) or 12(2) of the <i>Personal Property Securities Act 2009</i> (Cth) or any agreement to create any of them or allow them to exist.
Enterprise Value or EV	market capitalisation net of cash and cash equivalents.
Exclusivity Period	the period from 15 February 2024 until the termination of the Scheme Implementation Agreement in accordance with its terms.
FIRB	the Foreign Investment Review Board.
FIRB Act	the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).
German Ministry	the German Ministry for Economic Affairs and Climate Action.
GST	Goods and Services Tax.
HSR Act	the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules promulgated thereunder.
Implementation Date	the fifth Business Day, or other Business Day as Altium and Renesas agree in writing, following the Record Date, currently expected to be 1 August 2024.
Independent Expert	Kroll Australia Pty Ltd (ACN 116 738 535), being the independent expert in respect of the Scheme appointed by Altium.

IoT	Internet-of-Things.
Independent Expert's Report	the report issued by the Independent Expert in connection with the Scheme, as set out in Annexure A.
J.P. Morgan	J.P. Morgan Securities Australia Limited (ACN 003 245 234)
Lapsed Incentive	has the meaning given in Section 8.3(c).
Lapsed LTI Cash Awards	has the meaning given in Section 8.3(c).
Last Practicable Date	30 May 2024.
Lenders	has the meaning given in Section 5.5.
Listing Rules	the Listing Rules of ASX.
Longstop Date	31 December 2024, subject to any extension in accordance with the Scheme Implementation Agreement.
LTI	has the meaning given in Section 8.3(c).
LTI Cash Awards	has the meaning given in Section 8.3(c).
Material Adverse Effect	has the meaning given in the Scheme Implementation Agreement.
Notice of Scheme Meeting	the notice of scheme meeting set out in Annexure D.
PCB	printed circuit board.
Record Date	7.00pm (Sydney time) on the ninth Business Day after the Effective Date, or another date as Altium and Renesas agree in writing, currently expected to be 25 July 2024.
Register	the register of members maintained by Altium in accordance with subsection 168(1) of the Corporations Act.
Regulatory Authority	includes a governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity, or any other regulatory organisation established under statute and ASX.
Related Body Corporate	has the meaning given in the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Renesas	Renesas Electronics Corporation (Company Number: 020001075710) of Toyosu Foresia, 3-2-24 Toyosu, Koto-ku, Tokyo 135-0061 Japan.
Renesas Bidco	Renesas Electronics NSW Pty Ltd (ACN 676 810 156).
Renesas Break Fee	has the meaning given in Section 8.11(f) of this Scheme Booklet.
Renesas Common Stock	has the meaning given in Section 8.3(c).
Renesas Group	Renesas and its Subsidiaries.
Renesas Information	<p>the information regarding the Renesas Group and the intentions of the Renesas Group if the Scheme is implemented provided by or on behalf of Renesas for inclusion in this Scheme Booklet being the information in the sections or parts of those sections described below:</p> <ul style="list-style-type: none"> (a) the entire content of Section 5, including relevant definitions used in that section; (b) the answer to the questions 'Who is Renesas and Renesas Bidco?', 'Why does Renesas wish to implement the Scheme?', 'What are the intentions of Renesas and Renesas Bidco regarding Altium?' and 'How is Renesas funding the Scheme Consideration' in Section 2; and (c) any other information that Altium and Renesas agree is Renesas Information and that is identified in this Scheme Booklet as such. <p>For the avoidance of doubt, the Renesas Information excludes the Altium Information and the Independent Expert's Report.</p>

Renesas PSU	has the meaning given in Section 8.3(c).
Renesas Restricted Stock Unit or Renesas RSU	has the meaning given in Section 8.3(c).
Replacement Award Formula	has the meaning given in Section 8.3(c).
Requisite Majority	<p>in relation to the resolution to be put to Altium Shareholders at the Scheme Meeting:</p> <ul style="list-style-type: none"> ▪ a majority in number (more than 50%) of Altium Shareholders who are present and voting either in person, or by proxy, attorney, or in the case of corporate shareholders, by corporate representative (Headcount Test)²¹; and ▪ at least 75% of the total number of votes cast on the resolution to approve the Scheme by Altium Shareholders who are present and voting either in person, or by proxy, attorney, or in the case of corporate shareholders, by corporate representative.
Retention Renesas RSUs	has the meaning given in Section 8.3(d).
Scheme	the scheme of arrangement between Altium and the Scheme Participants as described in clause 4 of the Scheme Implementation Agreement and set out in Annexure B.
Scheme Booklet	this booklet.
Scheme Consideration	in respect of each Scheme Share, A\$68.50 cash less the amount of any Approved Dividends that may be paid by Altium on or before the Implementation Date.
Scheme Implementation Agreement or SIA	means the scheme implementation agreement dated 15 February 2024 between Altium and Renesas relating to the implementation of the Scheme.
Scheme Meeting	the meeting to be convened by the Court at which Altium Shareholders will vote on the Scheme.
Scheme Participant	each person who is an Altium Shareholder as at the Record Date.
Scheme Share	an Altium Share on issue as at the Record Date (and for the avoidance of doubt, includes any Altium Shares issued on or before the Record Date).
Second Court Date	the day on which the Court makes an order pursuant to subsection 411(4)(b) of the Corporations Act approving the Scheme, currently expected to be 18 July 2024.
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to subsections 411(4)(b) and 411(6) of the Corporations Act approving the Scheme.
Subsidiary	<p>of an entity means another entity which:</p> <ul style="list-style-type: none"> (a) is a subsidiary of the first entity within the meaning of the Corporations Act; and (b) is part of a consolidated entity constituted by the first entity and the entities it is required to include in the consolidated financial statements it prepares or would be, if the first entity was required to prepare consolidated financial statements. <p>A trust may be a subsidiary (and an entity may be a subsidiary of a trust) if it would have been a subsidiary under this definition if that trust were a body corporate. For these purposes, a unit or other beneficial interest in a trust is to be regarded as a share.</p>
Superior Proposal	<p>a genuine Competing Transaction which the Altium Board, acting in good faith, and after taking advice from its legal and financial advisers who are experienced in advising on Australian public market M&A transactions, determines is:</p> <ul style="list-style-type: none"> (a) reasonably capable of being completed; and (b) of a higher financial value and is more favourable to Altium Shareholders as a whole than the Scheme, <p>taking into account all aspects of the Competing Transaction, including its terms and conditions, the identity, reputation and financial condition of the person making the proposal and all relevant legal, regulatory and financial matters.</p>
SoC	System-on-a-Chip.

²¹ The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting. Altium reserves the right to apply to the Court at the Second Court Hearing to approve the Scheme even if the Headcount Test is not satisfied.

STI	has the meaning given in Section 8.3(c).
Transaction	the acquisition of the Scheme Shares by Renesas Bidco through implementation of the Scheme in accordance with the terms of the Scheme Implementation Agreement.
Treasurer	the Treasurer of Australia.
Trust Account	the trust account operated by or on behalf of Altium to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with the Scheme.
Type 1 LTI Cash Awards	has the meaning given in Section 8.3(c).
Type 2 LTI Cash Awards	has the meaning given in Section 8.3(c).
Underlying EBITDA	earnings before interest, tax, depreciation and amortisation adjusted for one-off items not expected to reoccur in the normal operating cycle and/or items identified by management and reported to the Altium Board as not representing the underlying performance of the business.
Voting Power	has the meaning given in section 610 of the Corporations Act.
VWAP	volume weighted average price.

Interpretation

Headings and labels used for definitions are for convenience only and do not affect the interpretation of this Scheme Booklet. Unless the contrary intention appears, in this Scheme Booklet (other than the Annexures):

- (a) except as otherwise provided, all words and phrases used have the meaning (if any) given to them in the Corporations Act;
- (b) words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. A reference to a person includes a reference to a corporation;
- (c) all dates and times are Sydney, Australia dates and times;
- (d) a reference to dollars, \$, A\$, cents and ¢ is to Australian currency;
- (e) a reference to JP¥ is to Japanese currency; and
- (f) a reference to a section or Annexure is to a section in or Annexure to this Scheme Booklet.

Annexure A - Independent Expert's Report

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The Directors
Altium Limited
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5 June 2024

Dear Directors

Part One – Independent Expert's Report

1 Introduction

On 15 February 2024, Altium Limited (**Altium** or the **Company**) announced that it had entered into a Scheme Implementation Agreement with Renesas Electronics Corporation (**Renesas**), under which a wholly owned indirect subsidiary of Renesas, Renesas Electronics NSW Pty Ltd (ACN 676 810 156) (**Renesas Bidco**), will acquire all of the issued shares in Altium (**Altium Shares**) by way of a scheme of arrangement (**Scheme**) for cash consideration of A\$68.50 per Altium Share (the **Scheme Consideration**) reduced by the value of any future Approved Dividend declared or paid.

Implementation of the Scheme remains subject to satisfaction or waiver of a number of conditions precedent. Regulatory conditions not yet satisfied as at the date of this report include approval by Australia's Foreign Investment Review Board (**FIRB**) and the Committee on Foreign Investment in the United States (**CFIUS**).

Altium is a multinational software company headquartered in San Diego, California, that makes software for engineers to design the layout of printed circuit boards (**PCBs**) and operates and maintains a cloud platform on which software engineers of multiple disciplines can collaborate for the design and development of PCBs. It has an international network of operating and sales centres that support globally diversified earnings from a customer base in excess of 61,000 subscribers and 30,000 companies across the Americas, Europe, Middle East and Africa (**EMEA**), Emerging Markets, and Asia Pacific (**APAC**). Altium's products are used by customers across a range of industries with a diversity of applications, from leading electronic design teams to the grassroots electronic design community. Altium is listed on the Australian Securities Exchange (**ASX**) and as at market close on 14 February 2024, the last trading day prior to the announcement of the Scheme, Altium had a market capitalisation of A\$6.8 billion.¹

Renesas is a global semiconductor company that designs, develops, manufactures, markets, and distributes a broad range of semiconductor products and solutions with a focus on the automotive, industrial, infrastructure, and internet of things (**IoT**) sectors. With an extensive portfolio of microcontrollers, analogue, power, and system-on-chip (**SoC**) products, Renesas delivers complete semiconductor solutions that enable billions of connected, intelligent devices that enhance the way people work and live. Headquartered in Tokyo, Japan it is listed on the Tokyo Stock Exchange (TSE: 6723) and as at the Last

¹ Calculated as the closing price of Altium Shares on 14 February 2024 of A\$51.26 multiplied by 132,975,521 fully diluted Altium Shares, comprised of 131,926,838 ordinary shares and 1,048,683 performance rights on issue.

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Practicable Date, had a market capitalisation of approximately Japanese Yen (JP¥) 5,446 billion (equivalent to approximately A\$52.5 billion).²

The Scheme is subject to approval by Altium Shareholders at a meeting (the **Scheme Meeting**) expected to be held at 9:00am on Friday, 12 July 2024. Altium Shareholders registered at 7:00pm on Wednesday, 10 July 2024 will be entitled to vote on the resolution to approve the Scheme (**Scheme Resolution**). For the Scheme to proceed, the Scheme Resolution must be approved by at least 75% of the total number of votes cast by eligible Altium Shareholders (in person, or by proxy, attorney, or corporate representative) and more than 50% of all eligible Altium Shareholders present and voting (in person, or by proxy, attorney, or in the case of a body corporate which is an Altium Shareholder, by corporate representative) at the Scheme Meeting.

In order to assist Altium Shareholders in assessing the Scheme and informing their vote on the Scheme Resolution, the Directors of Altium (**Altium Directors**) have appointed Kroll Australia Pty Ltd (**Kroll**) to prepare an independent expert's report setting out whether, in our opinion, the Scheme is in the best interests of Altium Shareholders, in the absence of a superior proposal.

This report sets out Kroll's opinion as to whether the Scheme is in the best interests of Altium Shareholders and will be included in the Scheme Booklet issued by Altium in respect of the Scheme.

Further information regarding Kroll, as it pertains to the preparation of this report, is set out in Appendix 1 of this report.

Kroll's Financial Services Guide is contained in Part Two of this report.

2 Scope of report

The transaction involves a scheme of arrangement under Section 411 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and requires approval of Altium Shareholders. Section 412(1) of the *Corporations Act* requires, among other requirements, that an explanatory statement issued in relation to a proposed members' scheme of arrangement, includes information that is material to the making of a decision by a member as to whether or not to agree to the Scheme Resolution.

Even where an independent expert's report is not strictly required by the law or the Australian Securities and Investments Commission (**ASIC**) policy, it is not uncommon for the directors of a company to commission one to ensure that they are providing the information that is material to the making of a decision by a member. As set out in the Scheme Implementation Agreement, a condition precedent to the Scheme becoming Effective⁴ is the Independent Expert³ concluding and continuing to conclude that the Scheme is in the best interests of Altium Shareholders. In undertaking our work, we have referred to guidance provided by ASIC in its Regulatory Guides, in particular Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an independent expert's report to consider and Regulatory Guide 112 'Independence of experts'.

Kroll confirms that it has complied with the Harmonised Expert Witness Code of Conduct in the preparation of this report.

Further details of the relevant technical requirements and the basis of assessment in forming our opinion are set out in Sections 6.1 and 6.2 of this report.

3 Opinion

3.1 Background

Altium is a multinational PCB software design company that has an international network of operating and sales centres that support globally diversified earnings from a customer base in excess of 61,000

² Calculated as the closing price of Renesas Shares on Last Practicable Date of JP¥ 2,912 multiplied by 1,870,614,885 Renesas Shares outstanding. The approximate A\$ figure was calculated using an exchange rate of A\$1 = 103.712 JP¥.

³ As defined in the Scheme Implementation Agreement.



subscribers and 30,000 companies, with its products and solutions used by customers across a range of industries with a diversity of applications, from leading electronic design teams to the grassroots electronic design community.

Over the last decade, Altium has grown to dominate the mid-market segment in PCB design software through its flagship product, Altium Designer, with which it held an approximate 40% market share in 2023.⁴ As at 31 December 2023, Altium's user base had grown to 62,768 seats on subscription, which represented a five-year compound average growth rate (**CAGR**) in users of 9.9%.⁵ As a result of this continued growth in users and Altium's strong operating leverage, between FY19 and FY23 revenues have grown at a CAGR of 14.7%, while Underlying EBITDA⁶ has grown at a CAGR of 15.7% with Underlying EBITDA margins sustained between 34.3% and 36.7% over the period.⁷

Of particular strategic importance over this period has been the successful transition of Altium's business model to target enterprise customers and increase the percentage of licenses structured as term-based rather than perpetual licenses. Higher-value users (i.e. those on professional and enterprise tier licenses), grew at a CAGR of 216.4% (albeit off a low base) between FY19 and FY23, while the percentage of new Altium Designer sales that are structured as term-based licenses increased from just 5% to 48% over the same period. These successes have driven an increase in recurring revenues, which now represent 77% of total revenues, and an increase in Average Subscription Seat Value (**ASSV**),⁸ which has increased from \$1,527 in FY19 to \$2,408 in FY23, at a CAGR of 12.1%. Altium's Cloud Platform operating segment has also seen significant improvements, with revenue growing from \$18.5 million in FY19 to \$60.3 million in FY23, at a CAGR of 34.4%. User adoption of Altium's cloud platform, Altium 365, has accelerated, with 46,312 Monthly Active Users (**MAUs**) in February 2024 compared to just 9,389 in February 2021, while Octopart Offer Clicks⁹ have more than doubled over the same period.

In recognition of the successful execution of its strategic path in recent years, which has resulted in material improvements in operating and financial performance since its inception, Altium's share price has grown from A\$21.61 on 2 January 2019 to a pre-announcement all-time high closing share price of A\$52.34 per share on 12 February 2024, an increase of 142.2%.

As the proliferation of electronics perpetuates, and demand for connected electronic devices continues to surge, Altium's products and solutions are expected to play an increasingly important role in the enablement of electronics megatrends such as IoT and AI. These trends are expected to lead to an acceleration in innovation across various industries including automotive, communication networks, military and aerospace, consumer electronics. It is in the context of these industry trends and associated transformational opportunities that Altium has set its FY26 targets of \$500 million in revenue, Underlying EBITDA margins¹⁰ of 38% to 40%, and 100,000 software seats on subscription.

However, the achievement of these targets is not certain, and while there is a conceivable path of strong growth beyond these targets it is not without risk. In particular, we note that the PCB design software industry in which Altium operates is highly competitive, comprised of a number of large and distinctly capable peers who may decide to compete more aggressively through price discounting or technological superiority. In addition, there are risks inherent in any software business, including rapid or disruptive

⁴ Altium Investor Day and Annual General Meeting Presentation, 16 November 2023.

⁵ Source: Altium 1H24 and 1H19 Financial Results Investor Presentations. Calculated from 39,179 'Subscribers' as at 31 December 2018.

⁶ Underlying EBITDA is earnings before interest, tax, depreciation and amortisation (**EBITDA**) adjusted for one-off items not expected to reoccur in the normal operating cycle and/or items identified by management and reported to the Altium Board as not representing the underlying performance of the business. Refer to Section 8.4.1 of this report for further discussion of Underlying EBITDA.

⁷ Altium FY19 to FY23 Financial Results Investor Presentations.

⁸ ASSV is calculated as ARR divided by total number of active seats on subscription. ASSV replaced Average Recurring Revenue Per User (**ARRPU**) in FY23 to utilise more granular data at the individual contract level. Historical data has been presented on a basis consistent with the FY23 methodology.

⁹ An Offer Click refers to when a visitor to Octopart's search engine clicks through to an electronic distributor's website, for which Octopart receives a small fee from the distributor.

¹⁰ Calculated as Underlying EBITDA divided by revenue.

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technological advancements that render software obsolete, or reputational risks arising from cyber security, customer data protection or software reliability issues.

The Scheme Consideration of A\$68.50 per Altium Share represents a 33.6% premium to Altium's closing share price of A\$51.26 per share on 14 February 2024, being the last trading day prior the announcement of the Scheme, and a 30.8% premium to Altium's pre-announcement all-time high closing share price of A\$52.34 per share on 12 February 2024.

In evaluating the Scheme, we have considered benefits expected from Altium's organic growth and future expansion, as well as the risks and costs associated with achieving those benefits. Our assessment of the Scheme is also based on current market conditions and the inherent risks associated with a high growth technology company.

3.2 Summary of opinion

In our opinion the Scheme is in the best interests of Altium Shareholders, in the absence of a superior proposal.

In arriving at this opinion, we have assessed whether the Scheme is:

- **fair**, by comparing the Scheme Consideration to our assessed value of an Altium Share on a controlling interest basis. This approach is in accordance with the guidance set out in RG 111; and
- **reasonable**, by assessing the implications of the Scheme for Altium Shareholders, the likelihood of a superior proposal, and the consequences for Altium Shareholders of not approving the Scheme.

We have assessed the Scheme to be fair and reasonable. Consequently, consistent with RG 111, we have concluded that the Scheme is in the best interests of Altium Shareholders, in the absence of a superior proposal.

We have assessed the value of an Altium Share on a controlling interest basis to be in the range of A\$62.37 to A\$70.27. As the Scheme Consideration of A\$68.50 falls within our assessed value range for an Altium Share, we consider the Scheme to be fair.

In forming our view as to the value of Altium, we have considered a range of factors including Altium's plans and opportunities for growth and expansion across its business, PCB and PCB software design industry dynamics, and the risks inherent in technology businesses. As required by RG 111, we have also considered the synergies available to a pool of potential acquirers.

Our analysis of the fairness of the Scheme is detailed further in Section 3.3 of this report.

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Scheme to be fair, it is also reasonable. Regardless of this requirement, we have considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme, including:

- the Scheme Consideration represents a substantial premium to trading prices of Altium Shares up until close on 14 February 2024, the last trading day prior to the announcement of the Scheme (**undisturbed trading prices**);
- the Scheme Consideration is in cash and provides certainty of the pre-tax amount that Altium Shareholders will receive;
- Altium Shareholders will not participate in any increases in the value of Altium, however, they will no longer be exposed to the risks facing the business;
- in the event that the Scheme is not approved, or any other conditions precedent prevent the Scheme from being implemented, Altium will continue to operate in its current form and its share price is likely to fall to levels consistent with the undisturbed trading price of Altium Shares, subject to the future financial performance of Altium in the subsequent period, industry developments, and the impact of broader trends in equity markets; and
- that no alternative bidder has emerged since the announcement of the Scheme.

Other matters which Altium Shareholders should consider in assessing the Scheme include:



- Altium will incur transaction costs if the Scheme does not proceed;
- the outstanding conditions precedent which, if not satisfied, (or, if applicable, waived) will result in the Scheme not being implemented; and
- the tax implications of the Scheme.

Our analysis of the reasonableness of the Scheme is detailed further in Section 3.4 of this report. The decision to approve the Scheme is a matter for individual Altium Shareholders based on their views as to value, expectations about future market conditions and their particular circumstances, including investment strategy and portfolio, risk profile and tax position. If in doubt, Altium Shareholders should consult their own professional adviser regarding the action they should take in relation to the Scheme.

3.3 The Scheme is fair

3.3.1 Valuation of Altium

Kroll has assessed the value of the equity of Altium to be in the range of US\$5,521.0 million to US\$6,221.0 million, which is equivalent to a range of value of A\$62.37 to A\$70.27 per Altium Share on a fully diluted basis. Our range of assessed values reflects 100% ownership of Altium and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Altium Shares would trade on the ASX in the absence of the Scheme.

The value of Altium's equity in US dollars has been determined by estimating the fair value of Altium's operating business, together with consideration of any surplus assets and liabilities, and adjusted net debt. The resulting US dollar value per share has been converted to Australian dollars at the spot exchange rate on 30 May 2024 of A\$1 = US\$0.665.

The valuation of Altium is summarised as follows.

Altium Valuation Summary (\$ millions)

	Section Reference	Valuation Range	
		Low	High
Value of Altium's operating business (100% control basis)	9.3	5,400.0	6,100.0
Surplus assets	9.4	3.4	3.4
Enterprise value (100% control basis)		5,403.4	6,103.4
Adjusted net cash (including leases)	9.5	117.6	117.6
Equity value to Altium Shareholders (100% control basis)		5,521.0	6,221.0
Fully diluted Altium Shares on issue (millions)	8.8	133.2	133.2
Equity value per Altium Share – diluted (control basis) (\$)		\$41.44	\$46.70
Exchange rate (A\$1 = US\$)		0.665	0.665
Equity value per Altium Share – diluted (control basis) (A\$)		A\$62.37	A\$70.27

Source: Kroll analysis.

In assessing a value range for Altium's operating business, Kroll has adopted a market approach as the primary methodology utilising multiples of EBITDA and revenue (refer to Section 9.3 of this report). This value has been cross-checked using a comparison to broker target prices (refer to Section 9.6.1 of this report).

Our assessed value range of A\$62.37 to A\$70.27 per Altium Share reflects a premium over the closing price of Altium Shares on 14 February 2024, the last trading day prior to the announcement of the Scheme, of between 21.7% and 37.1%, and a premium to the one-month volume weighted average price (VWAP) in the range of 26.2% to 42.2%. This premium likely reflects a combination of:

- that our valuation of Altium includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. The premium is in line with and above the premiums observed in completed transactions, which are broadly in the range of 25% to 40% depending on the individual

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circumstances¹¹ and overlaps the median premium paid in selected software transactions over the last eight years of 35.5%.¹² In this regard, we note that there are a number of potential strategic acquirers of Altium that could likely achieve material synergies, including the ability to integrate Altium's products into an existing portfolio of electronic design software allowing substantial rationalisation of operating costs, which might include a portion of sales and marketing costs, software development costs, corporate overhead costs, and public company costs; and

- that our valuation reflects the successful execution of the Flight Path strategic plan and achievement of FY26 targets, including revenue of approximately \$500 million and an Underlying EBITDA margin of 38% to 40% (the **FY26 Targets**) (refer to Section 8.2.1 of this report for further details on Altium's Flight Path strategic plan and FY26 Targets), whereas brokers and, potentially, the market, do not fully take this into account. However, it is not possible to quantify the extent to which the premiums reflect any uncertainty applied by the market, if at all.

In this regard, we note that the valuation of Altium is inherently uncertain given the significant growth forecast for the business. This uncertainty is demonstrated in the material difference between FY26 broker consensus forecasts and the FY26 Targets (refer to Section 9.3.2 of this report for further details). In this context, it is Kroll's view that while the potential upside of Altium's FY26 Targets may not be fully recognised by the broker community or market, and are therefore not fully included in FY24 to FY26 broker forecasts, the potential upside should be contemplated in our assessed value range for Altium's operating business. Accordingly, Kroll's assessed value range of Altium's operating business recognises the growth associated with Altium's FY26 Targets.

In forming our view as to the value of Altium Shares, we have considered a range of factors, including:

- synergies available to a pool of potential acquirers; there are a number of potential strategic acquirers of Altium that could likely achieve material synergies, including the ability to integrate Altium's products into an existing portfolio of electronic design software allowing substantial rationalisation of operating costs, which might include a portion of sales and marketing costs, software development costs, corporate overhead costs, and public company costs;
- Altium's significant user base, with Altium's flagship PCB design software product having over 60,000 commercial subscribers worldwide;
- the strength of Altium's brand in the PCB design software market, with a leading market share in the mid-market (i.e. small and medium sized businesses (**SMBs**)) of almost 40% in 2023;¹³
- the rapidly growing user base in the Enterprise segment, with Altium growing its share of Enterprise licenses from 1.9% of new Altium Designer Licenses sold in FY20 to 14.7% in 1H24, with significant further potential for growth as Altium's SMB customers outgrow the functionality of the Standard license;
- Altium's geographically diversified user base, with 40.8% of seats on subscription located in EMEA, 40.2% in the Americas, 10.3% in the rest of world and 8.7% in China;
- strong forecast annual revenue and EBITDA growth from FY23 to FY26 based on the broker consensus CAGR of 18.7% and 20.3% respectively, while anticipated revenue and EBITDA growth from FY23 to FY26 based on Altium's FY26 Targets is even stronger at a CAGR of 23.8% and 26.9% respectively;
- additional monetisation opportunities available via the conversion of historical perpetual license customers to term-based license subscribers. Moreover, Altium 365 is currently a free offering for customers. If Altium 365 is able to further grow adoption and use cases for the platform amongst

¹¹ 2023 FactSet Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%. Data includes publicly traded and privately owned companies where at least one of the parties is a U.S. entity. Includes all sector and industry classifications.

¹² Excludes outliers. Refer to Appendix 5 of this report.

¹³ Altium Investor Day and Annual General Meeting Presentation, 16 November 2023.

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electronics companies, the platform can become a significant revenue generating segment for Altium into the future; and

- the nature of the design software industry, with relatively high barriers to entry, determined by the complexity of PCB design and high development costs, system integration and high degree of customer stickiness. However, there are risks inherent in software businesses, including rapid or disruptive technological advancements that render software obsolete, or risks relating to cyber security and customer data protection.

3.3.2 Assessment of fairness

A comparison of our assessed value of an Altium Share on a control basis, to the Scheme Consideration is illustrated as follows.

Fairness Assessment



Source: Kroll analysis.

According to RG111, the Scheme should be considered fair if the consideration offered to Altium Shareholders is equal to or greater than our assessed value of an Altium Share. As the Scheme Consideration falls within our range of values for an Altium Share, the Scheme is fair. We consider the low end of the valuation range represents the relevant threshold for fairness. As such, any price above the low end of the range is fair and it is irrelevant where in the range the Scheme Consideration falls.

Our assessment of fairness is based on the spot exchange rate on 30 May 2024 of A\$1 = US\$0.665. We note that our assessed value range per Altium Share will vary with fluctuations in the A\$/US\$ exchange rate. Accordingly, Kroll has conducted a sensitivity of the equity value of Altium to changes in the A\$/US\$ exchange rate. The table following illustrates this sensitivity, with the range of assessed exchange rates varying from 0.63, the lowest observed exchange rate over the last 12 months, to 0.69, the highest observed exchange rate over the last 12 months.

Equity Value per Altium Share Exchange Rate Sensitivity Analysis (A\$1 = \$US)

	0.63	0.64	0.65	0.66	0.665	0.67	0.68	0.69
Low	\$65.78	\$64.76	\$63.76	\$62.79	\$62.37	\$61.86	\$60.95	\$60.06
High	\$74.13	\$72.97	\$71.84	\$70.76	\$70.27	\$69.70	\$68.68	\$67.68

Source: Kroll analysis.

At all exchange rates shown, our opinion on the fairness of the Scheme Consideration would not change. The A\$/US\$ exchange rate would have to fall to approximately \$0.60 for the Scheme Consideration to be assessed as not fair, an exchange rate not seen since it traded there briefly in March 2020 when the exchange rate fell sharply as a result of the onset of the COVID-19 pandemic.

3.4 The Scheme is reasonable

In accordance with RG 111, an offer is reasonable if it is fair. **As we have assessed the Scheme to be fair, it is also reasonable.** However, irrespective of the requirement to conclude the Scheme is reasonable, we have also considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme.

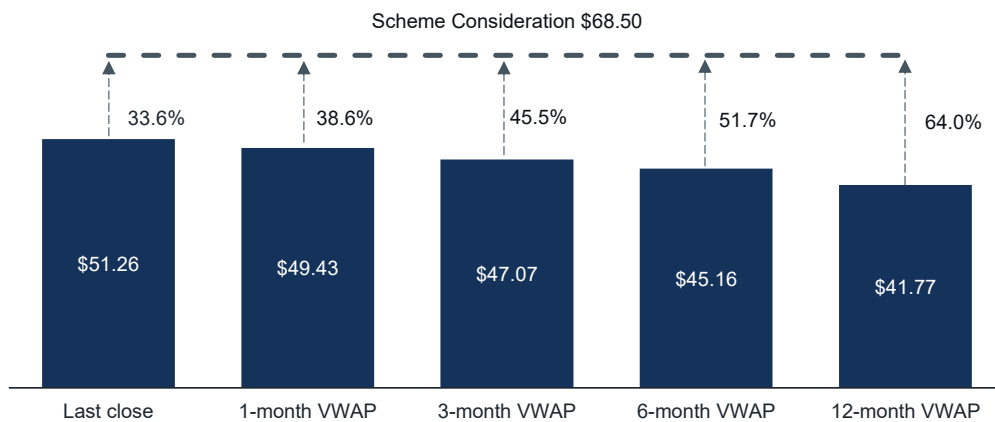


3.4.1 The Scheme Consideration represents a significant premium to the undisturbed trading prices of Altium Shares

The Scheme Consideration of A\$68.50 in cash per Altium share represents a significant premium to Altium's closing share price and VWAP calculated over a range of periods up until 14 February 2024, the last trading day prior to the announcement of the Scheme.

The following chart presents the premium of the Scheme Consideration relative to Altium share price trading benchmarks.

Premium of Scheme Consideration over the Altium Share Price



Source: Bloomberg, IRESS; Kroll analysis.

Note: The premiums illustrated above have been calculated based on Altium's closing share price and VWAP up until close on 14 February 2024, the last undisturbed trading day prior to the announcement of the Scheme.

The Scheme Consideration represents significant premiums to recent Altium Share prices that are consistent with and above the range of premiums typically observed in transactions. As discussed in Section 3.3.1 of this report, observations from transaction evidence indicate that control premiums are broadly in the range of 25% to 40% for completed transactions depending on the individual circumstances.¹⁴ We note that:

- there are a number of potential strategic acquirers of Altium, including specialist design and engineering software providers, who would likely consider that an acquisition of Altium, at this point in time, would provide considerable strategic value and that they would be able to derive material cost synergies through such an acquisition;
- the higher premiums over longer periods reflect Altium's increasing share price over the period, commensurate with strengthening financial and operational performance as demonstrated in its FY23 results, and also as a result of increases in the broader sharemarket since October 2023; and
- on 12 February 2024, Altium's share price traded at a pre-announcement all-time high of A\$53.13 (being the highest intraday trading price prior to the announcement of the Scheme). The Scheme Consideration represents a 28.9% premium to this price.

3.4.2 Certainty of value

The Scheme offers Altium Shareholders an opportunity to exit their investment in Altium at a cash value that is certain and which, as noted above, incorporates a significant premium to Altium's undisturbed trading

¹⁴ Source: 2023 FactSet Review. Range represents median premium from 2012 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%. Data includes publicly traded and privately owned companies where at least one of the parties is a U.S. entity. Includes all sector and industry classifications.



prices over the previous 12 months. Whilst trading of Altium Shares is sufficient to give Altium Shareholders confidence that they would be able to exit their investment at a time of their choosing, there is no certainty as to the price at which Altium Shareholders would realise their investment at that time, particularly given the risks associated with the business including expectations as to future growth as set out in Section 3.3.1 of this report and Section 6.3 of the Scheme Booklet, including:

- the ability to execute on Altium's strategy and deliver on commitments over both the short and long term, including growth in the number and mix of users, as well as ongoing costs and margins. The implementation of the new 'Route 66' strategy (refer to Section 4.2.2 of the Scheme Booklet for further detail on the strategy) may be capital intensive and may result in Altium incurring increased costs in the near to medium term which may reduce margins over that period;
- the impact of changes in technology and risks associated with new product adoption, handling of sensitive information and cyber-crime, continuous innovation and competitive risks, or risks associated with the monetisation of new products;
- changes in industry cycles and economic conditions, including inflation, interest rates, exchange rates, employment levels, and consumer demand; and
- Furthermore, any future on-market sale by Altium's Shareholders would likely incur brokerage costs, which would be avoided if the Scheme is implemented.

3.4.3 By exiting their investment, Altium Shareholders will not participate in any future growth in the value of Altium

By exiting their investment, Altium Shareholders will not participate in any future growth in the value of Altium, over and above that already reflected in the Scheme Consideration. In this regard, Kroll's valuation of Altium, which overlaps with the Scheme Consideration, already attributes significant value to the growth initiatives under the Flight Path strategy (refer to Section 8.2.1 of this report for details). Altium is also in the process of launching a revised version of its strategy which is now referred to as 'Route 66', as detailed in Section 8.2.1 of this report. We note that these growth opportunities will take time to be achieved and have risks associated with their achievement, some of which are outside the control of Altium.

3.4.4 Altium's share price will likely fall in the absence of the Scheme

The current share price of Altium reflects the terms of the Scheme and, therefore, includes a significant control premium. As such, in the absence of the Scheme, a superior proposal or speculation concerning a superior proposal, the Altium Share price is likely to fall to levels consistent with Altium's undisturbed trading prices (up until 14 February 2024), with an allowance for:

- subsequent announcements in relation to company specific initiatives or financial performance which the market may assess as value enhancing or diminishing;
- any industry developments (e.g. concerning competitor activity, industry trends, and interest rates). In this regard, Kroll is not aware of any significant industry developments since 14 February 2024. From 14 February 2024 until 30 May 2024, mixed share price movements were evidenced across key comparable companies representing company specific developments and idiosyncratic risk factors;
- trends in broader equity markets. In this regard, from 14 February 2024 until 30 May 2024, the S&P/ASX 200 Index has increased by 1.1%; and
- a number of hedge funds, who may have been motivated by potential value arbitrage opportunities, have purchased Altium Shares since the announcement of the Scheme. If the Scheme does not proceed, these investors may seek to exit their investment, which could depress the price of Altium Shares in the near to medium term.

3.4.5 Likelihood of a superior proposal

Since the announcement of the Scheme on 15 February 2024 no alternative bidder has emerged. Whilst the opportunity for a superior proposal remains, currently we consider the likelihood of a superior proposal to be impacted by the following:

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- the Scheme Consideration represents a significant premium to Altium's undisturbed trading prices over the last 12 months, which ranges from 28.9% to 65.5%, likely reflecting that Renesas has placed significant strategic value on Altium and has expectations of strong future growth. This is likely to limit the range of potential acquirers, given the need for a competing bid to exceed this offer price;
- it is open for Altium Shareholders to vote against the Scheme in the hope that the Altium Board will be able to extract a higher offer from Renesas. However, the Scheme is a consequence of a period of due diligence and negotiations between the Altium Board and Renesas. The Altium Board is also supporting the Scheme in its current form (in the absence of a superior proposal). It is therefore unlikely that Altium would be able to obtain a higher offer from Renesas; and
- the Scheme Implementation Agreement contains customary exclusivity provisions on Altium that apply during the Exclusivity Period. In certain circumstances, Altium may be required to pay a break fee of A\$91.3 million. Although these provisions may be influential, we do not consider that they would prevent a superior proposal being made.

3.4.6 Other considerations

In forming our opinion, we have also considered a number of other factors. Whilst we do not necessarily consider these factors to impact our assessment of the reasonableness of the Scheme, we have addressed them as follows.

One-off transaction costs

If the Scheme is implemented, transaction costs will be borne by Renesas as the ultimate controller of Altium following implementation of the Scheme. If the Scheme is not implemented, Altium expects to pay an aggregate of approximately US\$7.1 million (excluding GST) in transaction costs, being costs that have already been incurred or will be incurred even if the Scheme is not implemented.

The Scheme is subject to the satisfaction of a number of conditions

There are a number of conditions which, if not satisfied, will result in the Scheme not being implemented, including approval from FIRB and CFIUS. If any conditions precedent prevent the Scheme from being implemented, Altium Shareholders will continue to hold their existing Altium Shares. As at the date of the Scheme Booklet, the Altium Board is not aware of any reason why any condition precedent will not be satisfied or waived (if capable of waiver).

Taxation implications for Altium Shareholders

General tax implications for certain Altium Shareholders in relation to the Scheme are outlined in Section 7 of the Scheme Booklet. The summary does not apply to all Altium Shareholders including, but not limited to, those that hold their Altium Shares for the purpose of speculation or in carrying on a business of dealing in securities, acquired pursuant to an employee share, option or rights plan or may be subject to special tax rules, including life insurance companies.

Section 7.2 of the Scheme Booklet considers the tax implications of the Scheme for Australian residents. In particular, this section indicates that the disposal of Altium Shares under the proposed Scheme to Renesas will trigger a capital gains tax event for Australian tax purposes. This means that Australian resident Altium Shareholders will need to determine whether a capital gain or capital loss arises in respect of their disposal of Altium Shares.

Section 7.2 (e) of the Scheme Booklet considers the Australian taxation implications of the payment of the Approved Dividend (if any such dividend is paid). In particular, that the Approved Dividend, and subject to certain conditions also the franking credits and tax offsets attached to the Approved Dividend, should be included in the assessable income of the Altium Shareholder in the year that the Approved Dividend is paid.

Section 7.3 of the Scheme Booklet considers the tax implications for non-Australian tax resident Altium Shareholders.

We note that Altium Shareholders should consider their individual taxation circumstances and review Section 7 of the Scheme Booklet for further information where it applies to their circumstances. Altium Shareholders should obtain their own independent professional advice on the tax consequences of disposing of their Altium Shares under the Scheme.



3.4.7 Consequences if the Scheme does not proceed

In the event that the Scheme is not approved or any conditions precedent prevent the Scheme from being implemented:

- Altium will continue to operate in its current form and remain listed on the ASX and intends to execute on a new strategy, referred to as 'Route 66'. Altium advises that this plan is likely to require substantial capital over several years to fund the acquisition of and investment in existing and new businesses. This is likely to reduce cash available for distribution to Altium Shareholders (at least in the medium term), or Altium Shareholders may be asked to provide new capital for this growth which may have a dilutionary impact for existing Altium Shareholders if they do not participate in the capital raising. Additionally, if debt capital is accessed to fund the growth strategy it could introduce additional risks to which Altium is not currently exposed, but could also be accretive;
- Altium Shareholders will continue to be exposed to the risks and opportunities associated with an investment in Altium as set out in Section 3.4.2 of this report; and
- the Altium share price is likely to fall. The current price of Altium Shares reflects the terms of the Scheme (including the benefit of the Scheme Consideration offered by Renesas) and includes a significant control premium. As such, in the absence of the Scheme, a superior proposal or speculation concerning a superior proposal, the Altium Share price is likely to fall (refer to Section 3.4.4 of this report);
- Altium will incur an estimated US\$7.1 million in aggregate of one-off transaction costs in relation to the Scheme;
- in certain circumstances, a break fee of A\$91.3 million (inclusive of any applicable GST) may be payable by Altium to Renesas. However, this break fee is not payable simply because the Scheme is not approved by the requisite majorities; and
- In certain circumstances, a reverse break fee of A\$410.8 million (inclusive of any applicable GST) may be payable by Renesas to Altium.

4 Other matters

Our report has also been prepared in accordance with the relevant provisions of the Corporations Act and other applicable Australian regulatory requirements and has been prepared solely for the purpose of assisting Altium Shareholders in considering whether to vote in favour of the Scheme Resolution. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

This report constitutes general financial product advice and has been prepared without taking into consideration the individual circumstances of Altium Shareholders. This advice therefore does not consider the financial situation, objectives or needs of individual Altium Shareholders.

The decision of Altium Shareholders as to whether or not to approve the Scheme is a matter for individual shareholders who should, therefore, consider the appropriateness of our opinion to their specific circumstances. As an individual's decision to vote for or against the proposed resolutions in relation to the Scheme may be influenced by their particular circumstances, we recommend that individual Altium Shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this report. This information, and our limitations and reliance on information, are set out in Appendix 2 of this report. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

All currency amounts in this report are denominated in US dollars (\$) unless otherwise stated. References to A\$ are references to Australian currency and references to JP¥ is to Japanese currency. References to a financial year have been abbreviated to FY and references to a calendar year have been abbreviated to CY. For Altium, the financial year is the 12 months to 30 June.

Kroll has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the end of this report.



The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

Yours faithfully

A handwritten signature in black ink, appearing to read "Ian Jedlin".

Ian Jedlin
Authorised Representative

A handwritten signature in black ink, appearing to read "Celeste Oakley".

Celeste Oakley
Managing Director

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Altium

Independent Expert's Report
and
Financial Services Guide

In relation to the proposed acquisition of Altium Limited
by a wholly owned indirect subsidiary of Renesas Electronics Corporation



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Table of Contents

Part One – Independent Expert's Report	1
1 Introduction	1
2 Scope of report	2
3 Opinion	2
3.1 <i>Background</i>	2
3.2 <i>Summary of opinion</i>	4
3.3 <i>The Scheme is fair</i>	5
3.4 <i>The Scheme is reasonable</i>	7
4 Other matters	11
5 The Scheme	16
5.1 <i>Overview</i>	16
5.2 <i>Conditions precedent</i>	16
5.3 <i>Exclusivity provisions</i>	16
5.4 <i>Transaction costs</i>	16
6 Scope of the report	17
6.1 <i>Purpose</i>	17
6.2 <i>Basis of assessment</i>	17
7 Industry	18
7.1 <i>Overview</i>	18
7.2 <i>Printed Circuit Boards (PCBs)</i>	18
7.3 <i>PCB design software sector</i>	21
7.4 <i>Electronic component search engines</i>	24
8 Profile of Altium	25
8.1 <i>Overview</i>	25
8.2 <i>Background</i>	25
8.3 <i>Operations</i>	28
8.4 <i>Financial performance</i>	40
8.5 <i>Financial position</i>	48
8.6 <i>Taxation</i>	49
8.7 <i>Cash flows</i>	50
8.8 <i>Capital structure and ownership</i>	51
8.9 <i>Share price performance</i>	52
9 Valuation of Altium	55
9.1 <i>Overview</i>	55
9.2 <i>Approach</i>	57
9.3 <i>Market approach</i>	62
9.4 <i>Surplus assets and liabilities</i>	74
9.5 <i>Surplus cash</i>	74
9.6 <i>Valuation cross-check</i>	75
Appendix 1 – Kroll disclosures	77
Appendix 2 – Limitations and reliance on information	79
Appendix 3 – Broker Consensus	81
Appendix 4 – Valuation methodologies	83



Appendix 5 – Market Evidence	85
Part Two – Financial Services Guide	97

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5 The Scheme

5.1 Overview

On 15 February 2024, Altium announced that it had entered into a Scheme Implementation Agreement with Renesas under which Renesas Bidco, a wholly owned indirect subsidiary of Renesas, will acquire all of the Altium Shares by way of a Scheme for a Scheme Consideration of A\$68.50 cash per Altium Share.

The Scheme Consideration will be reduced by the amount of any Approved Dividend. However, based on the indicative timetable, we note that it is expected that implementation of the Scheme will occur prior to any Approved Dividends being declared or paid.

The Scheme is subject to a number of conditions precedent which are summarised in Section 5.2 of this report.

The Altium Board of Directors unanimously recommends that Altium Shareholders vote in favour of the Scheme in the absence of a superior proposal and, subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of Altium Shareholders. Subject to those same qualifications, all Altium Directors (who in aggregate currently hold or control 13,839,948 Altium Shares) intend to vote all of the Altium Shares held or controlled by them in favour of the Scheme.

5.2 Conditions precedent

Implementation of the Scheme is subject to certain conditions precedent as set out in Clause 3.1 of the Scheme Implementation Agreement. The Scheme will not become Effective¹⁵ unless all of the conditions precedent to the Scheme are satisfied (or alternatively waived, in the case of certain conditions precedent that are capable of being waived).

In summary, these include:

- the Independent Expert issuing a report which concludes that the Scheme is in the best interests of Altium Shareholders (and not changing or withdrawing that conclusion);
- certain regulatory approvals, including approval from ASIC, the ASX, the FIRB, the CFIUS;¹⁶
- approval of the Scheme by Altium Shareholders at the Scheme Meeting by the requisite majorities;
- approval of the Supreme Court of New South Wales in respect of the Scheme; and
- no material adverse change to Altium or prescribed event.

5.3 Exclusivity provisions

The Scheme Implementation Agreement contains customary exclusivity provisions on Altium that apply during the Exclusivity Period,¹⁷ including 'no shop', 'no talk', and 'no due diligence' restrictions, a 'notification of approach' obligation, a 'matching right' and counterproposal regime that applies in respect of an equivalent or superior proposal made or otherwise received by Altium. A break fee of A\$91.3 million (inclusive of any applicable GST) may be payable by Altium to Renesas in certain circumstances and a reverse break fee of A\$410.8 million (inclusive of any applicable GST) may be payable by Renesas to Altium in certain circumstances.

5.4 Transaction costs

If the Scheme is implemented, transaction costs will effectively be borne by Renesas as the ultimate controller of Altium following implementation of the Scheme. If the Scheme is not implemented, Altium

¹⁵ As defined in the Scheme Booklet.

¹⁶ Other regulatory approvals have either been received or their review period has expired such that the relevant condition precedent has been satisfied.

¹⁷ The Exclusivity Period is the period from and including the date of the Scheme Implementation Agreement to the termination of the Scheme Implementation Agreement in accordance with its terms.



expects to pay an aggregate of approximately US\$7.1 million in transaction costs in connection with the Scheme, being costs that have already been incurred as at the date of the Scheme Booklet or are expected to be incurred even if the Scheme is not implemented.

6 Scope of the report

6.1 Purpose

The transaction is to be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act and requires approval of Altium Shareholders. Section 412(1) of the Corporations Act requires, among other requirements, that an explanatory statement issued by a company in relation to a proposed members' scheme of arrangement includes information that is material to the making of a decision by a member as to whether or not to agree to the Scheme Resolution.

Even where an independent expert's report is not strictly required by the law or ASIC policy, it is not uncommon for directors of a company to commission one to ensure that they are providing the information that is material to the making of a decision by a member. It is a condition to the Scheme becoming effective that an Independent Expert concludes, and continues to conclude, that the Scheme is in the best interests of Altium Shareholders.

6.2 Basis of assessment

We have referred to guidance provided by ASIC in its Regulatory Guides, in particular, RG 111, which outlines the principles and matters which it expects a person preparing an independent expert's report to consider when providing an opinion on whether a scheme of arrangement is in the best interests of shareholders of a company.

RG 111 distinguishes between the analysis required for control transactions and other transactions. RG 111.18 states that where a scheme of arrangement is used as an alternative to a takeover bid to give effect to a control transaction, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is 'fair and reasonable' and, as such, incorporates issues as to value. In relation to control transactions, RG 111.10 to 12 states:

- 'fair and reasonable' is not regarded as a compound phrase;
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer;
- the comparison should be made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash;
- the expert should not consider the percentage holding of the bidder or its associates in the target when making this comparison; and
- an offer is 'reasonable' if it is 'fair'. An offer might be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.13 sets out the factors an expert might consider in assessing whether an offer is reasonable:

- the bidder's pre-existing voting power in securities in the target;
- other significant shareholding blocks in the target;
- the liquidity of the market in the target's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- any special value of the target to the bidder, such as particular technology, etc;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative bidder and likelihood of an alternative offer being made.

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RG 111.20 states that if an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is 'in the best interests' of the members of the company.

RG 111.21 states that if an expert would conclude that a proposal was 'not fair but reasonable' if it was in the form of a takeover bid, it is still open to the expert to also conclude that the scheme is 'in the best interests' of the members of the company.

RG 111.11 provides that an offer is fair if the value of the consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash and without regard to the percentage holding of the bidder or its associates in the target entity. That is, RG 111.11 provides that the value of the target should be assessed as if the bidder was acquiring 100% of the issued equity in the target (i.e. on a controlling interest basis). In addition, any special value of the target to a particular bidder (e.g. synergies that are not available to other bidders) should not be taken into account under the comparison.

Accordingly, when assessing the full underlying value of Altium, we have considered those synergies and benefits which would be available to more than one potential purchaser (or a pool of potential purchasers) of Altium. As such, we have not included the value of special benefits that may be unique to Renesas.

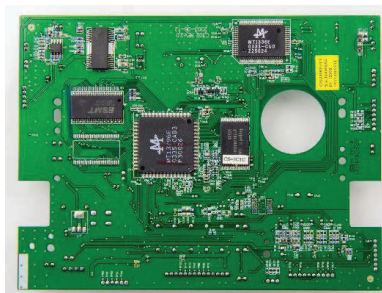
7 Industry

7.1 Overview

Altium makes software for engineers to design the layout of PCBs, operates and maintains a cloud platform on which software engineers of multiple disciplines can collaborate for the design and development of PCBs, which includes a leading electronic parts search engine, Octopart. With a global user base, Altium's products cater for a range of user needs from world leading electronics design teams to the hobbyist electronic design community. This section provides an overview of the broader PCB industry and the role of design software within it, and briefly describes the electronic component search engine industry in which Octopart operates.

7.2 Printed Circuit Boards (PCBs)

7.2.1 Overview



A PCB used in a DVD player.

PCBs are a fundamental part of virtually every electronic product, providing a platform that connects and supports various electronic components. A PCB is a flat, rigid board (commonly green in colour) made of insulating material, typically fibreglass or composite epoxy, with thin layers of conductive copper traces etched or deposited onto its surface. The conductive traces serve as pathways for electrical signals to travel between different electrical components, which might include microchips, sensors, resistors, and

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capacitors. These components are mounted onto the PCB and soldered to the copper traces, creating a compact and organised integrated electrical circuit through which they can communicate.^{18,19}

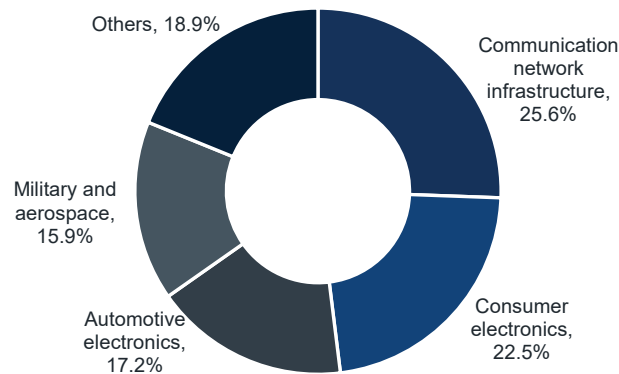
PCBs are integral to the functionality and structure of electrical devices, being the main component responsible for form and function of such devices by allowing seamless communication between electronic components. As the global trend towards the digitisation of devices continues, demand for PCBs is expected to grow as they play an increasingly important role in electronic product development.²⁰ Alongside higher demand for PCBs, it is also anticipated that the quantity and complexity of PCB designs will grow.²¹

7.2.2 Industries and applications

PCBs have use cases in nearly all electronic devices and so the global market for PCBs is highly diversified by industry and applications. Major industries that consume and therefore drive the demand for PCBs include communication network infrastructure, consumer electronics, automotive electronics and the military and aerospace industries.

The approximate share of demand for PCBs by industry in 2022 is shown in the following chart.

PCB Demand By Industry in 2022



Source: "Global Printed Circuit Board (PCB) Market 2023-2027". Technavio.²² Published November 2022.

¹⁸ Source: "What is a PCB and Intro to PCB Design". Altium, 30 June 2024.

¹⁹ Source: "What is a Printed Circuit Board (PCB)?". All About Circuits, EETech Media, LLC., 10 April 2020.

²⁰ Source: "The Biggest PCB Manufacturing Trends We've Seen This Year". Altium, 21 February 2017.

²¹ Source: "The changing world of PCBs". NCAB Group Corporation, 3 November 2020.

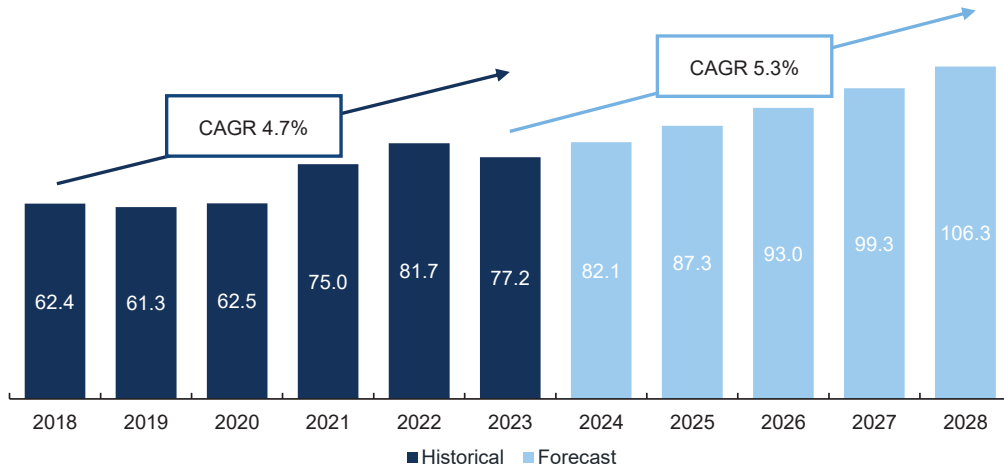
²² Technavio is a market research and advisory firm.

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7.2.3 Market Size

The size of the global PCB market has grown at a CAGR of 4.4% over the five years to 2023 and is expected to grow at an accelerated rate of 6.6% over the five years to 2028, as shown in the following chart.

PCB Industry Estimated Market Size – Historical and Forecast (\$ billions)



Source: "Global Printed Circuit Board (PCB) Market 2024-2028". Technavio.²³ Published March 2024.

According to Technavio, the global PCB market was estimated to have grown from \$62.4 billion in 2019 to \$77.2 billion in 2023, representing a compound annual growth rate (CAGR) of 4.4%.²⁴ Market growth during this period was impacted by the COVID-19 pandemic, which disrupted supply chains across multiple industries where PCBs are used, likely suppressing demand.

Between 2023 and 2028, Technavio estimates that the global PCB market will grow from \$77.2 billion in 2023 to \$106.3 billion in 2028, a CAGR of 6.6%.²⁴ The incremental growth opportunity during this period is expected to be approximately \$29.1 billion, or 37.6% of the estimated total market size in 2023.

7.2.4 PCB Demand

The demand for PCBs and the need for increasingly varied and complex PCB designs is expected to grow alongside major technological trends including advancements in advanced driver-assistance systems (ADAS) in the automotive industry, cloud computing and generative AI, and the growth of intelligent, connected devices in the consumer electronics industry.

Major technological advances that are likely to drive PCB demand in the future include:

- increasing technological advancements and innovation across the automotive sector, technology advancements in ADAS and self-driving technology, stricter safety regulations, and the increasing popularity of EVs which typically use a greater number of PCBs in their construction than vehicles with internal combustion engines;
- the proliferation of smart connected products including smart home appliances (including refrigerators, vacuum cleaners, and exercise devices), smart wearables (such as smart watches) and augmented reality devices;
- the continued rollout of 5G mobile networks across the world, which accelerates PCB usage in mobile communication networks and devices;

²³ Technavio is a market research and advisory firm.

²⁴ Source: "Global Printed Circuit Board (PCB) Market 2024-2028". Technavio. Published March 2024.

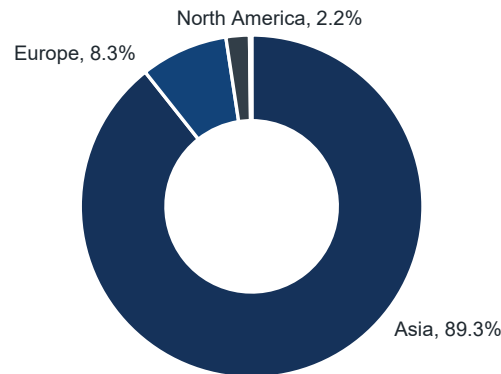
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- increasing existence of datacentres, underpinned by the growth of cloud computing and the deployment of generative AI;²⁵
- more sophisticated communication and navigation equipment, guidance control systems, and electronic warfare systems in the military and aerospace industries; and
- increasing demand for automation machinery and industrial robots in the manufacturing sector.

7.2.5 PCB Manufacturing

The manufacture of PCBs is highly concentrated in Asia, with the majority of remaining production occurring in Europe and North America. The following chart shows the value share of PCB exports by region.

Value of PCB Exports By Region



Source: The Observatory of Economic Complexity (OEC) (using 2021 data).
Note: Percentages are measured in terms of value of exports.

According to the OEC and Technavio, almost 90% of total PCB exports by value are from Asia. Approximately half of these exports are from China, with the remainder primarily from Taiwan, South Korea, Japan, and Hong Kong.^{26,27}

7.3 PCB design software sector

7.3.1 Overview

PCB design software is used to create, simulate, and analyse the form and function of PCBs. PCB design software companies service a wide range of end-users, from hobbyists and students, small-to-medium businesses (SMBs), to large multinational enterprises. Key product differences differentiating the enterprise end of the customers' field to the low- and mid- customers (serving individuals and SMBs) include advanced circuit routing algorithms, team collaboration functionality, and real-time manufacturability checks. The PCB design software sector is considered a subset of the broader electronic design automation (EDA) industry (also referred to as electronic computer-aided design (ECAD)), which also incorporates design software tools for a wide variety of electronic systems, including semiconductors and integrated circuits.

In terms of the total number of professional users, Altium and Cadence Design Systems, Inc. (Cadence) presently hold leading market shares.²⁸ Historically, Cadence has been more widely used in the enterprise

²⁵ "How AI is set to accelerate demand for data centers". Schroders, 4 July 2023.

²⁶ Source: Printed Circuit Boards, The Observatory of Economic Complexity. Value share calculated from estimated value of PCB exports in 2021.

²⁷ Source: "Global Printed Circuit Board (PCB) Market 2023-2027". Technavio. Published November 2022.

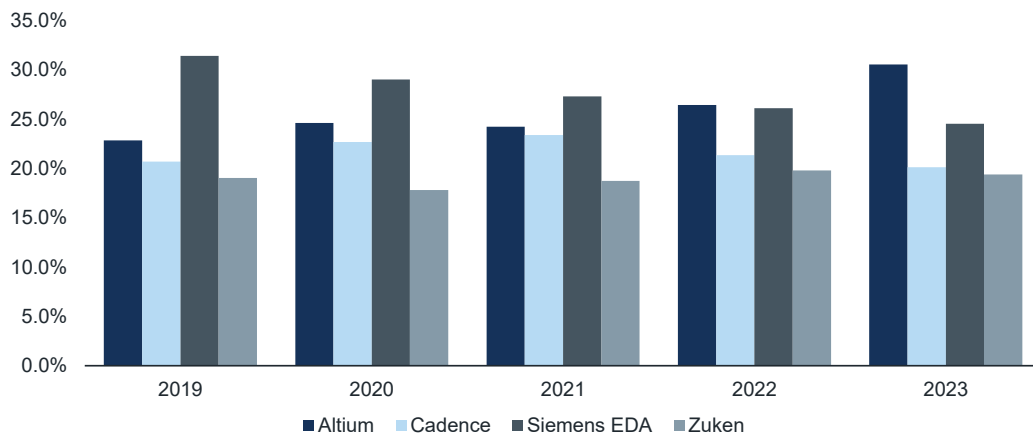
²⁸ Source: Printed Circuit Design & Fab PCB Designer Salary Survey (2023). According to the global survey of printed circuit designers and system engineers, Altium Designer remained the top ECAD software seeing regular usage among respondents, with 48% of respondents indicating they use it on a weekly basis, followed by Cadence Allegro at 28%, Siemens Xpedition at 22%, Cadence OrCAD at 14%, and Siemens PADS at 12%.



market, while Altium has been more popular in the SMB market.²⁹ Major PCB design software providers also include Siemens EDA (a subsidiary of Siemens Limited formerly known as Mentor Graphics Corporation) (**Siemens**) and Zuken Inc. (**Zuken**).

The following chart shows a high-level overall estimate for the market shares of four major PCB design software providers.

PCB Design Software Estimated Market Share



Source: Altium; Kroll analysis.

7.3.2 Competitive landscape

Low- to mid- customers segments

The low- to mid- customers segments of the PCB design software sector cater to a diverse user base, ranging from hobbyists and students to SMBs.

Offerings geared towards the low-end of the customers (i.e. hobbyists and students) include open-source and free options such as KiCad, Novarm Ltd.'s DipTrace, and Altium's CircuitMaker. These options, while increasingly sophisticated and generally suitable for light business use, tend to be limited in the comprehensive support, collaboration tools and advanced functionality that more complex design use demands.

In the mid-market customers, Altium Designer (described in Section 8.3.3 of this report) held a market leading position of almost 40% in 2023.³⁰ Other competing offerings include Cadence OrCad, Siemens PADS, and Zuken CADSTAR. In 2016, Autodesk, Inc. (**Autodesk**) also entered into the mid-customers after acquiring the developer of EAGLE, which is now available as part of its broader 3D modelling platform Autodesk Fusion, however, it currently holds a relatively modest market share.

Enterprise segment

The size of the enterprise segment is estimated to be one-third of the PCB Design Software market in terms of total addressable market (**TAM**) by value and consists of a smaller number of higher-value customers.³¹ Compared to the low- to mid-customers segments, design software companies participating in the enterprise segment must have specialised software with advanced features, and effective enterprise sales capabilities.

There are four main PCB design software participants and products competing in the enterprise segment:

²⁹ Altium FY23 Earnings Call.

³⁰ Altium Investor Day and Annual General Meeting Presentation, 16 November 2023.

³¹ Source: PCB Design Software TAM, Page 14 Altium Investor Day and Annual General Meeting Presentation, 16 November 2023.



- **Altium Designer:** Altium's flagship design software product Altium Designer has gained traction in the enterprise segment as its existing customers grow into enterprise customers, and as users familiar with the product transition to roles in larger firms. Altium Designer's share of the enterprise segment has grown rapidly in recent years, and the company currently has approximately 140 enterprise customers, including NASA, Texas Instruments Incorporated and Mercedes-Benz Group AG;³²
- **Allegro:** Cadence's flagship enterprise offering, Allegro, a leading offering in the enterprise segment in terms of usage. Allegro is considered within the market to be particularly effective when designing large-scale PCB systems. Cadence has invested significantly in integrating artificial intelligence (AI) into its PCB design software, known as Allegro X AI, including generative AI techniques for PCB component placement and routing automation which offer significant time savings for the PCB design process;³³
- **Xpedition Enterprise:** an enterprise-scale PCB design software developed by Siemens EDA (formerly known as Mentor Graphics Corporation), it is known for its advanced features and extensive capabilities that make it suitable for complex PCB design requirements.³⁴ It can also be integrated with other Siemens solutions, providing comprehensive product development capabilities; and
- **CR-8000:** CR-8000 is the flagship enterprise offering of Zuken, a Japanese multinational corporation, which has a strong presence in the Japanese market. The product has a strong regional influence, and its support is tailored for the specific needs of Japanese customers (which are known to have included large Japanese multinational conglomerates and electronics companies such as Toshiba Corporation and Panasonic Holdings Corporation), meaning it has limited international market share compared to its global competitors.³⁵

7.3.3 Barriers to entry

The barriers to entry in the PCB design software market are relatively high, and include:

- **the complexity of PCB design and high development costs:** PCB design is inherently complex and intricate, and developing software that can efficiently handle these complexities requires significant upfront investment. In addition, established players are continually differentiating themselves through development of new advanced features, such as AI integration, which are contributing to higher development costs. As a result, new entrants are likely to find it challenging to match the software and design capabilities of established market participants without substantial time and financial resources;
- **customer 'stickiness':** which includes a reluctance of users and software engineers who are familiar with their existing software transitioning to a different design product, or the reluctance of enterprises with established workflows and large customised design libraries to migrate to new PCB design software due to the friction costs associated with project disruption, and transitioning customised solutions, and proprietary workflows to a new system. This complexity causes an issue for new market participants to capture existing market share; and
- **integration with other products and ecosystems:** PCB design software often forms part of a broader ecosystem that includes products and solutions that assist with the end-to-end development of PCBs, including connectivity with mechanical engineers and procurement managers.

7.3.4 Software as a Service (SaaS) and cloud computing

SaaS has become the prevailing business model in cloud computing for software licensing and delivery. Under this model, software is centrally hosted and delivered to customers over the internet, commonly using term-based licenses (i.e. subscriptions) that provide recurring revenues.

³² Altium Investor Day and Annual General Meeting Presentation, page 14. 16 November 2023.

³³ Generative AI refers to AI algorithms which can create new content using input training data.

³⁴ Source: "Which is Best: Mentor PADS PCB Design Software vs Altium PCB Design Software?". Medium post by RayMingPCB, 11 March 2024.

³⁵ Source: "Zuken Inc., a pioneer in the EDA industry set to grow globally". The Worldfolio, 8 January 2018.

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PCB design software has historically been hosted on-premise, however, industry participants including Altium are transitioning to SaaS models (with on-premise software sold under a term-based licensing model as an intermediary stage).³⁶ Industry participants have already released products with significant cloud capabilities, including Altium 365 (which is a cloud-based electronics development and collaboration ecosystem integrated with Altium Designer) and Allegro X (a comparable design platform released by Cadence and integrated with Allegro).

Term-based revenue model

The transition from perpetual licensing models to term-based or subscription-based licensing models has recently been a common strategy for global software and technology companies (noting that this strategy is often, but not always, related to the strategic shift to SaaS). Perpetual licenses incur a one-time payment for the licensee to use the software indefinitely, while term-based licenses incur a regular subscription fee, typically monthly or annually, to continue using the software.

There are benefits to both the PCB design software provider and customer in transitioning to a term-based revenue model, including the following:

- It increases recurring revenues for the software provider, which provide more consistent and reliable long term subscription revenue streams once secured. This often results in increased lifetime value per customer. For example, the cost of an Altium Designer perpetual license is equivalent to a monthly subscription held for 2.75 years, and so roughly speaking Altium would benefit from a subscription customer who remains subscribed longer than this period;³⁷
- benefits to license compliance, with perpetual licensing models exposed to uncompliant or illegal use of the software, including piracy and unauthorised distribution, which can significantly impact revenues of software providers. Term-based licenses can help mitigate compliance challenges and ensure that software is used legally and ethically;
- lower up-front costs for the customer, particularly if the term-based license is payable monthly; and
- greater flexibility for the customer in being able to increase or decrease the number of users for which it holds a license.

7.4 Electronic component search engines

This section provides a brief overview of the electronic component search engine industry, where Altium's subsidiary Octopart operates.

Participants in the industry can be broadly categorised as distributors and aggregators.

Distributors procure electronic components directly from manufacturers and distribute these components to end-users through e-commerce platforms and other sales channels. In this sense, distributors play an important role in the electronic component supply chain, acting as intermediaries between manufacturers and end-users. They purchase electronic components in bulk from manufacturers and maintain large inventories, while handling the logistics, warehousing, and fulfilment functions of the inventories they carry. Distributors often have a global presence, serving customers across many regions and industries.

An aggregator is a platform or service that consolidates and organises the electronic component catalogues of various distributors and manufacturers, providing users with a centralised and searchable repository of electronic components from which they can purchase. These electronic component search engines, such as Octopart, collect and organise electronic component data, including specifications, pricing, and availability, from a wide range of distributors and manufacturers, facilitating more efficient procurement and greater choice of product than any single distributor can alone. Some aggregators offer the ability to integrate their platform with other software or tools, such as cloud-based design software and procurement systems, to streamline the component selection and procurement process.

³⁶ Altium FY23 Results Presentation.

³⁷ Altium Company Website: Altium Designer Licensing Options.



7.4.1 Distributors

Electronic components distributors play a key role in the distribution of individual components from manufacturers. Some globally recognised distributors in the electronic component industry include Digi-Key Corporation (**Digi-Key**), Arrow Electronics, Inc. (**Arrow Electronics**), Avnet, Inc (**Avnet**), and Mouser Electronics, Inc. (**Mouser Electronics**). These distributors have developed significant e-commerce operations, offering extensive product catalogues (typically consisting of millions of components) online through electronic component search engines.

In terms of scale, according to Similarweb data, Octopart receives higher traffic than the websites of most major electronic component distributors, with the exception of Digi-Key and Mouser Electronics who have well established digital presences.

7.4.2 Aggregators

Key aggregators within the electronic component search engine include Octopart, Findchips and componentsearchengine.com. Octopart is the industry leading search engine for electronic components, facilitating over seven million searches each month,³⁸ and attracting traffic almost triple that of its nearest competitor Findchips.³⁹ Octopart benefits significantly from its integration with Altium's cloud-based platform, which generates a significant amount of direct traffic.

Aggregators generate revenue through advertising on their webpages, including webpage banners and sponsored placements. Additionally, they may generate revenue through "click-through" payments, which occurs when users are redirected to a distributor's website from the search engine.

The industry possesses formidable barriers to entry, primarily driven by network effects. As the leading electronic component search engines presently list millions of parts from thousands of manufacturers, which is only supportable because they have established large numbers of users, it poses significant challenges for new entrants who are attempting to profitably establish a similar scale.

8 Profile of Altium

8.1 Overview

Altium is a multinational software company headquartered in San Diego, California, that makes software for engineers to design the layout of PCBs and operates and maintains a cloud platform on which software engineers of multiple disciplines can collaborate for the design and development of PCBs. It has an international network of operating and sales centres that support globally diversified earnings from a customer base in excess of 61,000 subscribers and 30,000 companies across the Americas, EMEA, Emerging Markets, and APAC. Altium's products are used by customers across a range of industries with a diversity of applications, from leading electronic design teams to the grassroots electronic design community.

8.2 Background

Altium was founded in 1985 as Protel Systems Pty Ltd (**Protel**), which offered the company's first iteration of PCB design software, Protel PCB. The company expanded its global customer base and geographic presence throughout the 1990's and relocated its headquarters from Australia to San Jose, California in 1991 before returning to Sydney, Australia in 1995. In August 1999, the company was listed on the ASX and was renamed to "Altium" in 2001. Over the following years, Altium continued to develop its core product portfolio of PCB design software, releasing its flagship product, Altium Designer, in 2006.

In 2011, Altium moved its headquarters from Sydney to Shanghai, China before, in 2014, moving to its current location in San Diego, California.

³⁸ Source: Altium Investor Day and Annual General Meeting Presentation, page 7. 16 November 2023.

³⁹ According to Similarweb data, over the 3 months between October 2023 and December 2023, Octopart received approximately 5.4 million website visits, compared to approximately 1.9 million for Findchips.

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Following its listing on the ASX in 1999, Altium's share price reached A\$6.72 on 1 March 2000 before declining by 98.8% over the following decade to close at just A\$0.08 on 28 June 2011, coinciding with a period of stagnant growth and sustained unprofitability. The decline prompted a change of leadership in 2012, following which Altium committed to a new strategic path, but also focused on rebuilding financial strength and shareholder value as a pre-requisite to any strategy.⁴⁰ The company's strategic focus became building a web-based ecosystem around Altium design tools and its user community to reinforce its position in the emerging market for connected smart devices (i.e. IoT). The strategic path transformed into a decade-long strategic 'Flight Path' that has been completed in various stages, which are now broadly referred to as:⁴¹

- **Rebuilding** (FY12 to FY14): which had an emphasis on rebuilding financial strength through sales growth and margin expansion. Central to this was a focus on sales strategy, as well as customer-centric product development and "Closing the Capability Gaps" with competitors' design software tools, which included a commitment to deliver an updated version of Altium Designer annually;⁴⁰
- **Performing** (FY15 to FY17): focused on positioning the company as the market leader in PCB design software by offering superior design software at a competitive price, expanding into the enterprise market, and supporting design software for the entry level community. This included a commitment to deliver an aspirational revenue goal of \$100 million by FY17 and expand earnings before interest, tax, depreciation and amortisation (**EBITDA**) margins to 30% or greater. Altium met these commitments, delivering \$110.9 million in revenue and a 30.0% EBITDA margin in FY17;
- **Leading** (FY18 to FY20): Altium committed to achieving market leadership in PCB design software by 2020 in terms of both dollar value and number of subscription seats.⁴² The product portfolio was expanded to include Nexus and Altium 365. Additionally, in FY20 the Company began promoting term-based licenses⁴³ of its design software over its traditional perpetual licences to increase recurring revenues and to complement higher tier products which were only available on a term-basis.⁴⁴ An aspirational commitment was also made to achieve \$200 million revenue by FY20 and an EBITDA margin of 35% or greater. FY20 results were somewhat impacted by the COVID-19 pandemic, with Altium delivering \$189.1 million in revenue and an EBITDA margin of 40.0%; and
- **Dominance and Transformation** (FY21 to FY26): Altium's current strategy which is discussed in further detail in Section 8.2.1 of this report.

As part of its high-growth strategy, Altium also undertook several important strategic acquisitions, including that of Octopart Inc., an electronic parts search engine, in 2015 for approximately \$12 million plus earn outs. In May 2020, the company released an industry-first cloud platform, Altium 365, which aimed to digitally connect the traditionally siloed design, component procurement, and manufacturing functions of PCB development.⁴⁵

On 7 June 2021, Altium announced that it had received a formal, non-binding, and unsolicited proposal from Autodesk to acquire 100% of Altium Shares for A\$38.50 per share (the **Autodesk Proposal**),⁴⁶ which while representing a 41.5% premium to the previous day's closing share price⁴⁷ was below prices that

⁴⁰ Sources: 2014 Chairman's Address Altium Annual General Meeting, 6 November 2014; Altium Technology Presentation 16 November 2018.

⁴¹ Source: Altium Investor Presentation, 18 June 2021.

⁴² A 'subscription seat' or 'seat' is defined as the individual installation of Altium software running on a personal computer (**PC**). The number of seats associated with a software license is determined when the license is purchased. Each seat must have access to a valid license to function correctly and to be legally licensed for usage.

⁴³ The software license is the entity that a customer purchases from Altium. The license gives them the right to use the Altium software specified by that license in accordance with its terms. A license is purchased for a specific number of seats of Altium software, with the number of seats essentially reflecting the number of PCs that can run the software simultaneously.

⁴⁴ Altium FY20 Full Year Results Announcement

⁴⁵ Altium Ltd, 2019 Technology Presentation, 6 December 2019

⁴⁶ Altium Limited ASX Announcement, Autodesk, Inc. Acquisition Proposal, 7 June 2021.

⁴⁷ Calculated based on 4 June 2021 closing price of A\$27.21.



Altium Shares had traded in the recent past.⁴⁸ The bid was rejected by the Altium Board on the basis that it "significantly undervalued the company's prospects".⁴⁹

Today, Altium's flagship PCB design software product, Altium Designer, has grown to be a popular software tool for PCB designers and electronics engineers in the mid- customers segment, with more than 100,000 active subscription seats and over 60,000 commercial subscribers, and an estimated 37% share in the mid-customers segment.⁵⁰ In Altium 365, it has developed an advanced cloud platform for end-to-end electronics hardware development, with over 43,000 Monthly Active Users (**MAUs**) and 14,000 Monthly Active Accounts (**MAAs**). Octopart has become a prominent search platform for sourcing electronics parts, with over seven million searches each month and over 55 million electronics components available to be searched in its database.

As at 14 February 2024, the last trading day prior to the announcement of the Scheme, Altium had a market capitalisation of A\$6.8 billion.⁵¹

8.2.1 Strategy

Altium's vision is to transform the electronics industry through the cloud-enablement of all industry processes involved in the creation of electronics hardware.⁵² It states that it is well positioned to initiate and lead the transition of how electronics hardware is designed and manufactured.⁵³

As outlined in Section 8.2 of this report, in 2019 Altium outlined the next stage of its strategic 'Flight Path', referred to as 'Dominance and Transformation'.⁵⁴ As part of this strategy, Altium seeks to reach a level of presence in PCB software design such that their Altium Designer product is synonymous with PCB design. It also envisages its Altium 365 Cloud Platform to be the central platform for all industry processes involved in the creation of electronics hardware – design, simulation, lifecycle management, and manufacture.⁵⁵

Key to Altium's strategy is a two-segment operating structure, with both Design Software and Cloud Platform supporting one another. Altium describes the segments as symbiotic, stating that growth in the Design Software business will increase uptake of the Cloud Platform, and equally, as the Cloud Platform user base grows, customers are more likely to increase their usage and reliance of Altium's design software.⁵⁵ Altium believes that once it has fully developed its cloud-based platform, it will be in a position to transform the broader electronics industry through the cloud-enablement of all industry processes involved in the creation of electronics hardware.⁵⁶

As part of its 'Dominance and Transformation' strategy, Altium is seeking to achieve the following FY26 Targets:⁵⁷

- total revenue of approximately \$500 million;
- Underlying EBITDA margin of 38.0% to 40.0% (refer to Section 8.4.1 of this report for further explanation of Underlying EBITDA); and
- 100,000 software seats on subscription, noting that Altium sees this target as being independent of their revenue target, which is likely to be achieved with only 75,000 to 90,000 subscription seats with a stronger uptake of higher-value subscription seats.

⁴⁸ The A\$38.50 offer was below the high of A\$39.81 per Altium Share reached in the 12 months preceding the offer, and below the all-time high of A\$42.63 per Altium Share reached on 17 February 2020.

⁴⁹ Autodesk, Inc. Acquisition Proposal (Rejected), 7 June 2021

⁵⁰ BofA Global Research, Technology Day takeaways. Connecting the electronics value chain, 16 November 2023.

⁵¹ Calculated as the closing price of Altium Shares on 14 February 2024 of A\$51.26 multiplied by 132,975,521 fully diluted Altium Shares, comprised of 131,926,838 ordinary shares and 1,048,683 performance rights on issue.

⁵² Source: Altium Investor Day Presentation, 16 November 2023.

⁵³ Source: Altium 1H24 Half Year Accounts.

⁵⁴ Source: Altium 2019 Chairman's Address, Altium Annual General Meeting, 6 December 2019.

⁵⁵ Sources: Altium FY23 Annual Report; Altium Investor Day and Annual General Meeting – Presentation. November 2023.

⁵⁶ Source: Altium Full Year 2023 Investor Presentation.

⁵⁷ Source: Altium Annual Report FY23. Note that Altium had originally set these targets in 2019 to be achieved in FY25, but they were subsequently deferred in 2020 due to the effects of the COVID-19 pandemic.

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The key assumptions underlying achievability of these revenue targets include the following:

- growth of Altium Design Software to approximately US\$350 million through:
 - an increase in the customer base by expanding into new markets;
 - growing higher value Altium Design Software Enterprise sales; and
 - improving annual recurring revenue continuing the recent success in converting customers from perpetual licenses to term-based licenses, and increasing average subscription seat value;
- growth of Altium Cloud Business to approximately US\$150 million through:
 - the direct monetisation of Altium 365 through the sale of applications that software engineers of multiple disciplines can use to collaborate for the design and development of PCBs; and
 - access to a larger addressable market of multiple disciplines represented by users such as mechanical computer-aided design software, simulation engineering, computer-aided engineering, computer-aided manufacturing engineers, purchasing agents, product managers and financial executives; and
- Underlying EBITDA margin expansion delivered through:
 - scalability of the Altium Design Software go-to-market model to deliver improving revenue per employee through efficiencies in mid-market and further growth in larger Altium Design Software Enterprise transactions. As the business scales, revenue growth is expected to outstrip cost growth leading to higher margins; and
 - the additional revenue from direct monetisation of Altium 365 is expected to provide a greater coverage for the ongoing operating costs of the Altium Cloud Business leading to improved margins.⁵⁸

Altium is in the process of launching a revised version of its strategy, referred to as 'Route 66'. Although specific details are not yet disclosed to the market, to implement the Route 66 strategy Altium intends to develop its existing suite of products to grow revenue organically and pursue bolt-on acquisitions where necessary or desirable. Previously Altium announced that, pursuant to its existing strategy, it intends to achieve revenue of US\$500 million and an Underlying EBITDA margin of 38% to 40% by FY26. If successful with its Route 66 strategy Altium expects to achieve significant revenue and earnings growth beyond FY26. However, the strategy will take time to be achieved, implementation of the strategy will be capital intensive, will result in Altium incurring increased costs in the near to medium term, and the strategy has risks associated with it, some of which are outside the control of Altium.

8.3 Operations

8.3.1 Overview

Altium's operations support earnings from a globally diversified customer base, consisting of individuals, SMBs, and blue-chip enterprise companies, across the Americas, EMEA, Emerging Markets, and APAC.⁵⁹ It has an international network of three main operating centres, six sales and support centres, and five research and development centres, supported by regional offices in over 17 countries and a network of channel partners consisting of over 50 authorised regional resellers.

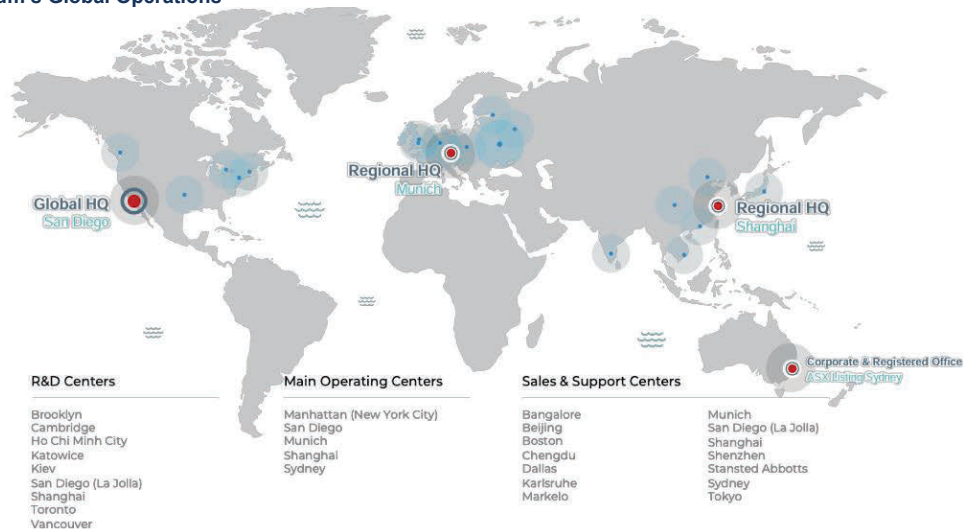
⁵⁸ For further information, Altium Shareholders should refer to the Altium 2023 FY Results Investor Presentation dated 21 August 2023 – Slides 6-9.

⁵⁹ Altium Company Website: About Us. Subscriber amount is as at 30 June 2023.

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The following graphic provides an illustration of Altium's global operations.

Altium's Global Operations



Source: Altium Full Year 2023 Investor Presentation, 21 August 2023.

8.3.2 Operating segments

Altium's operations are structured around the following two operating segments:⁶⁰

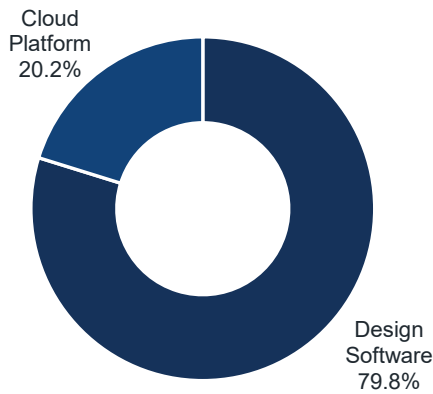
- **Design Software (Altium Designer and Enterprise)**
Provides PCB design solutions to empower and connect PCB designers to develop electronics products. Altium Design Software indirectly drives value from the Altium 365 platform through the subscriptions associated with the Altium Designer Pro and Altium Designer Enterprise level workflow and design capabilities; and
- **Cloud Platform (Altium 365, Nexar and Octopart)**
The Altium 365 Cloud Platform provides professionals and industry partners with access to an ecosystem of electronic design and manufacturing users and customers. The Octopart search engine enables users to find a review the technical specifications of millions of components for use on PCBs. Nexar supports the broader electronics ecosystem through programmatic connection and engagement with Altium technologies and services. Spectra is an Altium service for Data-as-a-product.

⁶⁰ Altium 2023 Annual Report.

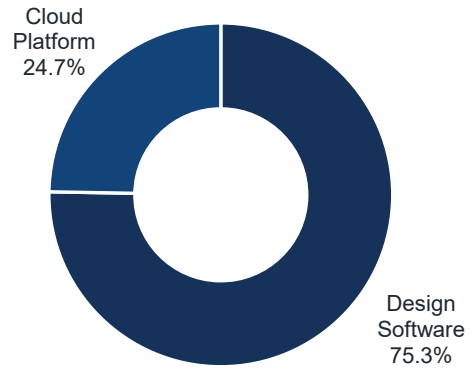


The following charts show the relative 1H24 revenue and Underlying EBITDA contribution by segment.

1H24 Revenue by Segment



1H24 Underlying EBITDA¹ by Segment²



Source: Altium 1H24 Half Year Accounts.

Notes:



- 1H24 Underlying EBITDA excludes net costs related to an ongoing tax dispute (refer to Section 8.6 of this report for further details), mergers and acquisition costs in relation to the acquisition of Valispace GmbH, and business restructuring costs.
- Percentages exclude Corporate / Unallocated costs which relate to head office employee and other overhead costs.

Design Software is Altium's largest operating segment, contributing 79.8% of revenue and 75.3% of Underlying EBITDA in 1H24. The Cloud Platform segment, Altium's newest segment that was separated out from its software business in October 2020, has seen higher revenue growth since its inception (albeit off a lower base) and generates higher Underlying EBITDA margins than the Design Software segment (for further detail on operating segment results refer to Section 8.4.1 of this report).

8.3.3 Design Software

The Design Software segment is comprised of Altium's PCB design software products; Altium Designer, CircuitStudio, CircuitMaker, and Altium 365 Viewer. Of these products Altium Designer contributes more than 99% of segment revenue, CircuitStudio contributes less than one percent of segment revenue, CircuitMaker is Altium's open-source (i.e. free) PCB design software, and Altium 365 Viewer is free to access.⁶¹

Design Software Product Summary

Product	Logo	Product Summary	Revenue Contribution
Altium Designer		<ul style="list-style-type: none"> Altium's flagship PCB design software product. Advanced (enterprise-grade) functionality and collaboration tools. Caters for individuals, SMBs and enterprise customers. 	<ul style="list-style-type: none"> Contributes the majority of segment revenues.
CircuitStudio		<ul style="list-style-type: none"> Professional-grade PCB design software capabilities at an affordable price point. Designed for single workstation and solo designer use. 	<ul style="list-style-type: none"> Contributed less than one percent of segment revenues in FY23.

⁶¹ Based on FY23 revenue.

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CircuitMaker



- Open source (free) PCB design software
- Free software, no revenue contribution.
- Suited for open-source hardware designers, hackers, makers, students and hobbyists

Source: Altium.

Altium Designer

Altium Designer is Altium's flagship PCB design software, with an approximate 30.5% market share in the PCB design software market.⁶² Altium Designer helps customers design PCBs that are ultimately used in a wide variety of electronic products.

Key features of Altium Designer include:

- **a user-friendly design interface:** users are able to workshop designs from schematic capture to final design documents and manufacturing files in a single interface, with the ability to work collaboratively across multiple users;
- **simulations and performance analysis:** users can run simulations that identify connectivity issues and analyse circuit performance without incurring the costs associated with manufacturing expensive prototypes; and
- **3D PCB design:** enhancing visualisation for product designers and users.

Altium Designer is available in three distinct license tiers to appropriately service the design requirements of various markets and user requirements. The key features for each tier are as follows.

Altium Designer License Tiers

Tier	Target Market	Summary of Features
Standard	Professional electronic designers and engineers to design PCB's and to share projects with stakeholders.	<ul style="list-style-type: none"> ▪ Basic co-design functionality. ▪ Fabrication features. ▪ Basic team collaboration including live design sharing and version control. ▪ Core component and data management.
Professional	Cross-functional teams designing electronic products to collaborate efficiently.	All features included in the Standard tier, as well as: <ul style="list-style-type: none"> ▪ Advanced co-design functionality. ▪ Advanced component & data management. ▪ Team management. ▪ Multi-site license usage.
Enterprise	Enterprise organisations seeking to establish digital continuity and manage processes to help ensure product quality, faster time-to-market, and compliance.	All features included in the Pro tier, as well as: <ul style="list-style-type: none"> ▪ Integration with product life-cycle management software. ▪ Advanced team management. ▪ Enterprise-level service and support. ▪ Additional workflow and processes capabilities.

Source: Altium.

In addition to the three product tiers, Professional and Enterprise customers have an option to specify the geographical scope of their license, allowing for the use of Altium Designer in multiple geographical locations. The license geographic scope can be purchased on a single site, continental, or global basis.

The Design Software segment has seen an increase in the number of subscription seats and licenses over the period from FY20 to 1H24, primarily comprised of increases in the number of subscription seats and licenses in the higher value Professional and Enterprise Altium Designer license tiers, which have improved

⁶² Source: Altium. Includes SMB and Enterprise markets.

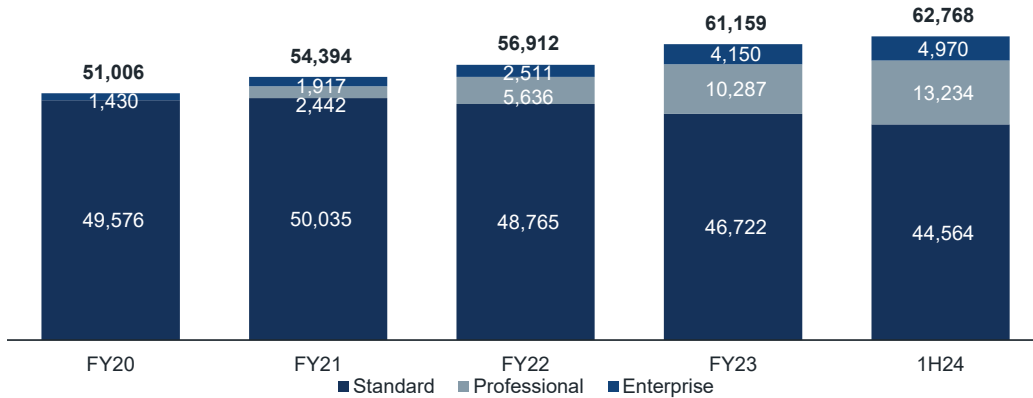
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product mix and driven progressively higher ASSV over the period.⁶³ The following chart shows the number of Design Software subscription seats by product for the period from FY20 to 1H24.

Design Software Subscription Seats by Product Tier

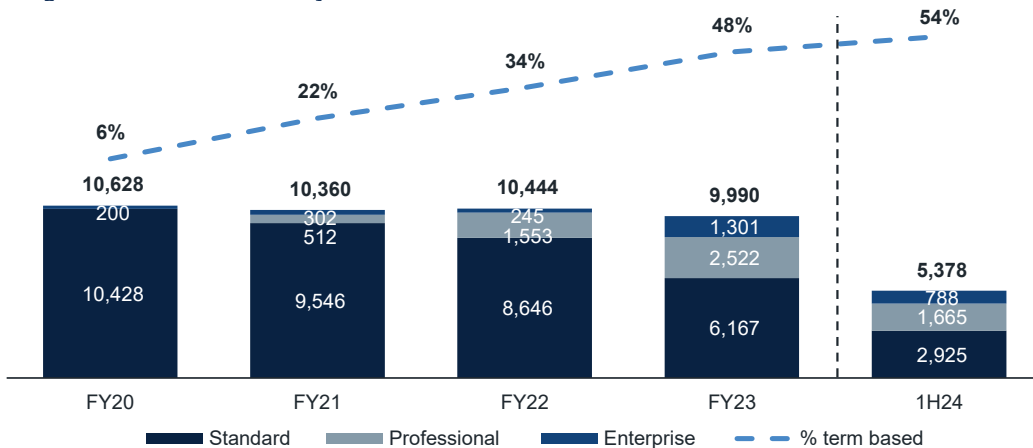


Source: Altium Financial Results Investor Presentations.

Subscription seats grew at a CAGR of 6.2% between FY20 and FY23, driven by a strong increase in High Value seats (i.e. Professional and Enterprise seats) which grew at a CAGR of 116.1% over the same period, albeit off a low base. For 1H24, the number of higher value seats grew an additional 26.1%. In contrast, the number of standard seats declined at a CAGR of 2.0% between FY20 and FY23, and an additional 4.6% in 1H24, partially as a result of existing Standard licenses being upgraded to Professional or Enterprise license tiers. These dynamics can be attributed to Altium's increased focus on the acquisition of higher value customers as it sought to grow the TAM for its software into the enterprise market.

The following chart shows the number of Design Software new licenses by product for the period from FY20 to 1H24, as well as the percentage of total new licenses that are structured as term-based licenses rather than perpetual licenses.

Design Software New Licenses by Product



Source: Altium Financial Results Investor Presentations.

⁶³ Average Subscription Seat Value (ASSV) is calculated as ARR divided by total number of active seats on subscription. ASSV replaced Average Recurring Revenue Per User (ARRPU) in FY23 to utilise more granular data at the individual contract level. Historical data has been presented on a basis consistent with the FY23 methodology.

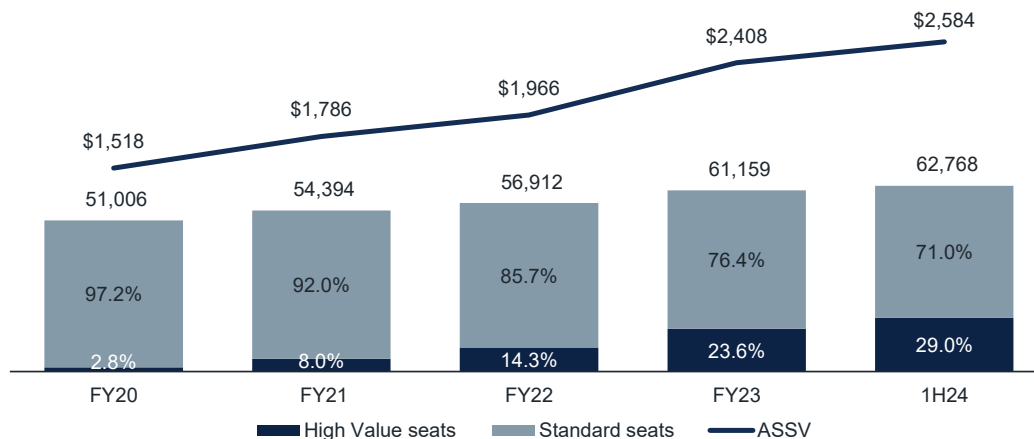


Note: % term-based refers to the number of new term-based licenses as a percentage of total new Altium Designer license sales.

The number of new licenses purchased per annum has remained fairly constant over the period, albeit a slight decline in FY23 relating to softness in the EMEA region caused by a focus on rejoins rather than new licenses, a difficult operating environment China, and the exit of business in Russia. As described previously, the number of new Professional and Enterprise level subscriptions has grown relative to Standard level subscriptions, reflecting upgrades by engineers to professional and enterprise capabilities for the data and process management tools that are included with Altium Designer Professional and Enterprise license tiers. Term-based licenses are also becoming the subscription of choice, rising from just 6% of new license sales in FY20 to 54% in 1H24.

The following chart shows the ASSV and percentage of High Value seats and Standard seats for the period from FY20 to 1H24.

Design Software ASSV¹



Source: Altium Financial Results Investor Presentations.

Notes:

1. ASSV is calculated as annual recurring revenue (ARR) divided by total number of active seats on subscription.
2. High Value seats refer to seats on Professional and Enterprise tier licenses. Standard seats refer to seats on Standard tier licenses.

Increasing ASSV, which has grown from \$1,518 in FY20 to \$2,584 in 1H24, has been a key driver of the growth in Designer Software segment revenue over the period. ASSV growth has been a result of the aforementioned increase in higher tier subscription sales (i.e. improved product mix) as well as increases in ARR⁶⁴ resulting from increased term-based license sales of Altium Designer relative to perpetual licenses sales. Additionally, pricing increases across all Altium Designer products that were introduced in 1H23 contributed to strong growth in ASSV during FY23.

8.3.4 Cloud Platform

The primary products in Altium's Cloud Platform segment include Altium 365, Octopart and Nexar.

Altium 365 is the company's collaboration platform which provides professionals and industry partners access to an ecosystem of electronic design and manufacturing users and customers. Presently, as access to Altium 365 is free of charge to Altium Designer subscribers, Altium 365 generates a limited amount of direct revenue from the platform (categorised as 'Cloud' revenue in the 1H24 financial report).

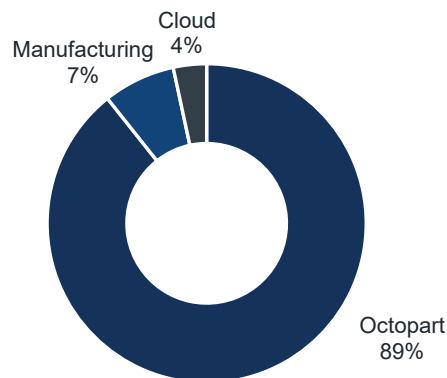
⁶⁴ ARR is the total annualised contracted value of all licenses that are term-based and subscription services (excluding perpetual licenses) that are recurring in nature. The total annualised contract value is calculated as total value of open active contracts at the period end divided by the length of the contract in days and multiplied by 365.

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The Cloud Platform segment also includes revenue from Nexar, Octopart, and Manufacturing. Revenue from Nexar is included as part of Octopart and Manufacturing and is comprised of revenue generated by supply chain partners connecting to the Altium 365 ecosystem and Octopart through the Nexar Application Programming Interface (API). Octopart revenue is comprised of “click-through” and banner advertising revenue earned through the Octopart search engine. Manufacturing revenue relates to revenue from legacy manufacturing operations.⁶⁵

A breakdown of the Cloud Platform 1H24 revenue by product is shown as follows.

Cloud Platform 1H24 Revenue by Product



Source: Altium 1H24 Half Year Financial Report.

Altium 365

Altium 365 is Altium’s cloud-based collaborative design platform. The platform aims to streamline the PCB design process by unifying the design, procurement, and manufacturing components of the electronics value chain. The platform achieves this by facilitating sharing and collaboration of electronic designs, creating time and cost efficiencies in the design process.

Key features of Altium 365 include:

- allowing users to share design files with project stakeholders including designers, manufacturers, and customers, allowing for real time review and collaboration through the cloud, removing requirements for additional software or the exporting of design files;
- integration with parts data from providers including Octopart, Silicon Expert and S&P Global allowing for users to gain access to current component data; and
- allowing for Altium Designer files to be natively integrated with commonly used manufacturing design tools including Autodesk Inventor® and Siemens NX.

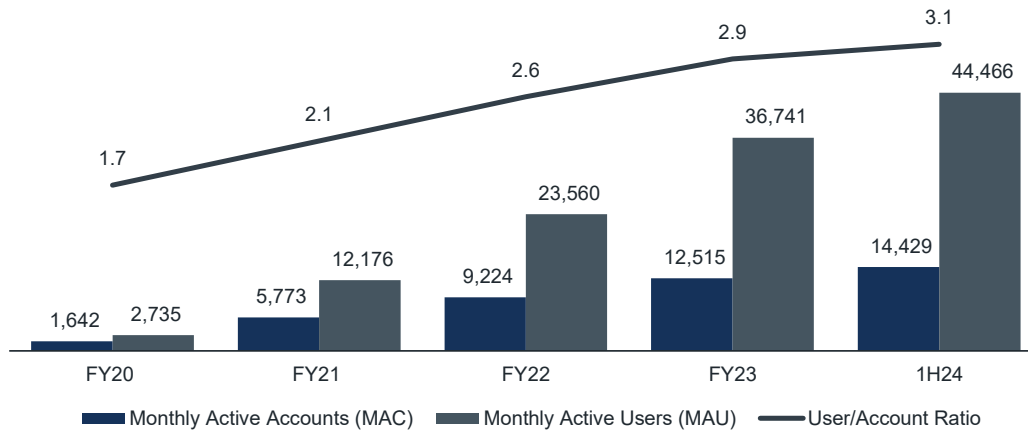
Customers of Altium 365 benefit from increased productivity because the product design and manufacturing processes are connected in the cloud. Altium 365 enables integrated collaboration for both internal teams and external suppliers who can access singular instances of schematics and data.

⁶⁵ Legacy manufacturing operations include those operations acquired by Altium through its acquisition of Gumstix, Inc. in 2019.



The following chart shows Altium 365's active monthly users and accounts from its release in FY20 to 1H24.

Altium 365 Monthly Active Users and Monthly Active Accounts¹



Source: Altium Financial Results Investor Presentations.

Note 1: Approximate number of Monthly Active Accounts and Monthly Active Users as at the end of the corresponding period.

Since the release of Altium 365 in FY20, uptake of the platform has been strong as indicated by the growth in monthly active accounts and monthly active users, which grew at a CAGR of 96.8% and 137.7% respectively between FY20 and FY23. 1H24 growth was also strong, at 15.3% and 21.0% respectively for six-month period to 31 December 2023. There has been an increase in the user to account ratio from 1.7 times in FY20 to 3.1 times in 1H24, reflecting the platform's network effect which has drawn users from outside the company's traditional Altium Designer userbase (including, for example, mechanical engineers and procurement teams).

Going forward, Altium will direct investment to enhance the A365 cloud platform in the following segments:

- Engineering Design Process Management;
- Supply Chain Management;
- Risk and Quality Management; and
- Engineering Workflow and Productivity Management.

Nexar

Nexar is Altium's electronics ecosystem, enabling customers to build on top of Altium technologies such as Altium 365 and Octopart through API connections. The Nexar API supports a wide range of integration use cases with over 9,000 organisations registered for the API.⁶⁶

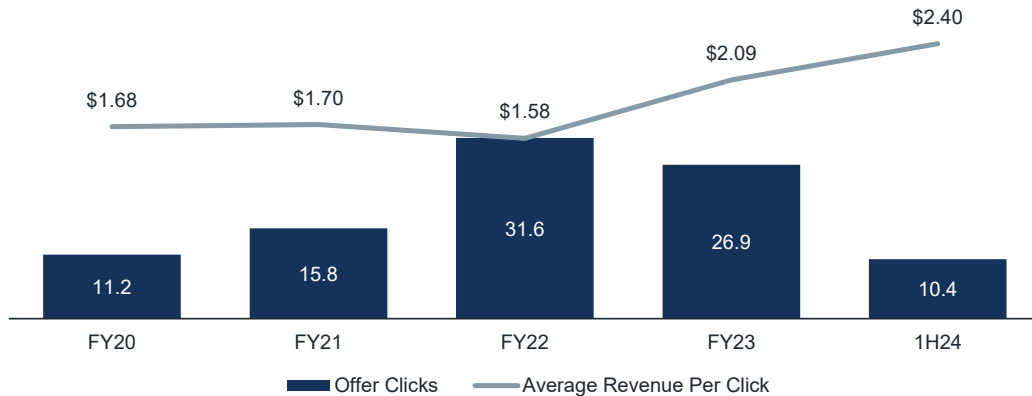
Octopart

Octopart is Altium's electronic component data search engine. The search engine is a self-service platform that allows users to access to daily updated stock, pricing, lifecycle status, and lead time data sourced directly from distributors. Octopart data is integrated with Altium's ecosystem of products including Altium 365 and Altium Designer, allowing users to access technical specifications and track component availability and costs throughout the entire design process. Users can also access Octopart data through non-Altium web applications via the Nexar API, allowing for these users to connect third-party applications to the platform. The platform has data on over 61 million parts and experiences more than seven million searches per month.

⁶⁶ Nexar website.

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The following chart shows Octopart's total Offer Clicks and average revenue per click from FY20 to 1H24.
Octopart Offer Clicks (millions) and Average Revenue Per Click (\$)¹



Source: Altium Financial Results Investor Presentations.

Note:

1. Average revenue per click is calculated as total search advertising revenue divided by total Offer Clicks

Octopart, which primarily generates revenue through "click through revenue", increased revenue over the period between FY20 and FY23 due to a greater number of Offer Clicks and an increase in average revenue per click. Offer Clicks increased by a CAGR of 33.9% between FY20 and FY23 due to greater search activity on the platform arising from global electronic part shortages, which peaked in FY22. Increases in average revenue per click, which grew to \$2.40 in 1H24 (compared to \$1.68 in FY20) were another key driver of search revenue growth. This growth was due to increased contracted payment rates from customers, who looked to secure more competitive placement in search results. Furthermore, product updates including better integration with Altium 365 improved functionality of the platform allowing Altium to further increase average revenue per click.

As part of the 1H24 financial results, Altium announced that regionalised versions of Octopart.com had launched in Korean, Japanese, Portuguese and Spanish, with more regions in the pipeline. Local country and language support is said to be unlocking new distribution partnerships and website traffic with non-English speaking vendors and customers.

Manufacturing

Altium generates revenues through legacy manufacturing operations acquired as part of its acquisition of Gumstix in 2019. Altium does not consider this aspect of their operations as strategically important to the future of the business.

8.3.5 Revenue Models & Pricing

Design Software

Revenues in the Design Software segment are derived from sales of Altium Designer and CircuitStudio licenses. Customers pay a license fee per subscription seat for these products, with licenses structured as either perpetual (i.e. up-front payment, indefinite right of use) or term-based licenses (i.e. subscriptions).

Perpetual licenses represent customer software licenses that give the customer the right to use the software indefinitely and are available for CircuitStudio and on all Altium Designer product license tiers, excluding enterprise licenses. Perpetual licenses incur a one-time fee for the software license, ranging in price from A\$690 for the lower-tier CircuitStudio product, to A\$17,000⁶⁷ for the Professional level of Altium Designer. Additionally, for perpetual licenses, there is an optional maintenance subscription fee which covers

⁶⁷ Altium website: Altium Designer.



additional services including technical support and software updates, with the number of Altium Designer Professional maintenance subscriptions growing by 83% in 1H24. This subscription can be renewed annually, providing some degree of ongoing revenue for Altium, however, if the maintenance fee is not renewed the software can still be used on a perpetual basis.

As an alternative to perpetual licences, term-based licenses provide access to the software in return for a regular (annual or monthly) subscription fee. This model provides customers with greater flexibility and lower upfront costs compared to perpetual licenses. The term-based subscription fee includes both the software license and the maintenance subscription.

The following table illustrates various advertised product license costs for Altium Designer products.

Altium Designer Advertised Product Pricing¹

Product	Perpetual license ²	Term-based license (per year)
Altium Designer Standard	A\$15,895	A\$5,685
Altium Designer Pro	A\$17,000	A\$7,255
Altium Designer Enterprise	n/a ³	A\$10,765
CircuitStudio	A\$690	n/a ⁴
CircuitMaker	Free	Free

Source: Altium website.

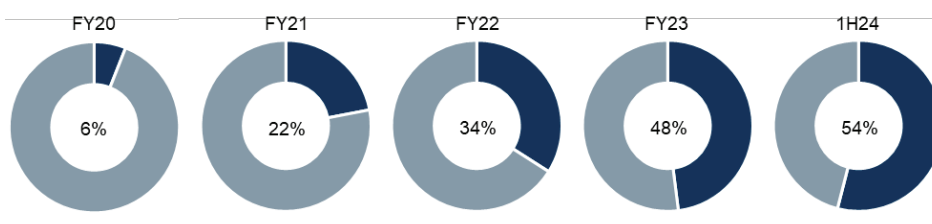
Notes:

1. Advertised prices for 'Single Site' licenses. Actual pricing may differ depending on customer contracts.
2. Perpetual license pricing includes a maintenance fee for one year.
3. Altium Designer Enterprise licenses available only as term based licenses.
4. CircuitStudio available only as a perpetual license.

Since FY20, the Company has begun to accelerate the transition of its product mix from perpetual to term-based licenses, with the end goal of transitioning software revenue to a recurring revenue model. One strategy used by Altium to achieve this outcome has been to increase the relative cost of perpetual licenses compared to term-based licenses. It is anticipated that the transition will drive higher ARR, providing enhanced stability and visibility of revenues, improved margins, and increased ASSV.

As illustrated in the following chart, Altium have continuously increased term-based licenses as a share of new sales from 6% in FY20 to 54% in 1H24.

Term Based Licenses as a % of Total New Altium Designer Sales



Source: Altium Financial Results Investor Presentations.

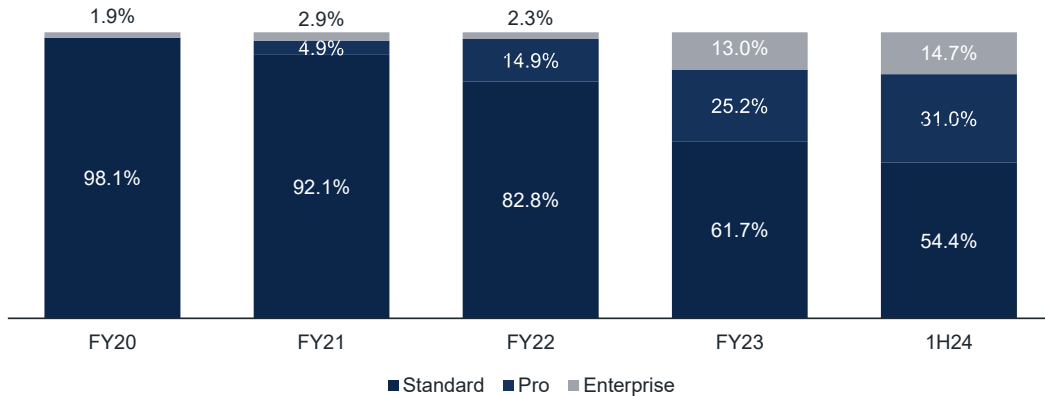
In conjunction with Altium's strategic shift towards term-based license sales, the Company has increased its sales focus on larger enterprise customers in recent years. Altium Designer, with an approximate 37.0% market share,⁶⁸ is the leading player in the mid-customer segment. After establishing their position amongst SMB's, Altium increased its focus on winning larger, enterprise customers which are estimated to have a TAM of \$1.6 billion by 2030.⁶⁸ As seen in the below figure, Altium's enterprise and pro level sales over the

⁶⁸ BofA Global Research, Technology Day takeaways. Connecting the electronics value chain, 16 November 2023.

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last four financial years have increased to represent a greater share of new license sales as a result of this strategic shift. The following chart shows new Altium Designer licenses by product tier.

New Altium Designer Licenses by Product Type



Source: Altium Financial Results Investor Presentations.

License compliance in China has been a key focus for management for many years. An estimated 100,000 users access the software without payment (in comparison to the 5,500⁶⁹ registered seats on subscription in the region as at 30 June 2023). The transition away from perpetual license sales to term-based licensing with access to the broader Altium 365 is expected to improve compliance efforts in China.

Cloud Platform

As set out in Section 8.3.4, the majority of Octopart's revenue is generated through "click-through" revenue. The price charged per click is based on individual agreements with sellers who can increase their contracted rates to secure competitive visibility in search results. Octopart generates additional advertising revenue through the sale of banner and brand advertising campaigns across the platform. The prices of these advertisements are similarly based on contracts with individual customers. Altium has improved its value offerings related to Octopart in recent years and has consequently experienced greater pricing power with average revenue per click increasing from \$1.61 in 2H22 to \$2.23 in 2H23 despite a decline in total clicks.

A percentage of Altium's cloud revenue relates to legacy manufacturing operations. Altium generates revenue through the manufacturing and delivery of customer orders from its PCB manufacturer Gumstix, however, these operations are considered not strategically important to Altium's strategy.

8.3.6 Customers

As at 30 June 2023, Altium Designer had over 61,000 seats on subscription, which included SMBs to larger enterprise customers. Geographically, Altium Designer subscribers are sourced globally with the majority concentrated in the Americas and Europe, which contribute 40.3% and 40.6% of subscription seats respectively. In line with the Company's strategy to increase enterprise customers, the proportion of Professional and Enterprise seats on subscription to total seats on subscription has steadily increased in recent years. Altium's enterprise subscribers includes Texas Instruments Inc. (**Texas Instruments**), Tesla,

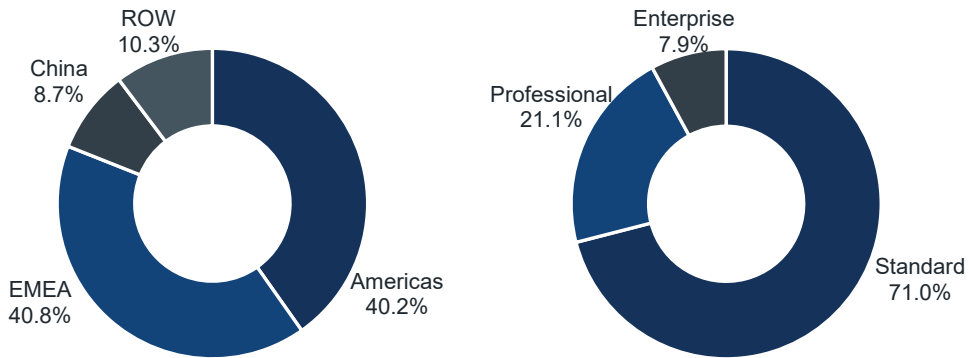
⁶⁹ JPMorgan, Attractive business pivoting to cloud and moving into enterprise, 15 June 2022.

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Inc. (**Tesla**), Space Exploration Technologies Corp. (**Space X**), Bosch Limited (**Bosch**), and Rivian Automotive, Inc. (**Rivian**).⁷⁰

Altium Designer Seats on Subscription by Geography and by Subscription Tier



Source: Altium 1H24 Financial Results Presentation.

⁷⁰ Altium FY23 Earnings Release.

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8.4 Financial performance

8.4.1 Historical financial performance

The following table summarises the financial performance of Altium for FY20, FY21, FY22, FY23 and 1H24.

Altium Financial Performance (\$ millions)

	FY20 Audited	FY21 Audited	FY22 Audited	FY23 Audited	1H24 Reviewed
Design Software revenue	147.8	150.9	169.3	203.0	110.6
Cloud Platform revenue	21.5	29.3	51.5	60.3	28.0
Total revenue	169.3	180.2	220.8	263.3	138.6
Sales expenses	52.8	58.2	64.0	71.6	39.2
General and administrative (G&A) expenses	35.3	32.3	41.5	52.6	29.5
Research and development (R&D) expenses	22.3	28.0	34.2	43.7	23.7
Total operating expenses	(110.4)	(118.5)	(139.7)	(167.9)	(92.4)
Underlying EBITDA					
Design Software	85.3	81.6	90.1	108.9	55.7
Cloud Platform	9.6	11.3	30.3	37.1	18.3
Corporate/unallocated	(33.2)	(32.9)	(39.2)	(50.6)	(27.7)
Underlying EBITDA¹	58.9	61.7	81.1	95.4	46.2
Underlying EBITDA adjustments	2.8	(1.7)	(1.3)	0.7	(1.5)
EBITDA²	61.7	60.0	79.8	96.0	44.7
Depreciation, amortisation, and impairment	(10.9)	(11.9)	(12.0)	(9.6)	(4.0)
EBIT³	50.8	48.1	67.9	86.4	40.7
Net interest income / (expense)	0.1	(0.4)	(0.0) ⁴	1.4	1.9
Net profit before tax⁵	50.9	47.7	67.9	87.8	42.6
Income tax expense	(31.2)	(12.4)	(12.4)	(21.4)	(9.5)
Net profit after tax from continuing operations	19.7	35.3	55.5	66.3	33.0
Profit / (loss) after income tax from discontinued operations ⁵	11.2	71.7	(0.1)	-	-
Profit after tax attributable to Altium Shareholders	30.8	107.0	55.3	66.3	33.0
Performance Metrics⁶					
Design Software revenue growth	10.3%	2.1%	12.2%	19.9%	20.7%
Cloud Platform revenue growth	19.9%	36.3%	75.7%	17.0%	0.3%
Total revenue growth	11.5%	6.4%	22.5%	19.2%	15.9%
Operating expenses growth	11.8%	7.4%	17.8%	20.2%	nmf ⁷
Underlying EBITDA growth	10.8%	4.7%	31.5%	17.5%	6.8%
Annual Recurring Revenue	77.4	97.1	111.9	147.2	162.2
Recurring revenue ⁸ as % of total revenue	59.0%	65.0%	75.0%	77.0%	81.0%
Operating Margins⁶					
Underlying EBITDA margin	34.8%	34.3%	36.7%	36.2%	33.4%
Net profit after tax margin	11.7%	19.6%	25.1%	25.2%	22.7%

Source: Altium Annual and Half Year Reports and Results Presentations; Kroll analysis.

Notes:

- Underlying EBITDA is earnings before net interest, tax, depreciation, amortisation and impairments, excluding discontinued operations, and contains adjustments for one-off items that are not expected to reoccur in the normal operating cycle, or are items identified by management as not representing the underlying performance of the business. Refer to later in this section for further details on Underlying EBITDA and its adjustments.
- EBITDA is earnings before net interest, tax, depreciation, amortisation and impairments, excluding discontinued operations.

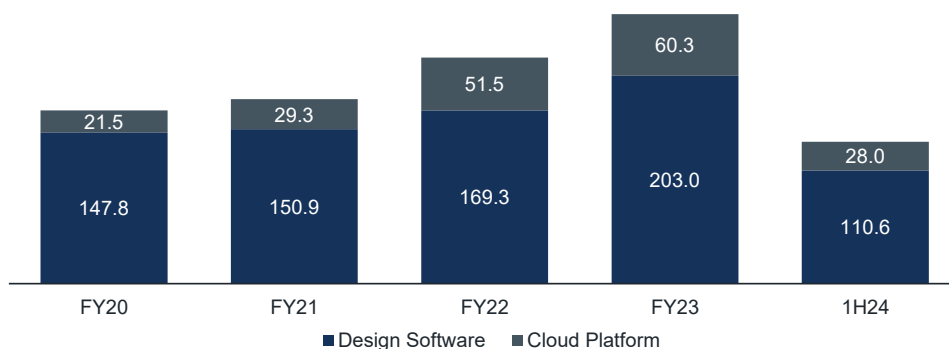


3. EBIT is earnings before net interest and tax, excluding discontinued operations.
4. More than (\$0.05 million).
5. Profit (loss) from discontinued operations relate solely to the divested TASKING BV (**TASKING**) business, which was sold in FY21 and yielded non-operating profits of \$11.2 million and \$71.7 million in FY20 and FY21 respectively. This divestment had a flow on effect in FY22 wherein a related tax expense of \$0.1m was recognised.
6. Metrics in FY20 and FY21 are based on restated figures following the divestment of TASKING and changes to lease expense recognition in accordance with Australian Accounting Standards Board 16 (**AASB 16**) Leases.
7. Nmf is not meaningful.
8. Recurring revenue adjusts total revenue to remove amounts for revenue recognised upfront from Perpetual Licenses, training and deployment services, hardware revenue, and license upgrades.
9. Table may not add due to rounding.

In relation to the financial performance of Altium, we note:

- revenue performance by segment for the period FY20 to 1H24 is shown as follows:

Altium Revenue by Segment (\$ millions)

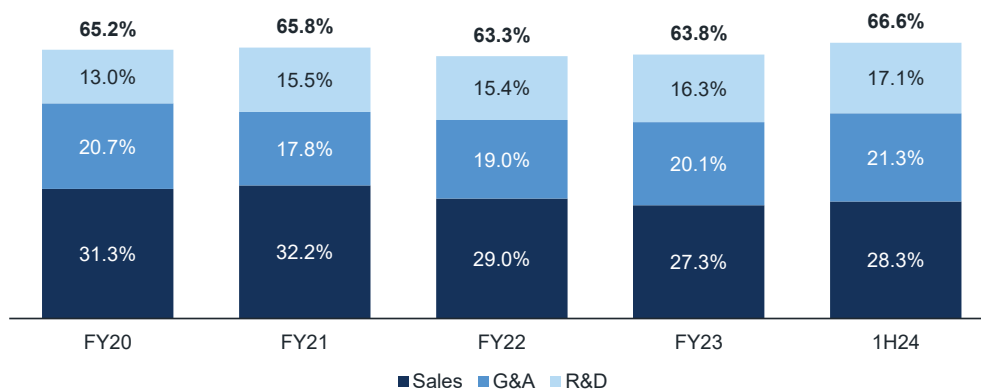


Source: Altium

The Design Software segment has been the major driver of revenue growth over the period. Revenue performance by segment is analysed in Section 8.4.2 of this report;

- Altium's operating expenditure has grown at a slower rate than its revenues between FY20 and FY23, with operating expenditure targeted at growing the subscription base (i.e. sales related expenditure) particularly in the Enterprise segment and defending Altium's competitive position by developing best-in-class software products (i.e. R&D expenditure). In 1H24, this trend reversed as operating expenditure grew faster than revenue growth for the period:

Altium's Operating Expenses as Percentage of Revenue



Source: Altium.

Note: The costs in the chart are segmented by business function and do not relate to cost classification for accounting or tax purposes.

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- Altium's operating expenditure primarily consists of employee costs, which comprised 67.6% of total 1H24 operating expenditure (including share-based compensation payments), a proportion that is relatively typical for software businesses. In 1H24, operating expenditure was also mainly comprised of marketing expenses (6.4%) and administration expenses (15.2%).
- operating expenditure has grown at a CAGR of 15.0% between FY20 and FY23, slower than the rate of growth in total revenue during the same period (15.9%), resulting in a decline in total operating expenses as a percentage of revenue from 65.2% in FY20 to 63.8% in FY23. In 1H24 operating expenditure grew 23.1% relative to 1H23 which was faster than total revenue growth (15.9%) for the period resulting in operating expenses as a percentage of revenue increasing to 66.6% for the period;
- between FY20 and 1H24, Altium has been investing materially in Enterprise and Digital sales channels including expanding the company's executive marketing management team in 1H24. These expenses have begun to rationalise as the investment converts into higher-value subscription contract wins. Nonetheless, growth in sales expenses was outpaced by revenue growth, and sales expenses contracted as a percentage of revenue;
- Altium maintains a policy of expensing R&D costs on its software products. Between FY20 and FY23, Altium substantially increased R&D related headcount to support the development of Altium 365 and the continued improvement of Altium Designer, which resulted a 96.0% increase in R&D from \$22.3 million to \$43.7 million, outpacing revenue growth and resulting in R&D growing as a percentage of revenue from 13.2% to 16.6%. In 1H24, R&D as a proportion of revenue grew further, reaching 17.1%; and
- increases in G&A in recent years have been driven by increasing compliance costs, including SOC 2 security auditing⁷¹ and tax consulting.
- between FY20 to FY23, Underlying EBITDA increased from \$58.9 million to \$95.3 million, a CAGR of 17.4%, with margins improving from 34.8% in FY20 36.2% in FY23 as overall revenue growth outpaced the growth in operating expenditure. In 1H24, Underlying EBITDA increased by 6.8% (relative to 1H23) to \$46.2 million with Underlying EBITDA margin declining to 33.6% (36.2% in 1H23);
- Underlying EBITDA excludes one-off items that are not expected to reoccur in the normal operating cycle, or are items identified by management as not representing the underlying performance of the business. These adjustments are summarised as follows.

Underlying EBITDA adjustments (\$ millions)

	FY20 Audited	FY21 Audited	FY22 Audited	FY23 Audited	1H24 Reviewed
Transaction costs ¹	(0.1)	(2.3)	-	-	(0.5)
Re-measurement of contingent consideration ²	2.9	2.5	-	-	-
Write-back of minimum contract payment ³	-	(1.4)	-	-	-
Restructuring costs ⁴	-	(0.5)	-	-	(0.5)
Ukraine employee support costs ⁵	-	-	(1.3)	-	-
Foreign currency translation gain / (loss) ⁶	-	-	-	0.7	-
Net costs related to tax dispute with ATO ⁷	-	-	-	-	(0.5)
Total Underlying EBITDA adjustments	2.8	(1.7)	(1.3)	0.7	(1.5)

Source: Altium Annual and Half Year Reports and Results Presentations

Notes:

1. Transaction costs relate to M&A costs relating to various acquisitions Altium has made including the Valispace GmbH transaction.

⁷¹ SOC 2 is a voluntary compliance standard for service organisations related to how those organisations manage customer data.



2. Re-measurement of contingent consideration relates to the forfeiture of contingent consideration relating to transactions Altium was involved in including the Gumstix acquisition.
 3. Write-back of minimum contract payment relates to the write-back of the Solidworks annual minimum contract payment of \$1.4 million in FY21.
 4. Restructuring costs relate to various business restructuring costs conducted by Altium.
 5. Ukraine employee support costs relate to costs associated with supporting Altium employees in Ukraine following political instability in Ukraine and Russia in FY22.
 6. Foreign currency translation gain / (loss) relates to foreign currency gains associated with Altium's international operations.
 7. Net costs relate to net costs incurred with respect to the ATO tax dispute (see Section 8.6 for further discussion).
 8. Table may not add due to rounding.
- consistent with Altium's policy of expensing R&D related costs and business model that does not require substantial investment in fixed assets, depreciation and amortisation expenses are low and stable. From FY20 to FY23 depreciation and amortisation expenses have declined at a CAGR of 4.1%. In 1H24, depreciation and amortisation declined by 13.9% compared to 1H23. Depreciation primarily relates to operating leases (depreciation of right-of-use assets) and depreciation of property, plant, and equipment, and amortisation is of customer relationships, intellectual property, and software. Impairment expenses relate only to the FY22 period and include \$0.3 million in impairment of plant and equipment and intellectual property;
 - net profit before tax from continuing operations increased between FY20 and FY23 at a CAGR of 19.9%, which primarily corresponds to top line revenue growth, driven by an improved customer mix and higher subscription values. In this time, margin improvement due to appropriate cost management further resulted in increased net profit before tax. In 1H24, net profit before tax increased by 8.6% driven by revenue growth, partially offset by the aforementioned increased operating expenditure and reduced operating margin;
 - profit after tax attributable to the owners of Altium in FY20 and FY21 include profits from the discontinued TASKING business, which are particularly material in FY21;
 - the following table shows per share statistics over the period FY20 to FY23 and 1H24;

Altium Per Share Metrics

	FY20 Audited	FY21 Audited	FY22 Audited	FY23 Audited	1H24 Reviewed
Weighted average number of ordinary shares during the period (million)	130.9	131.2	131.4	131.6	131.8
Basic EPS – total (US cents) ¹	23.6	81.5	42.1	50.4	25.0
EPS continuing (US cents) ²	15.1	26.9	42.2	50.4	25.0
Dividends per share (AU cents)	39.0	40.0	47.0	54.0	30.0
A\$/US\$ exchange rate ³	1.45	1.33	1.45	1.50	1.47
Dividend per share (US cents) ⁴	26.9	30.0	32.4	35.9	20.4
Dividend payout ratio ⁵	114.2%	36.8%	76.9%	71.3%	81.7%

Source: Altium Annual and Half Year Reports and Results Presentations; Kroll analysis

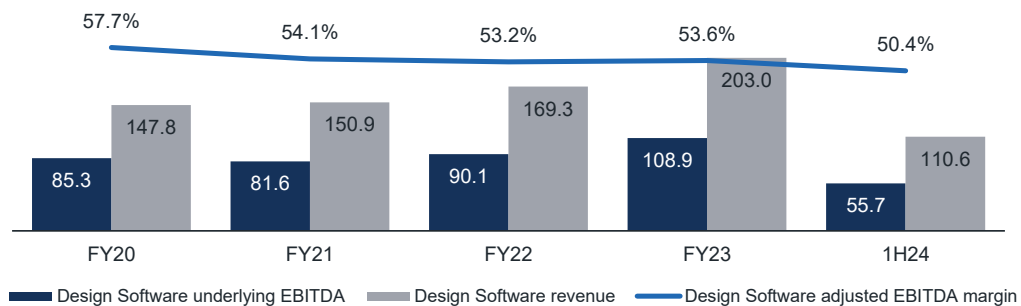
1. Calculated as profit after tax attributable to the owners of Altium divided by weighted average number of shares.
 2. Basic earnings per share (EPS) is calculated as profit after tax from continuing operations divided by weighted average number of shares.
 3. Exchange rate as at period end.
 4. Calculated as dividends per share (AU cents) (DPS) divided by the exchange rate at period end.
 5. Calculated as DPS divided by basic earnings per share.
- basic EPS from continuing operations increased each year since FY20. Altium targets a distribution payout ratio of 50% to 80% of net profit after tax. DPS has increased each period from FY20 to FY23, however, dividend payout ratio has fluctuated throughout the same period. The 1H24 interim dividend of A30¢ was paid on 26 March 2024.

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8.4.2 Segment performance

Design Software

- Design software has experienced revenue growth between FY20 and FY23 at a CAGR of 11.2%. This growth has been driven by both an increase in seats on subscription and an improved customer mix with a greater proportion of higher tier subscriptions leading to a greater ASSV (refer to Section 8.3.3 of this report for further commentary). In 1H24, design software revenue increased by 20.5% relative to 1H23. Underlying EBITDA margin decreased from 57.7% in FY20 to 50.4% in 1H24. Part of the performance goals of Design Software has been to increase ARR, which has risen from 59.0% of total revenue to 81.0% of total revenue;



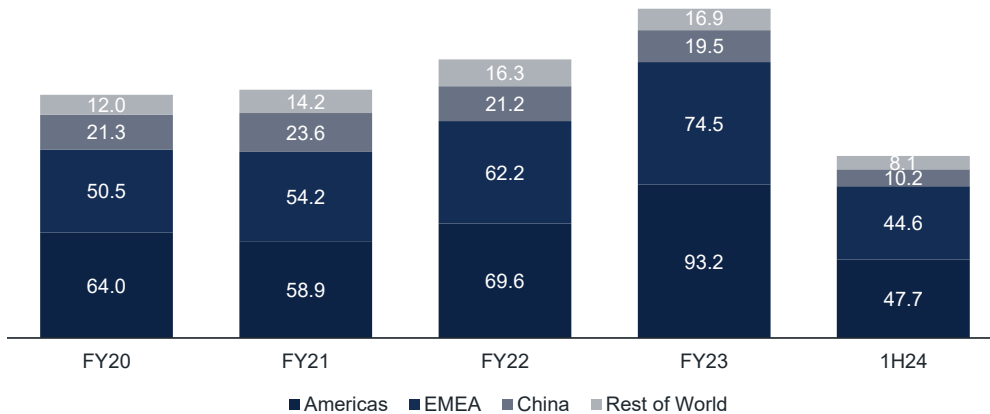
Design Software Performance

Source: Altium Annual and Half Year Reports and Results Presentations; Kroll analysis.

- between FY20 and FY23 the Americas region contributed the largest increase in revenue, growing at a CAGR of 13.3% driven by an increase in subscription seats particularly in the Professional and Enterprise tiers. This growth was despite a decline in the region's revenue in FY21 caused by the full year impact of the termination of the SolidWorks contract which reduced the Americas' revenue from \$64.0 million to \$58.9 million. Over the same period, the EMEA market saw revenue increase at a CAGR of 13.8%, driven by subscription seat growth which increased at a CAGR of 7.5%. Slightly offsetting revenue growth in the Americas and EMEA market was a decline in the China market (revenue declined at a CAGR of 5.2%), caused by a slow COVID-19 recovery, geopolitical restrictions and ongoing license compliance issues which have beset growth in the region for some time;
- revenue from the Rest of World market grew at a CAGR of 12.1% between FY20 and FY23 due to increases in subscription seats particularly in higher tier subscriptions but growth in the region was impacted by the cessation of Russia sales from FY22; and
- in 1H24, design software revenue grew across all regions (relative to 1H23) except for the rest of the world region which remained flat. Improved product mix as customers increased uptake of professional and enterprise level subscriptions was the key driver of growth during the period.



Design Software Revenue Geographical Breakdown

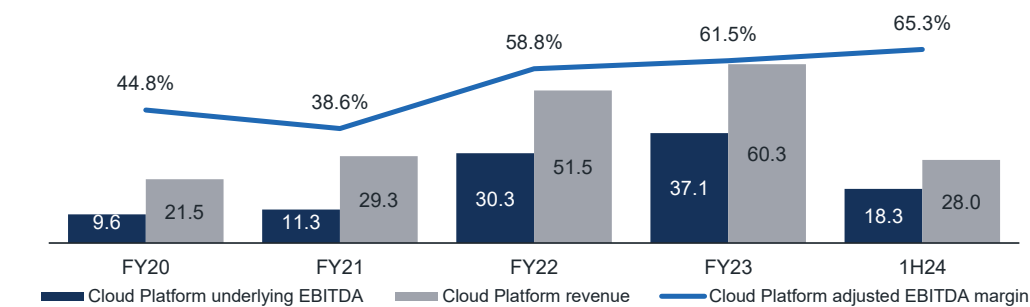


Source: 2023 Altium Investor Presentation; Kroll analysis.

Cloud Platform

- Between FY20 and FY23 Cloud Platform results were aligned with group results, showing year on year growth in both revenue and in EBITDA margins. In this time revenue grew at a CAGR of 41.0% and EBITDA margins improved by 16.7% to 61.5% with a slight slowdown in FY21 caused by supply constraints during the COVID-19 pandemic. Between FY20 and FY22 revenue growth was driven by growth in Octopart offer clicks whereas in FY23 revenue growth was driven by increased average revenue per click on Octopart. Refer to Section 8.3.4 for further commentary on Octopart performance. In 1H24 cloud platform revenues marginally increased compared to 1H23, driven by growth in hardware and cloud revenues slightly offset by a decline in Octopart revenues;

Cloud Platform Performance (\$ million) and Underlying EBITDA Margin (%)



Source: Altium Annual Reports and Results Presentations; Kroll analysis.

- as discussed in Section 8.3.4 of this Report, the majority of Cloud Platform revenue is from Octopart which contributed 89.3% of revenue in 1H24. Octopart revenue and EBITDA performance has improved over the period and corresponds with increased Offer Clicks brought about by COVID-19 pandemic related supply chain shortages during the period between FY20 and FY22. Clicks decreased in FY23 and 1H24 as global supply chains recovered, however this was offset by improved revenue per click as suppliers pay more for clicks on in-stock items;

8.4.3 Guidance

In the release of the 1H24 results on 27 February 2024, Altium advised that it had suspended the practice of providing forward-looking guidance as a result of the proposed acquisition of Altium by Renesas.

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As described in Section 8.2.1 of this report, Altium reaffirmed its FY26 Targets in the 1H24 results presentation on 27 February 2024. These targets detail improvements to the following key metrics:

- total revenue of \$500 million;
- Underlying EBITDA margin to lift to 38% to 40%; and
- 100,000 seats on subscriptions.

With stronger uptake of higher-value subscription seats, the \$500 million target will be reached with only 75,000 to 90,000 seats on subscription. However, 100,000 seats on subscription remains an independent aspirational goal.

We note that Altium is in the process of launching a revised version of its Flight Path which is now referred to as the 'Route 66' strategy (as detailed in Section 8.2.1 of this report). The Route 66 strategy differs from the Flight Path in that it will inform the strategy and targets for the business for the period beyond FY26.

To implement the Route 66 Strategy, Altium intends to develop its existing suite of products to grow revenue organically and pursue bolt-on acquisitions where necessary or desirable. The Altium Board has a positive outlook for Altium and is confident that the business is well positioned to deliver growth in the long term as a result of this strategy. Previously Altium announced that, pursuant to its existing strategy, it intends to achieve revenue of US\$500 million and an Underlying EBITDA margin of 38% to 40% by FY26. Altium states that if successful with its Route 66 strategy, it expects to achieve significant revenue and earnings growth beyond FY26, although Kroll notes that it has insufficient information to satisfy itself that these expectations are supported by a reasonable basis. However, the Route 66 strategy will take time to be achieved, implementation of the strategy will be capital intensive, will result in Altium incurring increased costs in the near to medium term, and the strategy has risks associated with it, some of which are outside the control of Altium.

8.4.4 Outlook

Kroll has also considered broker forecasts. As far as Kroll is aware, Altium is followed by 12 brokers. However, one is a financial adviser on the Scheme and, therefore, has been excluded from our analysis. Each of the remaining 11 brokers has published a report following the release of Altium's 1H24 financial results on 27 February 2024. Further detail is provided in Appendix 3.



Altium's broker consensus for FY24 to FY26 is summarised as follows.

Altium Broker Consensus (\$ millions)¹

	Actual	Forecast		
	FY23	FY24	FY25	FY26
Total revenue	263.3	313.6	376.0	440.4
Underlying EBITDA	95.4	107.2	139.5	166.3
EBIT	86.4	100.3	130.7	158.2
Net profit after tax	66.3	77.9	101.8	123.0
Key Metrics				
<i>Total revenue growth</i>	19.2%	19.1%	19.9%	17.1%
<i>Underlying EBITDA growth</i>	17.6%	12.4%	30.1%	19.3%
<i>EBIT growth</i>	27.3%	16.1%	30.3%	21.0%
<i>Underlying EBITDA margin</i>	36.2%	34.2%	37.1%	37.8%
<i>EBIT margin</i>	32.8%	32.0%	34.7%	35.9%
<i>Diluted EPS (cents)</i>	49.9	58.6	76.3	92.5
<i>DPS (AU cents)</i>	54.0	61.1	75.0	89.0

Source: Altium broker reports and Kroll analysis.

Note:

1. Broker consensus is the median of the broker forecasts.

In relation to the Altium broker consensus, we note that:

- nine brokers lowered their revenue and earnings estimates for FY24 and FY25 following the release of Altium's 1H24 results, which indicated lower-than-expected performance due to lower Octopart revenue and higher R&D expenses to support the cloud platform;
- brokers expect financial performance to improve in 2H24 relative to 1H24 due to bottoming out of Octopart volume and expected improvement in subscriber growth for Altium Designer;
- brokers forecast revenue growth of 19.1% in FY24 and 19.9% in FY25, taking into account the expected improvement in subscriber growth momentum, market share gain in the United States, and increase in ASSV. The median broker estimate of FY26 revenue of \$440.4 million is 11.9% below Altium's FY26 Target of \$500 million. No broker has forecast Altium's FY26 revenue to be \$500 million or greater; and
- brokers estimated lower Underlying EBITDA margin in FY24 of 34.2%, as compared to 36.2% in FY23 as Altium is expected to incur higher reinvestment costs and R&D expenses in the near-term. Margins are expected to recover to 37.1% in FY25 and 37.8% in FY26 as a result of the expected improvement in ASSV and increased contribution from cloud monetisation. The median EBITDA margin of 37.8% for FY26 is close to the low end of the target range of 38% to 40%.



8.5 Financial position

The following table summarises the financial position of Altium as 30 June 2023 and 31 December 2023.

Altium Financial Position (\$ millions)

	As at 30 June 2023 Audited	As at 31 December 2023 Reviewed
Receivables and other current assets	87.9	97.8
Payables and other current liabilities	(32.3)	(34.6)
Deferred revenue	(75.6)	(73.5)
Net working capital	(20.1)	(10.3)
Property, plant and equipment	4.5	5.8
Intangible assets and goodwill	40.8	58.9
Deferred tax assets	49.0	51.7
Other non-current assets	44.1	44.8
Other non-current liabilities	(0.9)	(2.7)
Deferred tax liabilities	(3.1)	(2.8)
Total funds employed	114.3	145.4
Cash and cash equivalents	201.0	180.0
Lease liabilities	(11.0)	(9.7)
Net cash (net of lease liabilities)	190.0	170.3
Net assets	304.2	315.7
Contributed equity	127.7	127.7
Reserves	34.2	37.5
Retained profits	142.3	150.5
Total equity	304.2	315.7
Statistics		
<i>Quoted Altium Shares at period end (million)</i>	131.6	131.9
<i>Net assets per share</i>	\$2.31	\$2.39

Source: Altium Annual and Half Year Reports and Results Presentations; Kroll analysis. Table may not add due to rounding.

With regard to the financial position of Altium, we note the following:

- working capital requirements are negative primarily due to deferred revenue on customer contract liabilities, whereby payment has been received for subscription and maintenance services but its recognition as revenue has been deferred and will subsequently be recognised over the period in which the subscription or maintenance service is provided;
- Altium has business model that does not require substantial investment in fixed assets, which is illustrated by the relatively low investment in property, plant and equipment. As such, fixed capital expenditure requirements are minimal. As Altium has a policy of expensing its R&D, its software and intellectual property does not appear as an asset on its balance sheet;
- intangible assets of \$58.9 million as at 31 December 2023 form a relatively large portion of the assets of the company, with goodwill comprising the majority of the balance. Other intangible assets include customer relationships, intellectual property, and software intangibles. Altium's low software intangibles balance reflects its policy of expensing software R&D costs;
- deferred tax assets have remained relatively stable, increasing by 3.6% from FY23 to 1H24. The majority of this asset relates to the recognition of a deferred tax asset (relating to intellectual property) as a result of the relocation of much of its corporate functions and core business assets to the United States in FY15. It is considered probable that taxable income will be recognised in the United States to realise this asset;

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- other non-current assets increased significantly in FY23 as a result of the recognition of a non-current tax receivable of \$27.2 million, owed by the Australian Taxation Office (**ATO**) in the event that Altium were to be successful in its dispute of a \$54.4 million assessment (refer to Section 8.6 of this report for details of the in-principle agreement reached on 15 May 2024 between Altium and the ATO to resolve the tax dispute). Non-current tax receivables comprise the majority of other non-current assets as at 31 December 2023. The remainder of the balance is comprised of a building recorded as a right of use asset (\$8.8 million), investments and other assets (\$3.4 million), and non-current contract assets (\$4.1 million);
- Altium's investments and other assets are comprised of 3.1 million preference shares in MacroFab which are valued at cost of \$3.4 million. The shares are entitled to cumulative, non-compounding dividends at a rate of 8% per annum;
- as at 31 December 2023, Altium had a cash balance of \$180.0 million, which is high relative to its net assets and reflects its strong operating cash flow; and
- as at 31 December 2023 Altium had no borrowings, although it has a small balance of leases which relate to the leasing of various offices and floor space.

8.6 Taxation

Altium dispute with the ATO

The ATO conducted an audit for the years ended 30 June 2014 to 30 June 2018 after a company restructure by Altium in 2015 which resulted in the relocation of the Altium core business assets, valued at US\$402.9 million including intellectual property, to a wholly owned group entity in the USA.

In November 2022, the ATO issued amended assessments for the 2016 to 2018 tax years of approximately A\$80.0 million in primary tax, A\$19.8 million in shortfall interest charge and A\$10.0 million in penalties. Altium disputed those assessments and a contingent liability was disclosed to reflect the ATO's amended assessments. In December 2022, Altium entered into a payment deferral agreement with the ATO under which Altium paid A\$40,012,711 to the ATO on 3 January 2023 pending the outcome of the dispute. The payment was accounted for as a non-current receivable on the basis of it being refundable to Altium (with interest) if Altium was ultimately successful in the dispute.

In December 2022, the ATO commenced "roll-over audits" (2019 to 2022 tax years). Assessments for those years have not yet issued.

On 15 May 2024, Altium and the ATO reached an in-principle agreement to resolve their tax dispute by way of a full and final settlement of all claims for primary tax, interest and penalties relating to the transfer of the Altium core business assets to a wholly owned group entity in the USA in 2015. A binding settlement is subject to the parties agreeing the terms of a formal settlement deed. Upon execution of that deed, Altium will pay A\$59,804,582 being the agreed settlement sum of A\$99,817,293 less the amount of A\$40,012,711 already paid. It is expected that any future payment will be funded out of available cash reserves. The payment is subject to execution of the formal settlement deed, it is unknown when the balancing payment will be made. Once this payment is made, this will reduce the cash held by Altium, and available for its operations, by A\$59,804,582. Altium believes that it will retain sufficient working capital for its operating requirements after the payment has been made. The financial position of Altium, therefore, reflects a provision of A\$59,804,582, a reversal of the non-current receivable of A\$40,012,711, and a corresponding adjustment to net profit after tax of A\$99,817,293.



8.7 Cash flows

The following table summarises the cash flow statement of Altium for FY20, FY21, FY22, FY23 and 1H24.

Altium Cash Flows (\$ millions)

	FY20 Audited	FY21 Audited	FY22 Audited	FY23 Audited	1H24 Reviewed
Underlying EBITDA	61.7	61.8	81.1	95.4	46.2
Non-cash items in Underlying EBITDA ¹	1.5	0.5	5.5	9.8	-
Net interest received	0.3	(0.4)	(0.1)	1.4	1.1
Tax paid	(7.2)	(13.4)	(9.2)	(49.2)	(13.7)
Working capital and other adjustments ²	0.2	13.3	(4.8)	(1.5)	(10.4)
Operating cash flow³	56.5	61.7	72.5	55.7	23.2
Capital expenditure	(5.1)	(2.5)	(1.5)	(3.7)	(2.2)
Free cash flow	51.4	59.2	71.0	52.1	21.0
Purchase of subsidiary, net of cash acquired	-	-	-	-	(15.2)
Divestments (net of cash, tax, transaction costs)	-	85.8	(15.8)	-	-
Payments for investments	-	(3.0)	-	-	-
Payments on contingent and deferred consideration	-	(0.1)	-	-	-
Dividends paid	(33.6)	(37.6)	(40.1)	(45.3)	(24.8)
Repayment of lease liabilities	(5.1)	(5.5)	(5.7)	(4.3)	(1.7)
Net cash generated / (used)	12.7	98.9	9.4	2.4	(20.7)
Opening net cash and cash equivalents	80.5	93.1	191.5	199.3	201.0
FX impact on cash held	(0.2)	(0.5)	(1.6)	(0.7)	(0.3)
Closing cash and cash equivalents	93.1	191.5	199.3	201.0	180.0
Statistics					
Cash conversion ratio (times) ⁴	0.9	1.0	0.9	0.6	0.5

Source: Altium Annual and Half Year Reports and Results Presentations; Kroll analysis.

Notes:

1. Non-cash items in Underlying EBITDA include share-based payments and contingent consideration.
2. Working capital and other adjustments includes the cash outlay in relation to non-recurring items, and adjustments related to discontinued operations in FY20 and FY21.
3. Equals net cash flows from operating activities per statutory accounts.
4. Calculated as operating cash flow divided by Underlying EBITDA.
5. Table may not add due to rounding

In FY20 to FY22, Altium generated strong operating cash flows, reflecting growth in Underlying EBITDA and a consistent, high cash conversion ratio of 0.9 to 1.0 times. In FY23, despite continued growth in earnings, operating cash flow was lower as a result of the payment of \$27.2 million to the ATO (refer to Section 8.6 of this report), which resulted in a lower cash conversion ratio of 0.6 times. In 1H24, lower earnings (increased investment in the Cloud Platform segment and enterprise go-to-market strategies) and a relatively low cash conversion ratio of 0.5 times (reflecting higher tax paid and an increase in working capital due to increased unbilled receivables from larger enterprise deals) resulted in a reduction in operating cash flow.

Free cash flows have followed a similar trend, with capital expenditure relatively low, principally comprised of investments in plant and equipment, software R&D and development costs. Free cash flows have principally been applied to paying dividends, which have grown from A\$0.39 per share in FY20 to A\$0.54 per share in FY23, and the repayment of lease liabilities.

In FY21, Altium received proceeds of \$85.8 million (net of cash, transaction costs and tax) from the divestment of its TASKING business, and in FY22 it saw net cash outflows from the divestment primarily related to further tax paid. The divestment resulted in a significant increase in the closing cash held, which has been retained in the business.



In 1H24, net cash generated was negative primarily driven by lower operating cash flow and cash outflows relating to the acquisition of Valispace.

8.8 Capital structure and ownership

8.8.1 Overview

As at 30 May 2024, Altium had the following securities on issue:

- 131,926,838 ordinary shares; and
- 1,286,879 Altium Employee Share Rights.

8.8.2 Ordinary shares

As at 30 May 2024, there were 19,418 registered shareholders of Altium's 131,926,838 ordinary shares on issue. The top 20 registered shareholders accounted for 84.1% of shares on issue and mainly included institutional nominees and custodians, private shareholders, current Directors, and management.

Altium has received notices from the following substantial shareholders:

Altium Substantial Shareholders as at 30 May 2024

Substantial Shareholder	Number of shares	Percentage
UBS Group AG	13,190,199	10.0%
Mirkazemi Holdings Pty Ltd ¹	9,663,000	7.5% ²
The Goldman Sachs Group, Inc	9,660,753	7.3%
State Street Corporation	7,723,794	5.9%
Macquarie Group Limited	6,788,231	5.2%
Vanguard Group	6,597,094	5.0%

Source: ASX Announcements.

Notes:

1. Mirkazemi Holdings Pty Ltd is a holding vehicle in which Aram Mirkazemi holds Altium Shares. Since the last substantial shareholding notice lodged by Mirkazemi Holdings Pty Ltd on 13 October 2014, the number of Altium Shares in which Mr Mirkazemi holds has, through several transactions (with the latest transaction on 5 October 2018), decreased from 9,663,000 to 9,518,403 (as set out in Section 8.2 of the Scheme Booklet).
2. The number of Altium Shares that Mr Mirkazemi currently holds or controls (9,518,403 Altium Shares) constitutes 7.21% of Altium Shares.

8.8.3 Long-term incentive plans

Altium Employee Share Rights

During the year ended 30 June 2021, Altium introduced a long-term incentive (LTI) plan under which Altium Employee Share Rights are granted to participants. Altium Employee Share Rights are granted for nil consideration and are subject to certain vesting conditions (including certain performance and continued service hurdles). On vesting, and subject to applicable plan rules, each Altium Employee Share Right entitles its holder to receive (for no consideration) one Altium Share.

As at the Last Practicable Date Altium had 1,286,879 Altium Employee Share Rights on issue.

Implications of the Scheme for Altium Employee Share Rights

Under the Scheme, Altium is required to ensure that by no later than the Effective Date (as defined in the Scheme Booklet), there are no outstanding Altium Employee Share Rights. In this regard, and subject to the Scheme becoming Effective, the Altium Board has resolved to:

- If the Effective Date is prior to 31 August 2024, accelerate the vesting of unvested Altium Employee Share Rights held by participants scheduled to be tested in August 2024 (approximately 269,427 Altium Employee Share Rights as at the Last Practicable Date);
- in respect of all remaining unvested Altium Employee Share Rights:

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- accelerate the vesting of 50% of the unvested Altium Employee Share Rights that remain (a total of approximately 508,726 Altium Employee Share Rights) such that participants will be allocated Altium Shares for these vested rights, which will be acquired by Renesas under the Scheme; and
- cancel and lapse the remaining 50% of unvested Altium Employee Share Rights (approximately 508,726 Altium Employee Share Rights). After Implementation of the Scheme, these lapsed incentives will be replaced with a Renesas equity-based award (Renesas Restricted Stock Units (RSUs)).⁷²

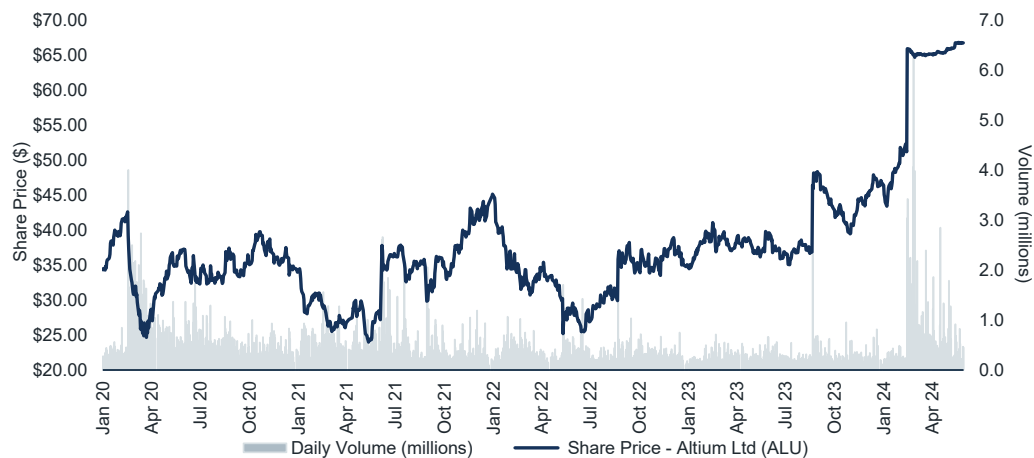
As at the Last Practicable Date, the fully diluted number of Altium Shares on issue are 133,213,717, which includes the ordinary shares and all Altium Employee Share Rights.

8.9 Share price performance

8.9.1 Recent sharemarket trading

Altium's share price performance and the volume of shares traded between 2 January 2020 to 30 May 2024 is illustrated as follows:

Altium Share Price and Volume from 2 January 2020 to 30 May 2024



Source: S&P Capital IQ; Kroll analysis.

Altium's share price has been volatile and traded within a wide range of \$23.99 to \$67.00 over this period. Key factors driving these movements include Altium's financial results, as well as broader trends impacting the trading of listed technology companies globally. These trends sometimes had divergent impacts on Altium's share price and included the impacts of improving investor sentiments regarding the long-term growth prospects of the technology sector (particularly during 2021 and 2023), and the impacts of rising interest rates across multiple jurisdictions since mid-2020 which placed downward pressure on valuations of high growth businesses generally.⁷³

Prior to 17 February 2020, Altium's share price grew strongly alongside global and Australian technology peers and in anticipation of strong 1H20 results. Notwithstanding the confirmation of strong 1H20 financial results, which saw double digit revenue growth and record subscription growth,⁷⁴ Altium's share price declined by 42.0% on heavy trading from \$42.63 on 17 February 2020 to close at \$24.67 on 23 March 2020, reflecting the impact of a market wide sell-off in response to the outbreak of the COVID-19 pandemic.

⁷² Further details on the Renesas RSUs can be found in Section 8.3 (c) of the Scheme Booklet.

⁷³ "AI-Powered Tech Boom Fuels 2023 Stock Market Rally", Statista, 5 January 2024.

⁷⁴ Altium Limited ASX Announcement 17 February 2020.

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Altium's share price recovered from the COVID-19 pandemic in line with broader equity markets, increasing by 49.1% from 23 March 2020 to close at \$36.79 on 11 May 2020. In the ensuing period to 4 January 2021, Altium's share price exhibited some volatility, fluctuating between a closing price of \$32.29 and \$39.81. During this time, share price movements were impacted by ongoing challenges associated with the COVID-19 pandemic and investor reaction to various company announcements, including the release of FY20 financial results and the divestment and sale of the non-core TASKING business to FSN capital for \$110 million.

Altium's share price broadly declined over the following months, down by 30.5% from \$34.51 as at 4 January 2021 to close at a low of \$23.99 on 13 May 2021. This movement was largely reflective of:

- market underperformance and sell-offs across peers in the technology sector, as increasing bond yields and the possibility of higher inflation dampened forward expectations;⁷⁵
- Altium's financial results for 2H20, whereby the company recognised a 4% decline in revenue, ultimately ending eight consecutive years of double-digit revenue growth; and
- continued challenging economic conditions associated with the COVID-19 pandemic, particularly in the United States and China.⁷⁶

On 7 June 2021, Altium announced that it had received and rejected the Autodesk Proposal to acquire 100% of Altium Shares at A\$38.50 per share, with the board citing that the offer undervalued Altium's prospects.⁷⁷ On the day of the announcement, the share price increased by 39.0% on heavy trading to close at \$37.83.

Altium's share price declined by 14.2% on heavy trading to close at \$29.85 on 30 August 2021. This coincided with the release of preliminary FY21 financial results, which also highlighted unforeseen delays in the finalisation of the audit process. Accordingly, despite a strong second half performance, Altium's EBITDA margin fell below full year guidance. In addition, the FY22 revenue guidance range was narrowed to \$209 million to 217 million whilst the guided EBITDA margin was lowered to 34 to 36%.

Altium's share price then climbed over the following months to close at a high of \$45.19 on 31 December 2021, an increase of 51.4%. During this period, Altium released audited FY21 financial results on 3 September 2021 and confirmed that there were no material differences compared to the preliminary financial results. Further, on 18 November 2021, Altium held an Annual General Meeting and announced that the company was set to achieve its fiscal 2022 guidance, with revenue growth supported by key trends such as the IoT and an unprecedented and growing demand for electronics.⁷⁸

Calendar year 2022 opened with an adverse outlook over the technology sector. Dramatic sell offs amid lower valuations⁷⁹ were a catalyst for poor market performance. Altium's share price declined by 44.2% alongside the S&P/ASX 200 Information Technology Sector Index (**ASX 200 IT Sector Index**) to close at a low of \$25.20 on 12 May 2022 as investors also reacted negatively to the company's weaker than expected full year FY22 guidance.⁸⁰

Altium's share price subsequently recovered as the industry-wide downturn came to a halt, increasing to a close of \$37.08 on 25 August 2022. This movement was largely driven by a 19.7% uplift on 23 August 2022 following the release of FY22 financial results, whereby the company recognised higher dividends and the outperformance of earnings expectations, as well as favourable business conditions for Octopart arising from global computer part shortages.⁸¹

From 25 August 2022 to 21 August 2023, Altium's share price traded sideways within the range of \$33.35 and \$41.12. During this period, against a challenging macroeconomic backdrop, Altium achieved 17%

⁷⁵ Various AFR articles released between January 2021 and March 2021.

⁷⁶ Altium Limited ASX Announcement 15 February 2021.

⁷⁷ Altium Limited ASX Announcement 7 June 2021.

⁷⁸ Altium Limited 2021 Annual General Meeting 18 November 2021.

⁷⁹ "Aussie investors no longer buying tech pipe dreams". Australian Financial Review, 6 March 2022.

⁸⁰ "Altium shares plunge despite beating earnings forecast". Australian Financial Review, 21 February 2022.

⁸¹ "Autodesk chatter returns as 'cracking result' boosts Altium shares". Australian Financial Review, 23 August 2022.

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revenue growth and 29% earnings per share growth in the HY23 financial results, with the company benefiting from a successful year within the Design Software and Cloud Platform business.⁸²

On 22 August 2023, the share price rose by 25.9% on heavy trading to close at \$46.44 from a previous close of \$36.88 with the release of strong FY23 financial results. Key highlights from the results included 20.3% EBITDA growth, 22.5% ASSV growth and 54% Altium 365 adoption growth.

Thereafter, Altium's share price moved in line with Australian technology peers. Altium Shares declined to a close of \$39.55 on 1 November 2023 alongside the underperforming technology sector, which was negatively impacted by sell-offs as the market repositioned for a longer period of higher interest rates, before rebounding and growing by 29.6% to reach a closing price of \$51.26 on 14 February 2024, the last trading day before the announcement of the Scheme.

8.9.2 Relative share price performance

Altium is a member of a number of indices including the S&P/ASX 200 Index (0.3% weighting) (**ASX 200 Index**) and ASX 200 IT Sector Index (10.2% weighting).⁸³

The performance of Altium Shares relative to these indices from 2 January 2020 until 30 May 2024 is illustrated as follows:

Altium Share Price Performance Relative to Indices



Source: S&P Capital IQ; Kroll analysis.

We note that the constituency of the ASX 200 IT Sector Index is dominated by WiseTech Global Limited (**WiseTech**) (37.1% weighting) and Xero Limited (**Xero**) (23.5% weighting).⁸³ As such, the outperformance of the index following the COVID-19 pandemic and underperformance from November 2021 to July 2022 is primarily reflective of the share price movements of both WiseTech and Xero. Given these companies operate within the logistics and accounting software segments respectively, we note that performance may be influenced by different factors as compared to Altium.

Due to the frequency of fluctuations shown in the chart above, Kroll has summarised the key periods of relative performance below:

- Altium's share price declined sharply in March 2020 alongside the indices as the impacts of the COVID-19 pandemic weighed heavily on multiple sectors;

⁸² Altium Limited ASX Announcement 20 February 2023.

⁸³ Weightings calculated as at 30 May 2024.

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- subsequently, Altium's share price and the ASX 200 IT Sector Index rebounded more aggressively than the overall sharemarket before stabilising and trending closer to ASX 200 movements up until October 2020;
- from late October 2020 to May 2021, Altium mostly underperformed the ASX 200 Index, declining while the index continued to recover, and tracking the ASX 200 IT Sector Index in decline from January to May 2021. As aforementioned in Section 8.9.1, this movement coincided with Altium's divestment of its non-core TASKING business, a slower sales cycle and market wide underperformance within the technology sector;
- Altium outperformed the ASX 200 Index in June 2021 and then again between October 2021 and December 2021 as investors responded positively to the rejection of Autodesk's acquisition attempt and the Annual General Meeting (Refer to Section 8.9.1 for more detail);
- between January 2022 and May 2022, Altium's share price and the ASX 200 IT Sector Index significantly underperformed the ASX 200 Index. During this time, the technology sector was adversely impacted by lower valuations⁸⁴ and investors responded negatively to Altium's lower than expected full year guidance⁸⁵; and
- thereafter, up until 14 February 2024, Altium generally moved in line with the ASX 200 Index and ASX 200 IT Sector Index, albeit with short periods of outperformance which mostly coincided with the release of FY22 and FY23 results in August 2022 and August 2023 respectively.

8.9.3 Liquidity

An analysis of the volume of trading of Altium Shares, including the VWAP for various periods up to 14 February 2024, the last day of trading prior to the announcement of the Scheme, is set out as follows.

Altium Liquidity to 14 February 2024

Period	Price (dollars)			Cumulative value (\$ million)	Cumulative volume (million)	Percentage of issued capital
	Low	High	VWAP			
1 day	50.68	51.46	51.15	11.3	0.2	0.2%
1 week	50.60	53.13	51.59	55.8	1.1	0.8%
1 month	45.84	53.13	49.43	316.2	6.4	4.9%
3 months	43.23	53.13	47.07	843.8	18.0	13.6%
6 months	36.04	53.13	45.16	1,924.1	42.6	32.3%
12 months	34.81	53.13	41.77	3,358.6	80.6	61.1%

Source: Bloomberg, IRESS, Capital IQ; Kroll analysis.

In the 12 months to 14 February 2024, 61.1% of Altium Shares were traded. This level of trading indicates that Altium Shares are liquid.

9 Valuation of Altium

9.1 Overview

Kroll has assessed the value of an Altium Share to be in the range of A\$62.37 to A\$70.27 on a fully diluted basis.⁸⁶ Our assessed range of values reflects 100% ownership of Altium and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect Altium Shares would trade on the ASX in the absence of the Scheme.

The value of Altium's equity in US dollars has been determined by estimating the fair value of Altium's operating business, together with consideration of any surplus assets and liabilities, and adjusted net debt.

⁸⁴ "Aussie investors no longer buying tech pipe dreams". Australian Financial Review, 6 March 2022.

⁸⁵ "Altium shares plunge despite beating earnings forecast". Australian Financial Review, 21 February 2022.

⁸⁶ This includes all of the 131,926,838 ordinary shares on issue, plus 1,286,789 Altium Employee Share Rights converted into ordinary shares.

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The resulting US dollar value per share has been converted to Australian dollars at the spot exchange rate on 30 May 2024 of A\$1 = US\$0.665. The valuation is summarised as follows:

Altium Valuation Summary (\$ millions)

	Section Reference	Valuation Range	
		Low	High
Value of Altium's operating business (100% control basis)	9.3	5,400.0	6,100.0
Surplus assets	9.4	3.4	3.4
Enterprise value (100% control basis)		5,403.4	6,103.4
Adjusted net cash (including leases)	9.5	117.6	117.6
Equity value to Altium Shareholders (100% control basis)		5,521.0	6,221.0
Fully diluted Altium Shares on issue (millions)	8.8	133.2	133.2
Equity value per Altium Share – diluted (control basis) (\$)		\$41.44	\$46.70
Exchange rate (A\$1 = US\$)		0.665	0.665
Equity value per Altium Share – diluted (control basis) (A\$)		A\$62.37	A\$70.27

Source: Kroll analysis.

In assessing a value range for Altium's operating business, Kroll has adopted a market approach as the primary methodology utilising multiples of EBITDA and revenue (refer to Section 9.3 of this report).

Our assessed value range of A\$62.37 to A\$70.27 per Altium Share reflects a premium over the closing price of Altium Shares immediately prior to the announcement of the Scheme of between 21.7% and 37.1%, and a premium to the one-month VWAP prior to the announcement of the Scheme in the range of 26.2% to 42.2%.⁸⁷ This premium likely reflects a combination of:

- that our valuation of Altium includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. The premium is broadly in line with the premiums observed in completed transactions, which are broadly in the range of 25% to 40% depending on the individual circumstances.⁸⁸ Premiums paid in acquisitions of software companies are generally towards the high end of this range, with the median premium paid in selected software transactions over the last eight years was 35.5%.⁸⁹ In this regard, we note that there are a number of potential strategic acquirers of Altium that could likely achieve material synergies, including the ability to integrate Altium's products into an existing portfolio of electronic design software allowing substantial rationalisation of operating costs, which might include a portion of sales and marketing costs, software development costs, corporate overhead costs, and public company costs; and
- that our valuation reflects the successful execution of the Flight Path strategic plan and achievement of the FY26 Targets (refer to Section 8.2.1 of this report for further details), whereas brokers and, potentially, the market, do not fully take this into account. However, it is not possible to quantify the extent to which the premiums reflect any uncertainty applied by the market, if at all.

Kroll notes that the valuation of Altium is inherently uncertain given the significant forecast growth trajectory of the business. This uncertainty is demonstrated in the material difference between FY26 broker consensus forecasts and the FY26 Targets associated with the Flight Path strategy that Altium has provided in its market guidance (refer to Section 9.3.2 of this report for further details). In this context, it is Kroll's view that while the potential upside of Altium's FY26 Targets may not be fully appreciated by the broker

⁸⁷ Based on the closing price of Altium Shares immediately prior to the announcement of the Scheme of \$51.26, and the one-month VWAP prior to the announcement of the Scheme of \$49.43 (Source: IRESS).

⁸⁸ 2023 FactSet Review. Range represents median premium from 2013 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%. Data includes publicly traded and privately owned companies where at least one of the parties is a U.S. entity. Includes all sector and industry classifications.

⁸⁹ Based on share price one month prior to announcement of the transaction. Excludes outliers. Refer to Appendix 5 of this report.



community and therefore not recognised in FY24 to FY26 broker forecasts, this potential upside should be contemplated in our assessed value range for Altium's operating business. Accordingly, Kroll's assessed value range of Altium's operating business recognises the growth associated with Altium's FY26 Targets.

The values derived from the market approach has been cross-checked using a comparison to broker target prices (refer to Section 9.6.1).

As our assessed value range per Altium share in Australian dollars is converted from a value per Altium Share in US dollars, our assessed value range will fluctuate with movements in the exchange rate. The following table illustrates this sensitivity.

Equity Value per Altium Share Exchange Rate Sensitivity Analysis (A\$1 = \$)

	0.63	0.64	0.65	0.66	0.665	0.67	0.68	0.69
Low	\$65.78	\$64.76	\$63.76	\$62.79	\$62.37	\$61.86	\$60.95	\$60.06
High	\$74.13	\$72.97	\$71.84	\$70.76	\$70.27	\$69.70	\$68.68	\$67.68

Source: Kroll analysis.

The exchange rates adopted for the purposes of the sensitivity analysis are consistent with the majority of trading over the last twelve months, which has occurred between a range of \$0.63 to \$0.69 per A\$1, and at a one-year average of approximately \$0.66 per A\$1. It is also consistent with six-month and 12-month estimates for the exchange rate of \$0.67 and \$0.68 per A\$1 respectively.⁹⁰

In forming our view as to the value of Altium Shares we have considered a series of factors including both the positive attributes of the business, as well as the risks and challenges facing the business. These factors are described in detail in Section 9.3.4 of this report.

9.2 Approach

9.2.1 Overview

Our valuation of Altium has been prepared on the basis of 'fair value'. The generally accepted definition of fair value (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length. Fair value excludes 'special value', which is the value over and above the value that a particular buyer, which can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

In the absence of direct market evidence, fair value is commonly derived by applying one or more of the following valuation approaches:

- the market approach;
- income approach; or
- cost approach.

These approaches are discussed in further detail in Appendix 4. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved. A secondary methodology is often adopted as a cross-check to ensure the reasonableness of the outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

For profitable businesses, the market approach and income approach are commonly used as they reflect 'going concern' values, which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradeable or asset rich (e.g. real estate investment trusts), a cost approach is often adopted as there tends to be minimal goodwill, if any.

⁹⁰ According to Reuters FX Polls as at 30 May 2024.



9.2.2 Selection of methodology

A discussion of the rationale for the selection of the valuation methodologies is set out as follows.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. Application of this approach involves the capitalisation of the cash flows or earnings (or revenue) of a business at a multiple that reflects both the risks of the business and the future growth prospects of the income it generates. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

Altium has a substantial operating history with an established track-record of revenues and earnings on which to apply multiples. Further, there are a number of publicly traded global design and engineering software peers and transactions involving broadly similar companies from which to calculate meaningful multiples. Consequently, a market approach has been used as the primary valuation approach.

The earnings bases to which a multiple is commonly applied include revenue, EBITDA, EBIT and net profit after tax. The choice between parameters is usually not critical and should give a similar result. We note that EBITDA multiples are a widespread valuation metric whilst revenue multiples are commonly applied when valuing high growth technology and software companies, particularly when businesses are not profitable. Kroll has utilised both EBITDA and revenue multiples, however, greater reliance has been placed on EBITDA multiples since Altium is currently profitable, and revenue multiples are relatively crude in that they are impacted by differences in margins between companies, making comparisons between companies more difficult.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them. Kroll is not aware of any rules-of-thumb applicable to technology and software companies that would be relevant in its valuation of Altium.

Income approach

Under an income approach, the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history, there is a variable pattern of cash flow, or the asset has a finite life.

The most common application of the income approach is the DCF methodology. This methodology allows for cash flows to reflect a range of risks and opportunities and also allows for a range of scenarios to be modelled. A DCF methodology can be applied to cash flows to the whole asset or business or cash flows to equity. Cash flows to the whole asset or business are most commonly used because an asset or business should theoretically have a single value that is independent of how it is financed, or whether income is paid as dividends or reinvested.

Utilising the DCF methodology requires estimation of cash flows for a number of years and discounting those cash flows back to present value. Altium has shared with Kroll a financial model with several scenarios (the **Financial Model**). The first scenario is based on the Altium Flight Path strategy, with forecasts through to FY26 that are aligned with Altium's FY26 Targets of approximately \$500 million in revenue and an Underlying EBITDA margin (see Section 8.4.1 for further discussion) of 38.0% to 40.0% (the **Flight Path Scenario**). There are four other scenarios that have forecasts through to FY30, which are



based on two hypothetical operating plan sensitivities – an organic growth sensitivity and an acquisitive growth sensitivity, each with a base and downside sensitivity (the **Other Scenarios**).

We note that forecasting long-term cash flows for software and technology companies is challenging as a result of the high sensitivity of value to long-term revenue growth, considerable uncertainty in the long-term operational and financial performance of these companies, and difficulty in estimating long-term margins. As such, we view the reliability of a DCF valuation on the basis of such forecasts to be limited.

Kroll has undertaken enquiries in relation to Altium's assumptions underlying the Financial Model (noting that this includes all of the scenarios), including holding discussions with Altium management, comparing the assumptions to those in the broker forecasts of Altium and its software and technology peers, and reviewing key assumptions in the context of current economic, financial and other conditions.

Having undertaken these enquiries, in respect of the Flight Path Scenario only and its associated FY26 Targets, Kroll is of the view that these have been prepared on a reasonable basis for the following reasons:

- the FY26 Targets are used by Altium management for internal management and strategic processes;
- we note that Altium has an obligation to update the market through continuous disclosure requirements should circumstances that impact the achievement of such targets change. In this respect, Altium has reaffirmed the FY26 Targets as recently as in the 1H24 Financial Results Presentation issued to the ASX on 27 February 2024;
- Kroll has reviewed the business plans, strategic plans, and forecasting processes that underpin the FY26 Targets;
- Altium Management has confirmed to Kroll that they view the FY26 Targets as achievable and still look to meet these targets;
- Altium has a history of achieving its targets (except in the case of targets that were impacted by the COVID-19 pandemic and as a result were slightly missed); and
- Kroll has reviewed and analysed the financial forecasts that underpin the FY26 Targets, including analysis and benchmarking of the implied growth rates and underlying assumptions, and in our view these forecasts could be reasonably assumed to occur based on the following:
 - Underlying EBITDA margins have increased from 34.3% in FY21 to 36.7% and 36.2% in FY22 and FY23, respectively. The lower EBITDA margin in 1H24 was driven by significant investment in the people who will deliver the future growth of Altium's Cloud and Enterprise businesses. Altium has reaffirmed their confidence that they can sequence their investments in such a way that they can achieve EBITDA margins that are set internally or by the market;
 - we note that brokers' estimated EBITDA margin for FY26 is broadly in line with Altium's FY26 Target range of 38.0% to 40.0%;
 - we have benchmarked the FY26 Target Underlying EBITDA margins to those of the comparable companies and found them to be reasonable;
 - while the forward growth implied by the FY26 Targets imply a three-year revenue CAGR of 23.8%, breaking this down into design software and cloud platform segments implies three-year revenue CAGRs of 19.9% and 35.5% respectively:
 - for Design Software, this is slightly higher than the historical FY21 to FY23 revenue CAGR of 16%;
 - for Cloud Platform, this is significantly lower than the historical FY21 to FY23 revenue CAGR of 43.5% albeit we note this is starting from a smaller base;
 - we have benchmarked the revenue growth implied by the FY26 Targets against historical financial performance of the comparable companies. There are multiple instances where the revenue and EBITDA growth rates for these companies exceed those required by Altium to meet its targets;
 - despite relatively weaker 1H24 financial results, it is not necessarily clear that any of Altium's segments are "trending down" on a revenue growth basis. While the performance of the Cloud

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Platform has come-off more recently (for example, in FY23 and 1H24), this segment has performed strongly over the longer-term:

- the recent performance of Cloud Platform has been mainly driven by a decrease in Octopart Offer Clicks, however the “localisation” plan initiated by Altium in early FY24 has already seen a significant step up in clicks in 2H24 with +21% compared to the 1H24 monthly average. Combined with record and increasing Average Revenue Per Click, this should support future revenue growth;
- while broker consensus is lower than the FY26 Target, brokers’ have historically underestimated Altium’s achieved revenue. For example, applying a similar three-year forecast period in FY21, brokers estimated Altium’s FY23 Revenue to be approximately \$248 million, approximately 6% lower than the actual FY23 Revenue of \$263 million, so it is not unexpected brokers are lower than the FY26 Target;
- the FY26 Target for revenue is expected to be reached with only 75,000 to 90,000 seats on subscription, while Altium is targeting 100,000 software seats on subscription in FY26; and
- Altium’s track-record and shift to “higher-value” offerings indicates Altium’s strong pricing power. In 1H24, the take-up of Professional and Enterprise tier licenses drove Altium’s ASSV up by approximately 20%.

Following our independent analysis, Kroll is of the view that whilst the Flight Path Scenario has been prepared on a reasonable basis, it is a target in nature and, therefore, represents a forecast that Altium management considers to be optimistic but achievable.

In respect of the Other Scenarios, Kroll is of the view that they do not represent a reasonable basis for valuation purposes and are, therefore, not suitable as a basis for a DCF analysis. In making this assessment, we have taken the following into account:

- the cash flows underpinning the operating plan sensitivities are not Board approved; and
- they are not used by Altium management for internal management and budgeting processes but were developed for the purposes of informing negotiations on the terms of the Scheme. In addition they have not been rigorously reviewed by external advisers.

Cost approach

A cost-based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). This approach does not generally capture growth potential or internally generated intangible value associated with Altium and consequently, has not been adopted.

9.2.3 Control premium

Consistent with the requirements of RG 111, we have assumed 100% ownership of Altium and, therefore, our valuation includes a control premium.

Successful transactions are commonly completed with an implied acquisition premium to the pre-transaction equity price of the target in the order of 25% to 40% depending on the individual circumstances.⁹¹ We also note the median premium paid in selected software transactions over the last eight years of 35.5%.⁹² In considering the evidence provided by actual transactions, it is important to recognise that the observed premium for control is an outcome of the valuation process, not a determinant of value, and that each transaction will reflect to varying degrees the outcome of a unique combination of factors, including:

⁹¹ Source: 2023 FactSet Review. Range represents median premium from 2012 to 2022. Premiums are calculated based on the seller’s closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%. Data includes publicly traded and privately owned companies where at least one of the parties is a U.S. entity. Includes all sector and industry classifications.

⁹² Based on share price one month prior to announcement of the transaction. Excludes outliers. Refer to Appendix 5 of this report.

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- the acquirer's capacity to realise full control over the strategy and cash flows of the target entity;
- the magnitude of synergies available to all acquirers, for example, the rationalisation of costs related to duplicated functions, or the removal of costs associated with the target being a listed entity;
- uncertainties related to the timing of full realisation of target synergies;
- the expected costs to migrate and integrate the business;
- the nature of the bidder (i.e. whether the acquirer is a financial investor or a trade participant);
- synergistic or special value that may be unique to a particular acquirer;
- the interest acquired with consideration to the bidder's pre-existing shareholding in the target;
- the prevailing conditions of the economy and capital markets at the time of the transaction with consideration to the position in the overall market cycle;
- desire (or anxiety) for the acquirer to complete the transaction;
- whether the acquisition is competitive; and
- the extent the target company's share price already reflects a degree of takeover speculation.

The premium that is ultimately applied must have regard to the circumstances of each case. In some situations, it may be appropriate to apply no premium for control, for example, there are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering. Accordingly, an assessment as to an appropriate control premium, if any, is essentially a matter of judgement.

The multiples derived for listed comparable companies generally reflect prices at which portfolio interests (i.e. minority interests) are traded and consequently, do not include a control premium. They may also be impacted by the level of liquidity in trading of the particular security. Accordingly, when valuing a business as a whole (i.e. Altium on a 100% basis), or when valuing the main undertaking of a business, it is appropriate to reference the multiples achieved in recent transactions, where a control premium and breadth of purchaser interest are more fully reflected.

There are a number of potential strategic acquirers of Altium, including specialist design and engineering software providers, or global electronics companies, other than Renesas. These acquirers would likely consider that an acquisition of Altium, at this point in time, would provide considerable strategic value for the following reasons:

- as a means of immediate customer acquisition through an established and varied go-to-market strategy, increasing the scale of an existing design and engineering software business;
- a means of generating revenue synergies from cross-selling existing products to Altium's customers;
- incorporating an advanced, automated design software solution and cloud platform into its portfolio of product offerings, dramatically reducing the time and cost of replicating such a product offering and potentially enabling research and development synergies; and
- generating savings in operating costs and general corporate overhead synergies.

We consider it possible that an alternative strategic buyer may be able to generate meaningful revenue synergies and substantial cost synergies in its acquisition of Altium. Consequently, we consider that a substantial control premium could reasonably be expected to be paid by a hypothetical acquirer.

We note that the benefits that may be available to a potential acquirer are not easily quantifiable. Although Renesas has indicated that it expects to achieve synergies through the acquisition of Altium, it has not publicly quantified these or described their form. Analysis of synergies in precedent software and technology transactions shows median announced cost synergies of approximately 27.5% of the target company's operating expenses. However, for these transactions, we note that the range of announced cost synergies is wide, varying from 0% to 64% of target operating expenses (excluding outliers). We also note that although revenue synergies are expected to occur infrequently in transactions, their quantum is significantly higher than the expected level of cost synergies. The prices paid in selected software transactions over the last eight years were at a median premium of 35.5% relative to the target's share

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price one month prior to the announcement of the transaction. Refer to Appendix 5 of this report for further analysis.

Consequently, rather than adjusting Altium's revenues or earnings to reflect the total direct and indirect cost savings or revenue benefits available to a pool of purchasers, we have included a control premium in the selected multiple, having regard to recent transaction evidence. Adding both an adjustment to earnings to reflect synergies and a control multiple in the valuation would result in an overstatement of the benefits of a transaction.

9.3 Market approach

9.3.1 Summary

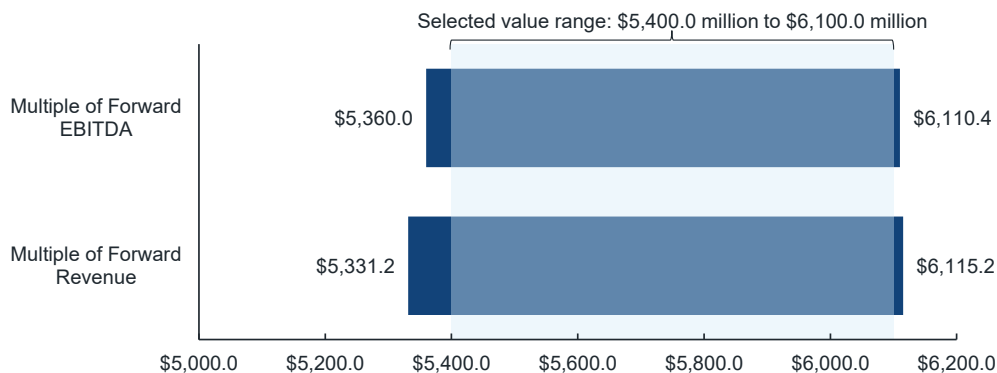
Kroll has assessed the market value of Altium's operating business to be in the range of \$5,400 million to \$6,100 million under the market approach. In assessing this value range, Kroll has had regard to the valuation outcomes developed by utilising multiples of the following earnings parameters:

- multiples of forward EBITDA; and
- multiples of forward revenue.

Our rationale for using these multiples is set out in Section 9.2 of this report and is discussed in further detail throughout this section.

The valuation outcomes and Kroll's selected value range are summarised in the following chart.

Valuation Summary – Altium's Operating Business Value (\$ millions)



Source: Kroll analysis.

Our range of assessed values for Altium's operating business reflects 100% ownership of Altium and, therefore, incorporates a control premium. As our valuation of Altium's operating business includes a control premium, the resulting range of assessed multiples exceeds the multiples at which we expect Altium Shares would trade on the sharemarket in the absence of the Scheme.

To inform our assessed range of multiples, Kroll has had regard to the capitalisation of EBITDA and revenue from transactions involving companies operating globally in the design software and industrial software industries, and the capitalisation of EBITDA and revenue from selected listed global design and engineering software peers.

Kroll notes that the valuation of Altium is inherently uncertain given the significant forecast growth trajectory of the business. This uncertainty is demonstrated in the material difference between broker consensus forecast EBITDA and revenue for FY26, and the FY26 Targets, which form part of the Flight Path strategy, that Altium has provided in its market guidance (refer to Section 9.2.3 of this report for further details). As such, we have utilised the implied growth under the Flight Path strategy as the basis for our selection of an appropriate range of capitalisation multiples and, therefore, our assessed value range for Altium's operating business recognises the growth implicit under Altium's Flight Path strategy.



We also note that the risk factors identified in Section 9.3.2 of the report have been considered in our determination of Altium's capitalisation multiples, noting that as there is no evidence that these risk factors have adversely impacted Altium in recent years we have not made any specific adjustments to our valuation.

Our assessment of the value of Altium's operating business requires consideration of an appropriate level of maintainable earnings (refer to Section 9.3.2 of this report) and capitalisation multiple (refer to Section 9.3.3 of this report). The results of this assessment are presented as follows.

Value of Altium's operating business utilising capitalisation of EBITDA methodology

Utilising a capitalisation of EBITDA methodology, Kroll has determined the value of Altium's operating business to be in the range of \$5,360.0 million to \$6,110.4 million.

Value of Altium's Operating Business – Capitalisation of EBITDA (\$ millions)

	Section Reference	Valuation Range	
		Low	High
Maintainable earnings (FY24 forecast EBITDA)	9.3.2	107.2	107.2
Capitalisation multiple	9.3.3	50.0	57.0
Value of Altium's operating business (control basis)		5,360.0	6,110.4

Source: Kroll analysis.

Value of Altium's operating business utilising capitalisation of revenue methodology

Utilising a capitalisation of revenue methodology, Kroll has determined the value of Altium's operating business to be in the range of \$5,331.2 million to \$6,115.2 million.

Value of Altium's Operating Business – Capitalisation of Revenue (\$ millions)

	Section Reference	Valuation Range	
		Low	High
Maintainable earnings (FY24 forecast revenue)	9.3.2	313.6	313.6
Capitalisation multiple	9.3.3	17.0	19.5
Value of Altium's operating business (control basis)		5,331.2	6,115.2

Source: Kroll analysis.

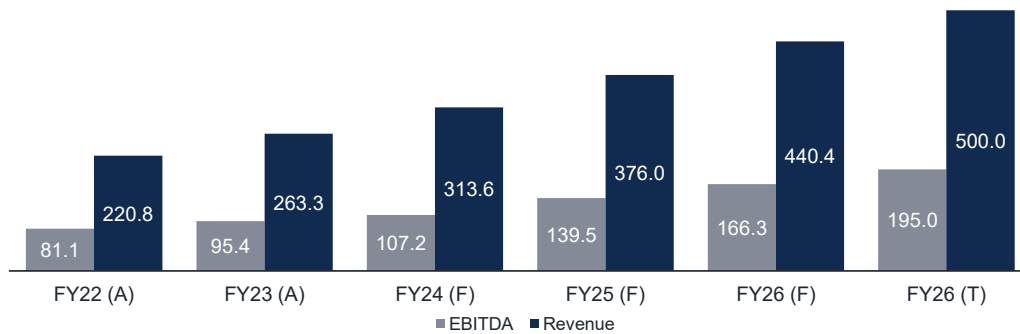
9.3.2 Maintainable earnings

Maintainable earnings should reflect the earnings that can be achieved in the future for the business on an ongoing basis (i.e. they do not reflect any cyclical impacts, discontinued operations or non-recurring items that would not be expected to continue in the future). It is an estimation of the earnings or cash flows that a hypothetical purchaser would utilise for valuation purposes, having regard to historical and forecast operating results, non-recurring items of income and expenditure, and other known factors that are likely to have an impact on the businesses operating performance.

We have considered Altium's historical operating and financial performance, FY24, FY25 and FY26 broker forecasts, and Altium's FY26 Targets for FY26 to determine an appropriate estimate of EBITDA and revenue for the business. We have also considered whether it is appropriate to apply any adjustments to these earnings in order to provide an indication of maintainable earnings.

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Altium Revenue and EBITDA (\$ millions)



Source: Kroll analysis.

Notes:

1. FY22 (A) and FY23 (A) represent actual financial results for Altium.
2. FY24 (F), FY25 (F) and FY26 (F) represent the broker median forecast revenue and EBITDA for FY24, FY25 and FY26 respectively.
3. FY26 (T) represents Altium's FY26 Targets.

In assessing maintainable earnings for Altium, the following has been considered:

- capitalised earnings based on EBITDA is a widely used valuation methodology. EBITDA can be a proxy for cash flow potential for a business, particularly for software companies where software development costs are not capitalised and capital expenditure is relatively low and can be used to evaluate profitability between companies and industries. Further, EBITDA is not influenced by the level of gearing in a business and so can be a more appropriate valuation metric when comparing companies with varying amounts of financial leverage. Underlying EBITDA adjusts for non-recurring items such as transaction and restructuring costs. Therefore, we have determined that this metric is useful in estimating future maintainable earnings and have made the following considerations:
 - Altium has an established track-record of profits growing year-over-year. Furthermore, management and analysts expect this growth in profits to continue over the near term. As discussed in Section 8.4, Altium has maintained operational leverage by keeping EBITDA margins between 34.3% to 36.7% between FY20 and FY23;
- capitalised earnings based on revenue is a commonly used metric for high growth software and technology companies, where many firms are growth focused and not necessarily profitable. Revenue multiples also remove the impact of varying capital structures across the comparable companies, however, Kroll notes that most of the comparable companies analysed have little or no debt (refer to Appendix 5 of this report for further discussion on the gearing of peer companies). Moreover, despite many of Altium's comparable companies adopting similar expensing policies for research and development costs (rather than capitalising these costs), revenue multiples are useful when there may be amortisation of intangible assets and differing expensing policies. The use of multiples of revenue eliminates the impact of variance in these expense and capitalisation policies;
- **FY23 results:** as set out in Section 8.4 of this report, EBITDA and revenue for Altium in FY23 was \$95.4 million and \$263.3 million, respectively. We do not consider these results to be reflective of the maintainable earnings for Altium as they are historical measures of performance, understating the revenue and EBITDA that can be achieved on an ongoing basis by not including Altium's market success and growth in FY24. This growth was evident in FY23, with revenue increasing by 19.2% and EBITDA increasing by 17.6% from FY22. In addition, at the time of valuation, it is less than two months from the end of FY24 for Altium, and considering the company has healthy broker research coverage, we find the broker consensus to be a more accurate representation of the current operating and financial performance of the company;



- **FY24 broker consensus:** as set out in Section 8.4.4 of this report, the median EBITDA and revenue forecast for Altium in FY24 is \$107.2 million and \$313.6 million, respectively. With regard to the FY24 broker forecasts we note the following:
 - following the release of 1H24 results, all brokers revised their FY24 EBITDA forecasts lower, while the majority of brokers also revised their FY24 revenue forecasts lower. Lower than expected 1H24 Underlying EBITDA margins were often cited as the reason for revising EBITDA forecasts lower, however, Kroll notes that brokers assessed the decline in 1H24's EBITDA margin to be largely discretionary as a result of increased investments in Altium's Cloud and Enterprise businesses. Weaker Octopart revenues were often cited as a reason for the downward revisions to revenue. Kroll notes there is relative consistency among the revised forecasts, with FY24 EBITDA forecasts ranging from \$102.0 million to \$113.0 million, and FY24 revenue forecasts ranging from \$295.1 million to \$320.7 million;
 - we note that the broker forecasts for FY24 are based on information available at the time of preparation of this report. There is no guarantee that these events will transpire, and the operating and financial performance of Altium may be impacted by events and circumstances that are beyond the control of Management. The achievement of these forecasts is also subject to additional risk factors which include increased competition, a slowdown in subscription penetration with existing clients, and the effectiveness of sales and marketing activity to secure enterprise customers. We note that 1H24 results underperformed broker expectations. In this regard, there is no certainty that actual FY24 EBITDA or revenues will align with the FY24 broker forecasts, which means that these figures may not necessarily provide a reliable estimate of the earnings that can be achieved in the future on an ongoing basis. However, Kroll notes that Altium has a demonstrated history of achieving strong revenue growth whilst maintaining sustainable EBITDA margins and furthermore, FY24 EBITDA and revenue does not include any cyclical factors, discontinued operations or non-recurring items that would not be expected to continue in the future such that FY24 EBITDA and revenues represent an a reasonable estimation of the EBITDA and revenue that a hypothetical purchaser would utilise for valuation purposes, having regard to historical and forecast operating results.
- **FY25 and FY26 broker consensus:** we note the median brokers consensus forecasts for FY25 EBITDA and revenue of \$139.5 million and \$376.0 million respectively, and consensus forecasts for FY26 EBITDA and revenue of \$163.3 million and \$440.4 million. FY26 broker consensus implies two-year CAGRs of EBITDA and revenue from FY24 broker consensus of 24.6% and 18.5% respectively. We note that these forecasts are based on continued strong growth in revenues as a result of industry and economic tailwinds, expanding market share and growth in cloud platform revenues and solutions. Key risks to these forecasts include a failure to retain or attract new clients, a slowdown in subscription seat value from existing clients, and increasing competitive intensity from international design software providers. Therefore, we believe that there is still enough uncertainty around these forecasts to discount them as being reflective of the maintainable earnings of Altium;
- **FY26 Targets:** as part of its strategy, Altium has set financial targets of total revenue of \$500 million with an Underlying EBITDA margin of 38.0% to 40.0% (see Section 8.2.1 of this report for further discussion). Applying the midpoint of the EBITDA margin target (i.e. 39.0%) to the revenue target (\$500 million) target implies a midpoint EBITDA target of \$195 million. These targets imply three-year CAGRs of EBITDA and revenue from FY23 actual results of 26.9% and 23.8% respectively. Kroll notes that these are described by Altium targets, and as such, Kroll has not applied significant weighting to them in its assessment of maintainable earnings. We note that Altium's FY26 EBITDA and revenue targets are at a 17.3% and 13.5% premium to the median broker consensus estimates for FY26 respectively. This difference highlights the uncertainty in Altium executing on its Flight Path strategy and achieving these financial targets; and
 - we note that the EBITDA and revenue figures disclosed represent operating revenue and earnings and as such, exclude non-operating and non-recurring items.

Having regard to the historical operating and financial performance of Altium, FY24, FY25 & FY26 broker consensus forecasts, FY26 Targets provided by Altium and the preceding analysis, we have selected a future maintainable EBITDA of \$107.2 million and revenue of \$313.6 million, which represent the median broker forecast EBITDA and revenue for FY24, respectively. We note that given the dispersion of possible

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future growth trajectories of the business implied by the difference between FY26 broker consensus forecasts and Altium's FY26 Targets, recognition of Altium executing on its Flight Path strategy has not been included in the FY24 broker consensus forecasts, and, consequently, has not been included in our selected maintainable earnings. Instead, Kroll has sought to include any additional potential upside to Altium's growth prospects beyond FY24 from the Flight Path strategy in its selection of the capitalisation multiples.

9.3.3 Capitalisation multiples

In determining an appropriate range of capitalisation multiples to apply to Altium's maintainable earnings, we have considered the following:

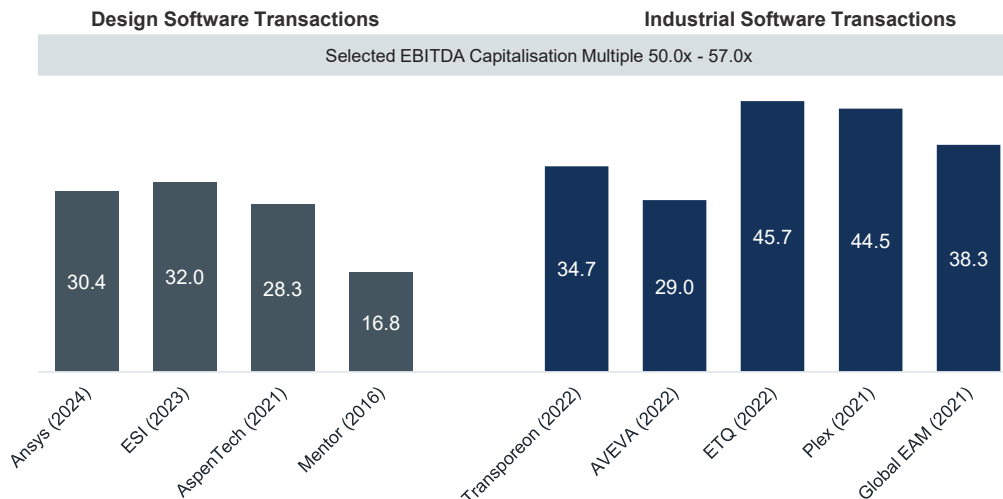
- multiples implied by recent transactions involving global design software companies, as well as companies that provide industrial software solutions (**comparable transactions methodology**);
- trading multiples of comparable global listed design and software engineering peers (**comparable companies methodology**);
- the specific attributes of Altium (refer to Section 9.3.4 of this report); and
- noting the dispersion of possible future growth trajectories of the business implied by the difference in FY26 broker consensus forecasts and Altium's FY26 Targets, Kroll has utilised the implied growth under the Flight Path strategy as the basis for our selection of an appropriate range of capitalisation multiples.

On balance, we consider an EBITDA multiple of 50.0 to 57.0 times and a revenue multiple of 17.0 to 19.5 times to be reasonable multiples for Altium's operating business, which is at the high end of transaction and sharemarket evidence and is based on the strong growth outlook for Altium under its Flight Path strategy.

Transaction evidence

The following chart sets out the implied EBITDA multiples for recent transactions involving global design software and industrial software companies for which there is sufficient publicly available financial and transactional data.

Forecast EBITDA Multiples – Global Design Software and Industrial Software Transactions



Source: S&P Capital IQ, Refinitiv, Mergermarket, Broker reports, Company financial statements and announcements; Kroll analysis.

Notes:

1. Forecast refers to the first forecast year after the date of the acquisition announcement.



2. As at the date of this report, the acquisition of Ansys, Inc. (**Ansys**) is pending and is anticipated to close in the first half of 2025, subject to shareholder and regulatory approval as well as other customary closing conditions.
3. The acquisition of Mentor Graphics Corporation (**Mentor**) occurred prior to the introduction of the AASB16 accounting standard and is therefore presented on a pre AASB16 basis. All other transactions occurred post 2019 and hence are presented on a post AASB16 basis.

A detailed description of these transactions is included in Appendix 5 of this report. Although the business operations of the target companies presented are broadly comparable to aspects of Altium's, in our view there is no single target company that is a perfect comparison with each target differing in some aspect relating to their business models, margins, scale, growth prospects and/or availability of transaction synergies.

The key drivers of forecast EBITDA multiples in software and technology transactions appear to be:

- **scale:** larger companies are able to generate economies of scale relating to research and development, marketing and innovation;
- **growth:** earnings multiples in any particular year will reflect future growth expectations; and
- **synergies:** transactions which are expected to result in a greater level of synergies for the acquirer will tend to attract higher earnings multiples.

Kroll's selected forecast EBITDA multiple for Altium of 50 to 57 times is greater than all of the multiples observed in recent transactions, which are in the range of 16.8 to 45.7 times forecast EBITDA. With regard to these transactions, Kroll notes that the following:

- the high end of the range is represented by:
 - the acquisition of ETQ, LLC (**ETQ**) by Hexagon AB (**Hexagon**), which occurred at a multiple of 45.7 times forecast EBITDA. ETQ provides SaaS quality management system solutions that automate the collection and delivery of manufacturing quality control data, non-conformance reports, and other compliance management. Although publicly available information for this transaction is limited, ETQ's high forecast EBITDA multiple likely reflects a strong growth outlook for the business, with brokers noting the significant growth of its SaaS business prior to the transaction, which saw a 3-year sales growth CAGR of approximately 60% (which is potentially higher than Altium's growth, even including the implied Flight Path revenue CAGR of 23.9% through to FY26). In addition, Hexagon expected the transaction to be synergistic, including revenue synergies of more than \$40 million per annum (compared to revenues of approximately \$75 million at the time of the transaction) and cost synergies that were expected to deliver "very strong incremental margins"⁹³ by 2026, given the strong fit of the software across Hexagon's manufacturing and process industries and the significant scope for geographical expansion. On the other hand, ETQ is of considerably smaller scale than Altium. Based on the available information, we would expect a similar or higher EBITDA multiple for Altium given its greater scale and availability of material synergies to a pool of available purchasers;
 - the acquisition of Plex Systems, Inc (**Plex**) by Rockwell Automation, Inc. (**Rockwell**), which occurred at a multiple of 44.5 times forecast EBITDA. Plex is a provider of cloud-based software that provides a range of solutions including manufacturing execution, enterprise resource planning (**ERP**), and supply chain planning. Plex's relatively high EBITDA multiple is reflective of its strong growth outlook with forecast EBITDA expected to grow at a CAGR of 23.3% over the three years post the transaction, which is lower than Altium's expected three-year EBITDA CAGR under its Flight Path strategy of approximately 26.9% per annum). Rockwell also projected meaningful synergies from the acquisition as it expands the Plex SaaS manufacturing execution system across its customer base, with cost synergies described as 'modest'. We note that Plex is of considerably smaller scale than Altium. Due to its smaller scale and the potential for greater synergies for an acquirer of Altium, we would expect Altium to transact at a higher multiple;
 - the acquisition of Infor, Inc's Global Enterprise Asset Management business (**Global EAM**) by Hexagon, which occurred at a relatively high forecast EBITDA multiple of 38.3 times. Global EAM

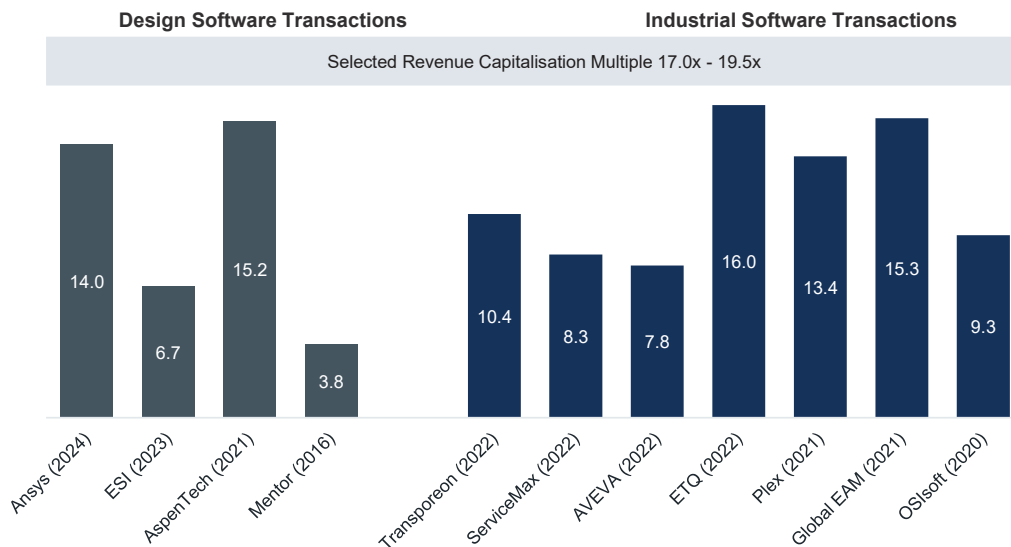
⁹³ Hexagon Press Release announcing the acquisition of ETQ, 25 February 2022.

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is a market leading SaaS business providing enterprise asset management solutions to track and maintain operational performance of installed property, plant, and equipment. Global EAM's one-year forecast revenue growth was lower at 10.2% compared to Altium's 19.1%, although it has a history of strong SaaS revenue growth which occurred at a CAGR of approximately 35.0% from 2018 to 2021. Global EAM was also of a smaller scale than Altium with its implied EV 49.1% of the size of Altium. Hexagon expected the transaction to be synergistic, anticipating revenue synergies of \$100 million by 2026 (five years after the announcement of the transaction) compared to projected revenues of \$167 million at the time of the transaction. Despite the significant synergies forecast by Hexagon, we would expect Altium to be valued at a higher forecast EBITDA multiple due to its greater scale and greater forecast future growth;

- the acquisitions of ESI Group SA (**ESI**) by Keysight Technologies, Inc. (**Keysight**) and Transporeon GmbH (**Transporeon**) by Trimble Inc. (**Trimble**) occurred at multiples of 32.0 times and 34.7 times forecast EBITDA, respectively. We note that both companies had high levels of forecast growth with ESI's adjusted EBIT forecast to grow at a 3-year CAGR of approximately 17.5% and Transporeon's forecast one-year revenue growth of 25%, both of which are likely to be comparable to or less than Altium's expected growth under the Flight Path strategy. Despite the strong growth outlook, both targets were significantly smaller in scale than Altium with implied transaction enterprise values ranging from 17.5% to 34.5% of Altium's implied enterprise value. Cost synergies arising as part of the transactions were described as incremental or modest, although Trimble noted potential significant upside from revenue synergies over time. As a result, it would be expected that Altium would attract a higher EBITDA multiple than both transactions;
- the acquisition of Ansys by Synopsys, Inc. (**Synopsys**) also occurred at a multiple of 30.4 times first forecast year EBITDA. We note that Ansys has lower forecast growth rates compared to Altium despite its much larger scale. Ansys' 3-year EBITDA CAGR growth was 13.1% compared to 26.9% for Altium under the Flight Path strategy and as such we would expect Altium's EBITDA multiple to be higher; and
- the low end of the range is represented by the acquisitions of AVEVA Group LLC (**AVEVA**), Aspen Technology, Inc. (**Aspen**), and Mentor Graphics Corporation (**Mentor**), at 29.0, 28.3 and 16.8 times first forecast year EBITDA. We note that all of these targets had considerably lower consensus growth prospects compared to Altium with their forecast first forecast year EBITDA growth rates ranging between (4.3%) to 2.6%. Noting Altium's higher forecast growth, it would be expected that Altium would attract a greater transaction multiple.

Forecast Revenue Multiples- Global Industrial and Technical Software Transactions



For personal use only



Source: S&P Capital IQ, Refinitiv, Mergermarket, Broker reports, Company financial statements and announcements; Kroll analysis.

Note:

1. As at the date of this report, the acquisition of Ansys is pending and is anticipated to close in the first half of 2025, subject to shareholder and regulatory approval as well as other customary closing conditions.

When considering the comparable transactions for which there is adequate publicly available information, we note that the forecast revenue multiples range from 3.8 times to 16.0 times. Revenue multiples are more difficult to draw conclusions from compared to EBITDA multiples as they are impacted by margins as well as the target's growth and scale and the level of synergies anticipated by the bidder. In relation to these transactions, we note:

- ETQ had the highest forecast revenue multiple of 16.0 times by virtue of its strong growth outlook and high margins. Given the high amount of SaaS in its sales mix, the company had strong historical cash EBITDA margins of around 45% and adjusted operating margins of over 35%, which would be broadly consistent with Altium's historical operating margins achieved and those expected to be achieved by Altium as part of its FY26 targets (i.e. 38 to 40% EBITDA margins). Global EAM also attracted high revenue multiples given its strong growth outlook and adjusted operating margins of approximately 40%. For these reasons, combined with Altium's greater scale, we would expect Altium to attract revenue multiples comparable to or greater than those implied by the ETQ and Global EAM transactions; and
- we note that Ansys and Aspen have similarly high revenue multiples at 14.0 times and 15.2 times respectively. These high multiples are reflective of both company's high forward EBITDA margins at 43.8% and 53.7% respectively, as well as their greater scale with implied transaction enterprise values for both companies' being 6.1 and 1.9 times that of Altium. We however note that compared to Altium both companies had much comparatively lower growth prospects at the time of their transactions and for this reason we expect Altium to attract a higher multiple.

Transaction evidence conclusion

Other than ANSYS, Aspen and AVEVA, all of the comparable transactions are substantially smaller than Altium (refer to Appendix 5), suggesting a higher multiple is appropriate for Altium. ANSYS, Aspen and AVEVA each have a significantly lower growth profile (2.6%, 15.7% and 4.3% first forecast year EBITDA growth) compared to Altium's higher forecast growth of 26.9% under the Flight Path Strategy, suggesting a higher multiple is appropriate for Altium. (Refer to Section 9.2.2 of this report regarding the reasonable basis for the Flight Path strategy).

In the absence of a single, direct transaction comparable to the acquisition of Altium, we consider the acquisitions of private industrial software companies ETQ and Plex to provide the best indication of comparable forecast EBITDA multiples. These transactions were announced at forecast EBITDA multiples of 45.7 times and 44.5 times respectively. We would expect Altium to attract a greater forecast EBITDA multiple than Plex as its EBITDA is expected to grow at a higher rate under the Flight Path strategy (26.9% compared to 12.1%). In addition, relative to ETQ and Plex, Altium is considerably greater in scale (refer to Appendix 5) and has the potential for greater synergies available for a potential acquirer, suggesting a higher multiple is appropriate for Altium.

We also consider ETQ's forecast revenue multiple of 16.0 times to provide the best indication of an appropriate forward revenue multiple for Altium due to the comparability of both target's growth profile and margins, as well as the substantial anticipated synergies for each. However, accounting for its larger scale in comparison to ETQ we would expect Altium's forecast revenue multiple to be greater than ETQ's.

Based on each of these factors and with overall regard to each of the multiples of the listed transactions presented, which include a premium for control, and the attributes of these respective targets compared to Altium, we consider the selected capitalisation multiples of 50.0 times to 57.0 times forecast EBITDA and 17.0 times to 19.5 times forecast revenue to be appropriate.

Sharemarket evidence

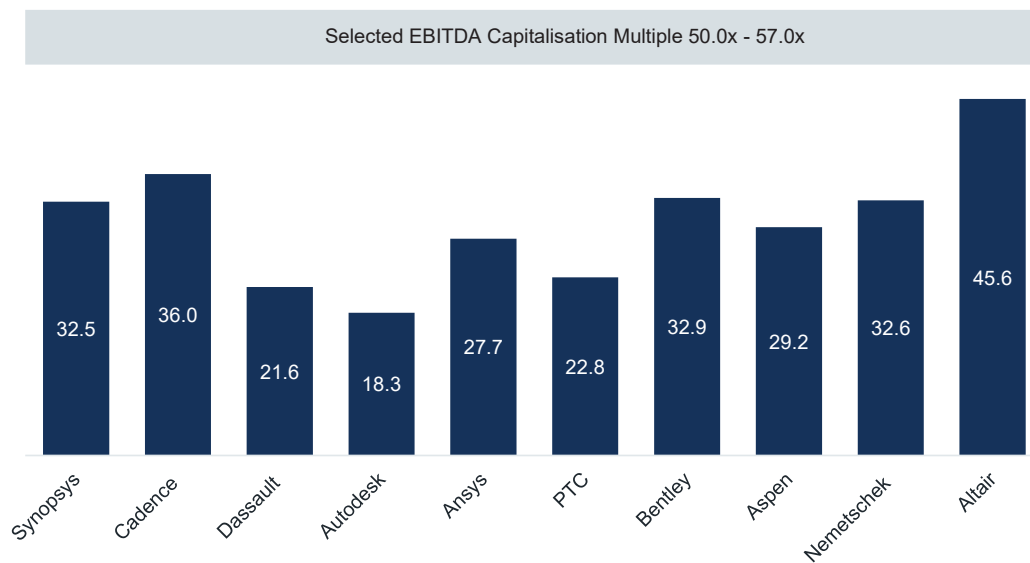
Kroll has considered the following global design and engineering software companies as comparable to Altium. These companies range from Altium's direct competitors, who provide software used to design and

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test electrical components, to providers of design and management software in architecture, engineering, and construction industries.

The following table chart sets out the first forecast year EBITDA multiples for comparable companies as at 30 May 2024.

Sharemarket Evidence – Forecast FY+1 EBITDA Multiples



Source: S&P Capital IQ, Refinitiv, Broker reports, Company financial statements and announcements; Kroll analysis.
Notes:

1. Enterprise values are calculated as the sum of market capitalisation, net debt, right-of-use lease liabilities (for post AASB 16 financial information) and non-controlling interests, less equity accounted investments and non operating assets/(liabilities) (net).
2. Forward multiples are based on broker consensus forecasts from Refinitiv.
3. All share price data is as at 30 May 2024, except for Ansys and Bentley Systems, Incorporated (**Bentley**) who have received takeover offers or are subject to speculation regarding a takeover offer and, therefore, the undisturbed share price has been used.

In relation to the EBITDA multiples of the identified listed comparable companies, we note the following:

- the multiples are based on sharemarket prices and do not typically include a control premium. As discussed in Section 9.2.3 of this report, observations from transaction evidence indicate that control premiums are broadly in the range of 25% to 40% for completed transactions depending on the individual circumstances.⁹⁴ Furthermore, the premiums paid in the selected software transactions noted above are towards the high end of this range, with a median of 35.5%.⁹⁵ Assuming that a control premium of 35.5% is included in our selected multiple of 50.0 to 57.0 times EBITDA, it would imply a multiple of 36.9 to 42.1 times EBITDA on a minority interest basis, which is consistent with the high end of the range of the sharemarket evidence. This is appropriate since the key driver of EBITDA multiples is future growth, and Altium's EBITDA growth outlook based on the Flight Path is 26.9%, which is above the growth outlook for all of the comparable companies;

⁹⁴ Source: 2023 FactSet Review. Range represents median premium from 2012 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%. Data includes publicly traded and privately owned companies where at least one of the parties is a U.S. entity. Includes all sector and industry classifications.

⁹⁵ Based on the target's share price one month prior to the announcement of the transaction (refer to Appendix 5).

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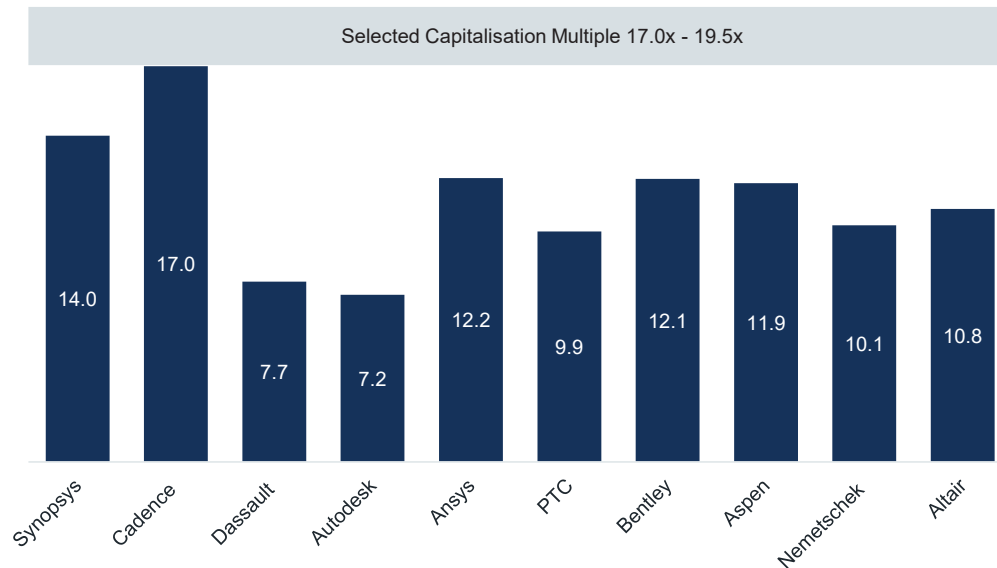
- as noted previously in the transaction evidence section, the key drivers of EBITDA multiples in this industry appear to be scale, with larger companies generally commanding higher premiums, and growth, with multiples reflecting future growth expectations;
- Altair Engineering Inc. (**Altair**) and Cadence are at the high end of the range, trading at 45.6 times and 36.0 times FY+1 EBITDA, respectively:
 - Altair is a computational science and artificial intelligence software company and is the most comparable in size to Altium compared to the identified listed comparable companies, with a market capitalisation of \$7.3 billion. Altair's EBITDA is expected to grow at a strong CAGR of 21.1% from FY+1 to FY+3, which is at the top of the range for the listed comparable companies and most comparable with Altium's expected growth profiles;
 - Cadence is an electronics design, simulation, and analysis software provider whose high multiple is reflective of its substantial scale and diversification of its products and solutions. It has the second highest market capitalisation of all the comparable companies at \$78.4 billion. Its growth outlook is moderate, with brokers estimating EBITDA growth of 15.9% from FY+1 to FY+3, which is below the broker consensus growth expectations for Altium of approximately 24.6% for FY24 to FY26 or 26.9% from FY23 to FY26 based on the implied under Altium's Flight Path strategy FY26 Targets;⁹⁶
- Synopsys and Ansys are both large electronic design, simulation and analysis industry businesses, with market capitalisations of \$86.5 billion and \$30.1 billion, respectively. The companies have respective forward EBITDA multiples of 32.5 and 27.7 times. Synopsys' multiple reflects its large scale and relatively high level of growth (although below Altium's growth outlook), with EBITDA expected to grow at a CAGR of 16.4% from FY+1 to FY+3, while Ansys' lower multiple reflects a more moderate level of expected growth, with EBITDA forecast to increase at a CAGR of 9.6% from FY+1 to FY+2;
- Aspen, Bentley, an infrastructure engineering software provider, and Nemetschek SE (**Nemetschek**), a German infrastructure engineering software company, have forward EBITDA multiples of 29.2, 32.9 and 32.6 times, respectively. They have moderate growth expectations (an EBITDA CAGR of 12.4%, 14.5% and 18.3%, respectively, from FY+1 to FY+3), which are lower than the growth expectations for Altium and Altair, and are smaller than a number of the peers (although larger than Altium), with market capitalisations between \$10.7 billion and \$15.1 billion;
- at the low end of the range are Autodesk, Inc (**Autodesk**), Dassault Systèmes SE (**Dassault**) and PTC, Inc. (**PTC**) with FY+1 EBITDA multiples of 18.3, 21.6 and 22.8 times, respectively.
 - Autodesk is a global provider of engineering design software with a market capitalisation of \$42.8 billion. Despite Autodesk's considerable scale, its lower EBITDA multiple reflects its lower growth expectations, with EBITDA forecast to grow at a CAGR of 10.5% from FY+1 to FY+3;
 - Dassault is a provider of 3D solutions software and is also large in scale, with a market capitalisation of \$53.6 billion. Dassault also has relatively low growth expectations, with EBITDA forecast to grow at 10.5% from FY+1 to FY+3; and
 - PTC is a global product lifecycle management software company, with a market capitalisation of \$20.8 billion. It has moderate growth expectations, with EBITDA forecast to grow at 15.8% from FY+1 to FY+3.

The following chart sets out the first forecast year revenue multiples for comparable companies as at 30 May 2024.

⁹⁶ Based on US\$500 million target for FY26 and the mid-point EBITDA margin of 39.0%.



Sharemarket Evidence – Forecast FY+1 Revenue Multiples



Source: S&P Capital IQ, Refinitiv, Broker reports, Company financial statements and announcements; Kroll analysis.
Notes:

1. Enterprise Values are calculated as the sum of market capitalisation, net debt, right-of-use lease liabilities (for post AASB 16 financial information) and non-controlling interests, less equity accounted investments and non operating assets/(liabilities) (net).
2. Forward multiples are based on broker consensus forecasts from Refinitiv.
3. All share price data is as at 30 May 2024, except for Ansys and Bentley who have received takeover offers or are subject to speculation regarding a takeover offer and, therefore, the undisturbed share price has been used.

In relation to the trading revenue multiples of the identified listed comparable companies, we note the following:

- the multiples are based on sharemarket prices and do not typically include a control premium, whereas the selected multiples for Altium of 17.0 to 19.5 times revenue include a control premium. Assuming a control premium of 35.5%,⁹⁷ this implies a multiple of 12.5 to 14.4 times revenue for Altium on a minority interest basis, which is consistent with the high end of the market evidence;
- revenue multiples are impacted not only by scale and growth outlook, but also by margins and consequently, it is more difficult to draw conclusions for revenue multiples than for EBITDA multiples;
- the comparable companies' revenue multiples for FY+1 range from 7.2 to 17.0 times and EBITDA margins for the same period ranges from 23.8% to 47.1%;
- Cadence has the highest revenue multiple for FY+1 at 17.0 times, which sits below the selected capitalisation multiple range for Altium (although above the range of multiples for Altium exclusive of a control premium). Its high revenue multiple likely reflects its large scale and strong growth expectations. In addition, Cadence also has the highest FY+1 EBITDA margin of the set of peers, at 47.1%, which is significantly higher than Altium's expected FY+1 EBITDA margin of 34.2% as well as the Underlying EBITDA margins expected as part of the FY26 Targets. Consequently, we would expect a lower revenue multiple for Altium (on a minority interest basis);
- revenue multiples for Ansys, Bentley, Synopsys and Aspen are either below or within the implied multiple range of 12.5 to 14.4 times revenue for Altium on a minority interest basis;

⁹⁷ Based on the target's share price one month prior to the announcement of the transaction (refer to Appendix 5).

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- Synopsys and Ansys have revenue multiples of 14.0 and 12.2 times respectively. As previously outlined, both companies are large in scale, with moderate to high growth, with Synopsys' and Ansys' expected growth both below the expected growth under Altium's Flight Path strategy and Synopsys' growth in line with Altium's expected growth forecast per broker consensus. Additionally, these revenue multiples reflect strong forward EBITDA margins which are at the top end of the range, 43.1% and 43.8% respectively, compared to the expected 34.2% for Altium in FY24;
- Bentley's revenue multiples also reflect its previously described scale and growth prospects, although its forward EBITDA margin is more moderate at 36.8% and broadly consistent with the forward margins anticipated with brokers for Altium in FY25 and FY26; and
- Aspen, an industrial software provider, has a revenue multiple of 11.9 times, reflecting a combination of both its moderate growth outlook of 12.4% and relatively high forward EBITDA margin of 40.9%.

Sharemarket evidence conclusion

In the absence of a single, direct comparable company to Altium, we consider the trading multiples of Altair and Cadence to provide the most useful information on which to base our forecast EBITDA multiples for Altium. These companies have most recently traded at forecast EBITDA multiples of 45.6 times and 36.0 times respectively, which are the highest of the comparable company set due to their relatively high growth outlooks that are more comparable to Altium's expected growth. Noting that future growth is the primary driver of EBITDA multiples, taken in isolation, we would expect Altium to attract a comparable or greater forecast EBITDA multiple than Altair and Cadence as it is expected to grow at a higher rate under the Flight Path strategy (26.9% compared to 21.7% and 15.9%, respectively). (Refer to Section 9.2.2 of this report regarding the reasonable basis for the Flight Path strategy). Although less influential that future earnings growth, we also note that Altair is of similar scale to Altium, while Cadence is a significantly larger company. We note that our implied multiple of 36.9 to 42.1 times EBITDA on a minority interest basis is broadly consistent with the range of the multiples of these companies.

We also consider the forecast revenue multiples of Ansys, Bentley, Synopsys and Aspen (which lie between 11.2 time to 12.5 times) provide a reasonable indication of an appropriate forward revenue multiple for Altium due to the comparability of the company's growth profiles and margins. In this regard, we note that our implied multiple of 12.5 to 14.4 times revenue on a minority interest basis sits in the range of or slightly above the range of the multiples for Bentley, Synopsys and Aspen, which is appropriate since Altium's EBITDA margin under the Flight Path strategy (38% to 40%) is broadly consistent with those for these companies (36.8%, 41.0% and 42.0%, respectively) and yet its growth outlook is higher (26.9%, compared to 14.5%, 17.0% and 12.4%, respectively). Cadence is significantly larger than Altium and has a higher margin (47.1%), although a moderately lower growth outlook. Consequently, it is reasonable that its revenue multiple of 16.8 times is above that of Altium.

Based on each of these factors and with overall regard to each of the multiples of the listed comparable companies presented, which do not include a premium for control, and the attributes of these respective targets compared to Altium, we consider the selected capitalisation multiples of 50.0 times to 57.0 times forecast EBITDA and 17.0 times to 19.5 times forecast revenue to be appropriate.

9.3.4 Specific attributes of Altium

In forming our views as to the value of Altium's operating business we have considered a series of factors, which include:

- synergies available to a pool of potential acquirers; there are a number of potential strategic acquirers of Altium that could likely achieve material synergies, including the ability to integrate Altium's products into an existing portfolio of electronic design software allowing substantial rationalisation of operating costs, which might include a portion of sales and marketing costs, software development costs, corporate overhead costs, and public company costs;
- Altium's significant user base, with Altium's flagship PCB design software product having over 60,000 commercial subscribers worldwide;

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- the strength of Altium's brand in the PCB design software market, with a leading market share in the mid-market (i.e. SMBs) of almost 40% in 2023;⁹⁸
- the rapidly growing user base in the Enterprise segment, with Altium growing its share of Enterprise licenses from 1.9% of new Altium Designer Licenses sold in FY20 to 14.7% in 1H24, with significant further potential for growth as Altium's SMB customers outgrow the functionality of the Standard license;
- Altium's geographically diversified user base, with 40.8% of seats on subscription located in EMEA, 40.2% in the Americas, 10.3% in the rest of world and 8.7% in China;
- strong forecast annual revenue and EBITDA growth from FY23 to FY26 based on the broker consensus CAGR of 18.7% and 20.3% respectively, while anticipated revenue and EBITDA growth from FY23 to FY26 based on Altium's FY26 Targets is even stronger at a CAGR of 23.8% and 26.9% respectively; and
- additional monetisation opportunities available via the conversion of historical perpetual license customers to term-based license subscribers. Moreover, Altium 365 is currently a free offering for customers. If Altium 365 is able to further grow adoption and use cases for the platform amongst electronics companies, the platform can become a significant revenue generating segment for Altium in the future.

9.4 Surplus assets and liabilities

Surplus assets and liabilities are those assets and liabilities not required to sustain the adopted level of maintainable earnings. Based on our analysis and discussions with Altium management, we are not aware of any material surplus assets or liabilities that require consideration in our valuation of Altium, other than investments and surplus cash.

Altium has an investment in unlisted convertible preference shares that is considered non-core to its operations. The investment is recognised at a fair value of approximately \$3.4 million as at 31 March 2024.

9.5 Surplus cash

In order to arrive at the value of equity, it is necessary to deduct the net borrowings (or add the surplus cash) from the unlevered value of Altium. Kroll has assessed Altium's surplus cash position to be \$117.6 million. This amount is based on Altium's cash balance and lease liabilities as at 31 March 2024, and Kroll's adjustment for the settlement of Altium's ATO contingent liability.

Altium's Surplus Cash (\$ millions)

	Value
Cash and cash equivalents (as at 31 March 2024)	167.9
Lease liabilities (as at 31 March 2024)	(10.6)
Net cash (as at 31 March 2024)	157.3
ATO contingent liability settlement cash impact	(39.7)
Kroll adjusted surplus cash (as at 31 March 2024)	117.6

Source: Kroll analysis.

Note: The \$39.7 million ATO contingent liability settlement cash impact reflects the A\$59.8 million settlement converted to US dollars at the exchange rate of A\$1 = US\$0.665 as at the Last Practicable Date

Altium is presently generating large amounts of cash in the ordinary course of its business, with approximately \$23.2 million in net cash generated in operating activities during the six months to 31 December 2023 (refer to Section 8.7 of this report). On this basis, it is our view that Altium's existing cash balance will not be required to support the operations of the business, excluding the repayment of lease

⁹⁸ Altium Investor Day and Annual General Meeting Presentation, 16 November 2023.



liabilities (which, if included, would require an equal adjustment to the value of lease liabilities as at 31 March 2024). Therefore, we consider the \$157.3 million of net cash as at 31 March 2024 to be surplus.

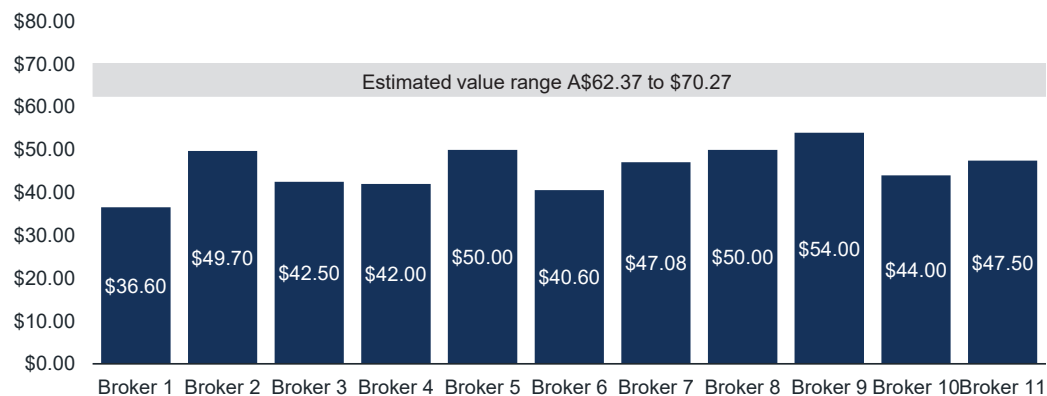
Kroll has arrived at an adjusted surplus cash figure of \$117.6 million after adjusting for the agreed ATO settlement amount of A\$59.8 million (equivalent to \$39.7 million), which relates to tax liabilities that arose following Altium's transfer of core business assets to a wholly owned group entity in the USA in 2015.

9.6 Valuation cross-check

9.6.1 Comparison to broker target prices

In order to cross-check our assessed valuation range for Altium Shares, we have compared the assessed range to broker target prices prior to the announcement of the Scheme.

Altium Broker Target Prices (A\$)



Source: Broker reports; Kroll analysis.

With regard to the broker target prices comparison, we note:

- as far as Kroll is aware, Altium is followed by 12 brokers, of which one is a financial adviser on the Scheme and has, therefore, been excluded from our analysis;
- the target prices of the remaining 11 brokers that form our analysis represent the target prices most recently published by each broker prior to the announcement of the Scheme on 15 February 2024. Therefore, the target prices exclude the impact of the Scheme, or company and industry developments since the announcement of the Scheme (including the 1H24 financial results released on 27 February 2024);
- the broker target prices range from A\$36.60 to A\$54.00, with a median broker target price of A\$47.08;
- our assessed value range sits substantially above the range of broker target prices, which is appropriate considering that our assessed value range reflects 100% ownership of Altium and, therefore, includes a control premium, whereas the broker target prices reflect prices at which minority interests are traded (i.e. the prices at which Altium Shares are traded on the ASX) and consequently do not include a control premium; and
- our assessed value range is approximately 32.5% to 49.3% above the median broker target price, which likely reflects a combination of the following:
 - that our assessed value range reflects 100% ownership of Altium and, therefore, includes a control premium, whereas the broker target prices reflect prices at which minority interests are traded (i.e. the prices at which Altium Shares are traded on the ASX) and consequently do not include a control premium. As noted in Section 9.1 of this report, successful transactions are commonly

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completed with an implied acquisition premium to the pre-transaction equity price of the target in the order of 25% to 40% depending on the individual circumstances;⁹⁹ and

- that Altium's FY26 EBITDA and revenue targets as reflected in Kroll's valuation are at a 17.3% and 13.5% premium to the median broker consensus estimates for FY26, respectively.

Therefore, when compared to the medium broker target prices, our assessed value range incorporates a premium that is broadly in line with the premiums observed in completed transactions. However, we note that it is not possible to quantify the extent to which the premium is attributable to the control premium as opposed to any uncertainty reflected in the broker forecasts.

⁹⁹ Source: 2023 FactSet Review. Range represents median premium from 2012 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%. Data includes publicly traded and privately owned companies where at least one of the parties is a U.S. entity. Includes all sector and industry classifications.



Appendix 1 – Kroll disclosures

Qualifications

The individuals with overall responsibility for preparing this report on behalf of Kroll are Ian Jedlin and Celeste Oakley. Ian is an Associate and Accredited Business Valuation Specialist of the Institute of Chartered Accountants Australia and New Zealand and holds a Master of Commerce. He is also Vice Chair of the Standards Review Board of the International Valuation Standards Council. Celeste holds a Bachelor of Economics, a Bachelor of Laws and a CFA designation. Both Ian and Celeste have extensive experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of Independent Expert Reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Kroll's opinion as to whether the Scheme is in the best interests of Altium Shareholders, in the absence of a superior proposal. Kroll expressly disclaims any liability to any Altium Shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, Kroll has had no involvement in the preparation of the Scheme Booklet or any other document prepared in respect of the Scheme. As such, Kroll takes no responsibility for the content of the Scheme Booklet as a whole or other documents prepared in respect of the Scheme (other than this report).

Independence

Kroll considers itself to be independent in accordance with the requirements of Regulatory Guide 112 issued by ASIC on 30 March 2011. In considering independence, it is noted that Kroll does not have, and has not had within the previous two years, any business or professional relationship with Altium, Renesas or any financial or other interest that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to Altium. Kroll's only role with respect to the Scheme has been the preparation of this report.

Kroll will receive a fixed fee of A\$500,000 (excluding GST and out of pocket expenses) for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme Meetings. Kroll will receive no other benefit for the preparation of this report.

Declarations

Altium has provided an indemnity to us for any claims arising out of any misstatement or omission in any material or information provided to us in the preparation of this report.

During the course of this engagement, Kroll provided draft copies of this report to management of Altium for comment as to factual accuracy, as opposed to opinions, which are the responsibility of Kroll alone. Changes made to this report as a result of those reviews have not altered the methodology or opinions of Kroll as stated in this report.

The engagement has been conducted in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (**APESB**).

Kroll is authorised by Millinium Capital Managers Limited, Australian Financial Services Licence no. 284336, to provide the following financial services as their Corporate Authorised Representative:

- provide financial product advice in respect of the following classes of financial products:
- interests in managed investment schemes including investor directed portfolio services; and
- securities;

with respect to retail clients and wholesale clients.

**Consents**

Kroll consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet to be issued to Altium. Neither the whole nor any part of this report or its attachments or any reference thereto may be included or attached to any other document without the prior written consent of Kroll as to the form and context in which it appears.



Appendix 2 – Limitations and reliance on information

Limitations and reliance on information

Kroll's opinion is based on prevailing economic, market, business and other conditions at the date of this report. However, the factors impacting these conditions continue to evolve and can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and the assets being valued specifically, could impact upon value in the future, either positively or negatively. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Our report is also based on financial and other information provided by Altium and its advisers. Altium has been responsible for ensuring that information provided by it and its representatives is not false or misleading or incomplete. Altium has represented in writing to Kroll that to its knowledge, the information provided is complete and not incorrect or misleading in any material respect. Complete information is deemed to be information which at the time of completing this report should have been made available to Kroll and would have reasonably been expected to have been made available to Kroll to enable us to form our opinion. We have no reason to believe that any material facts have been withheld from us.

In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying such information. Nothing in this report should be taken to imply that Kroll has in any way carried out an audit of the books of account or other records of Altium for this report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards, as applicable.

In addition, we have also had discussions with Altium in relation to the nature of the business operations, specific risks and opportunities, historical results of Altium and prospects for the foreseeable future of Altium. This type of information has been evaluated through analysis, inquiry and review to the extent considered necessary or practical as part of the information used in forming our opinion and is comprised of the opinions and judgements of management. Kroll does not warrant that its procedures and inquiries have identified all matters that a more extensive analysis might disclose as they did not include verification work nor an audit or review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. Such information is often not capable of external verification or validation.

The statements and opinions included in this report are given in good faith and in the belief that such statements and opinions are not false or misleading.

Disclosure of information

In preparing this report, Kroll has had access to all financial information considered necessary in order to provide the required opinion. Altium has requested Kroll limit the disclosure of certain information relating to Altium. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising Altium. As such the information in this report, unless otherwise indicated, has been limited to the type of information that is regularly placed into the public domain by Altium.

Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information

- Scheme Booklet;

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- Financial reports, results presentations and annual reports for Altium for FY20, FY21, FY22, FY23 and 1H24;
- ASX announcements, press releases, technical reports, media and analyst presentations and other public filings by Altium including information available on its website;
- broker reports and press articles regarding Altium and the building and construction industry;
- results presentations, annual reports, press releases and other public filings relating to comparable companies and comparable transactions;
- various industry reports; and
- information sourced from Refinitiv and S&P Capital IQ.

Non-public information

- Altium Board papers and other internal briefing papers prepared by Altium and its advisors;
- financial models prepared by Altium and its advisors; and
- other confidential documents, presentations and workpapers.

In addition, we have had discussions with, and obtained information from, senior management of Altium.



Appendix 3 – Broker Consensus

As far as Kroll is aware, Altium is followed by 12 brokers, of which one is a financial adviser on the Scheme and have, therefore, been excluded from our analysis. The remaining 11 brokers each published reports following the release of Altium's 1H24 results on 27 February 2024.

A summary of the broker forecasts for Altium is provided as follows.

Altium Broker Forecast Total revenue, Underlying EBITDA and EBIT (\$ millions)

Date of report	Total revenue			Underlying EBITDA			EBIT					
	FY23	FY24	FY25	FY26	FY23	FY24	FY25	FY26	FY23	FY24	FY25	FY26
Broker 1	263.3	305.0	366.0	424.0	95.4	110.0	136.0	170.0	86.4	99.0	123.0	155.0
Broker 2	263.3	320.7	400.0	476.8	95.4	110.7	145.8	180.1	86.4	101.2	130.5	165.3
Broker 3	263.3	305.0	375.4	435.3	95.4	106.1	135.5	162.8	86.4	96.3	125.5	152.1
Broker 4	263.3	306.3	388.0	487.5	95.4	107.7	145.2	189.8	86.4	99.6	137.3	181.7
Broker 5	263.3	295.1	340.8	378.9	95.4	102.0	128.6	148.0	86.4	86.8	116.2	137.4
Broker 6	263.3	316.4	367.4	416.9	95.4	106.0	130.4	152.2	86.4	96.0	119.7	140.8
Broker 7	263.3	314.1	374.0	432.4	95.4	110.4	140.1	164.3	86.4	102.1	131.7	155.8
Broker 8	263.3	315.7	377.8	438.1	95.4	106.7	137.1	164.4	86.4	96.2	126.6	153.9
Broker 9	263.3	320.0	391.0	472.0	95.4	113.0	146.0	188.0	86.4	103.0	133.0	178.0
Broker 10	263.3	313.0	375.0	442.6	95.4	109.5	138.8	168.2	86.4	101.0	130.8	160.5
Broker 11	263.3	305.7	376.6	469.3	95.4	106.2	143.1	183.2	86.4	102.5	139.7	181.1
Low	263.3	295.1	340.8	378.9	95.4	102.0	128.6	148.0	86.4	86.8	116.2	137.4
High	263.3	320.7	400.0	487.5	95.4	113.0	146.0	189.8	86.4	103.0	139.7	181.7
Median	263.3	313.6	376.0	440.4	95.4	107.2	139.5	166.3	86.4	100.3	130.7	158.2
Mean	263.3	311.2	376.6	445.0	95.4	107.8	139.1	170.1	86.4	98.5	129.1	160.7

Source: Broker reports; Kroll analysis



Altium Broker Forecast Net profit after tax (\$ millions), Diluted EPS (cents) and DPS (AU cents)

Date of report	Net profit after tax			Diluted EPS			DPS ¹					
	FY23	FY24	FY25	FY26	FY23	FY24	FY25	FY26	FY23	FY24	FY25	FY26
Broker 1	66.3	75.0	93.0	118.0	49.9	56.2	70.0	88.4	54.0	53.4	56.0	70.7
Broker 2	66.3	81.1	103.3	130.3	49.9	61.5	78.4	98.9	54.0	61.2	68.4	86.3
Broker 3	66.3	76.3	97.7	116.7	49.9	57.8	74.0	88.4	54.0	61.1	76.2	91.0
Broker 4	66.3	80.4	109.3	143.9	49.9	60.5	82.1	108.1	54.0	68.4	90.7	119.3
Broker 5	66.3	69.4	91.7	106.1	49.9	52.2	69.0	79.8	54.0	60.0	74.0	86.0
Broker 6	66.3	76.3	94.8	111.5	49.9	57.3	71.2	83.6	54.0	70.6	87.6	102.8
Broker 7	66.3	79.7	99.8	118.1	49.9	60.5	75.6	89.5	54.0	71.7	83.9	99.4
Broker 8	66.3	77.9	102.0	123.0	49.9	58.6	76.7	92.5	54.0	58.6	65.2	78.6
Broker 9	66.3	80.0	103.0	137.0	49.9	60.2	77.5	103.1	54.0	61.0	75.0	89.0
Broker 10	66.3	79.0	101.8	125.0	49.9	59.5	76.3	93.7	54.0	62.0	72.0	82.0
Broker 11	66.3	74.8	102.0	132.2	49.9	56.3	76.7	99.4	54.0	60.2	83.3	108.0
Low	66.3	69.4	91.7	106.1	49.9	52.2	69.0	79.8	54.0	53.4	56.0	70.7
High	66.3	81.1	109.3	143.9	49.9	61.5	82.1	108.1	54.0	71.7	90.7	119.3
Median	66.3	77.9	101.8	123.0	49.9	58.6	76.3	92.5	54.0	61.1	75.0	89.0
Mean	66.3	77.3	99.9	123.8	49.9	58.2	75.2	93.2	54.0	62.6	75.7	92.1

Source: Broker reports; Kroll analysis

Note 1: Forecast DPS for three brokers were presented in US cents and were converted to AU cents using exchange rate assumed for FY23 in respective reports.

Appendix 4 – Valuation methodologies

The most reliable evidence as to the value of a business or asset is the price at which that business or asset has been bought and sold in an arm's length transaction.

In the absence of direct market evidence, an estimate of value is provided using methodologies that rely on other sources of evidence. Consistent with International Valuation Standards, valuation methodologies applicable to assets or businesses can be categorised under three approaches: market approach, income approach and cost approach.

These approaches have application in different circumstances. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

The market comparable methodology indicates the value of a business by comparing it to publicly traded companies in similar lines of business. An analysis of the trading multiples of comparable companies yields insight into investor perceptions and, therefore, the value of the subject company. The multiples are evaluated and compared based on the relative growth potential and risk profile of the subject company vis-a-vis the publicly traded comparable companies. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands.

The comparable transaction methodology indicates value based on exchange prices in actual transactions. This process essentially involves the comparison and correlation of the subject company with other similar businesses recently sold or currently offered for sale. Considerations such as timeframe of transaction, premiums, and conditions of sale are analysed, and the observed transaction multiples are subjectively adjusted to indicate a value for the subject company.

A key step in both methods is determining the appropriate unit of comparison. In a business valuation common units of comparison include, revenue, EBITDA, EBIT, net profit after tax and book values. The choice will typically depend on the industry and characteristics of the subject asset.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them.

Income approach

Under an income approach the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history or there is a variable pattern of cash flow, or the asset has a finite life.

The most common methodology adopted is the discounted cash flow (**DCF**) methodology. It has a strong theoretical basis and benefits by explicitly estimating future cash flows, allowing it to be used in a variety of circumstances, whether that be a start-up or an established business. It also allows for various scenarios

and/or sensitivities to be modelled. Under a DCF methodology, forecast cash flows are discounted back to the valuation date resulting in a present value for the asset. Where there is an explicit forecast period a terminal value will typically be included, representing the value of the asset at the end of this period, which is also discounted back to the valuation date to give an overall value for the business. The rate at which the future cash flows are discounted (the discount rate) should reflect not only the time value of money, but also the risk associated with the asset or business' future operations. Whilst discount rates are generally determined from observable data, substantial judgement is required in their determination. Further, the cash flows themselves also require considerable judgement in their preparation, placing significant importance on the quality of the underlying cash flow forecasts and the determination of an appropriate discount rate in order for a DCF methodology to produce a sensible valuation figure.

DCF's can also be extremely sensitive to what may be considered small changes in various assumptions and the longer the forecast period the more difficult it is in general to forecast cash flows with sufficient reliability. As such, it is important to adequately understand the basis and risks associated with the various assumptions used to derive the cash flow forecasts and recognise the impact it can have on resulting values including the value range. Notwithstanding, DCF methodologies are widely used and benefit from the rigour associated with the preparation of future cash flows.

Cost approach

Under a cost approach the value of an asset is determined having regard to the cost to replace or reproduce the asset. The most common methodologies include:

- the replacement cost;
- the reproduction cost method; and
- the summation method.

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies).

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Appendix 5 – Market Evidence

Comparable transactions

The following table sets out the key comparable lithium transactions.

Comparable Transactions

Date	Target	Country	Enterprise Value (100%) (\$US million) ¹	Premium to Pre-Announcement Closing Price	EBITDA Multiples ²		Revenue Multiples ³	
					Historical	Forecast	Historical	Forecast
Design Software								
16-Jan-24	ANSYS, Inc. ⁴	United States	35,000.0	29.0%	35.2	30.4	15.4	14.0
28-Jun-23	ESI Group SA ⁵	France	1,001.9	72.0%	66.7	32.0	6.8	6.7
11-Oct-21	Aspen Technology, Inc. ⁶	United States	11,011.7	27.0%	27.1	28.3	15.1	15.2
14-Nov-16	Mentor Graphics Corporation	United States	4,558.0	21.4%	24.8	16.8	3.9	3.8
Industrial Software								
12-Dec-22	Transporeon GmbH	Germany	1,979.2	N/A	N/A	34.7	13.0	10.4
17-Nov-22	ServiceMax, Inc.	United States	1,460.0	N/A	N/A	N/A	9.9	8.3
21-Sep-22	AVEVA Group LLC ⁷	United Kingdom	11,976.7	47.1%	79.6	29.0	8.4	7.8
25-Feb-22	ETQ, LLC	United States	1,200.0	N/A	N/A	45.7	N/A	16.0
6-Jul-21	Global Enterprise Asset Management	United States	2,820.0	N/A	N/A	38.3	16.9	15.3
25-Jun-21	Plex Systems, Inc.	United States	2,205.5	N/A	49.9	44.5	15.4	13.4
25-Aug-20	OSISOFT, LLC	United States	5,019.6	N/A	31.3	N/A	10.3	9.3

Source: Capital IQ, Mergermarket; Kroll analysis.

Note

1. Transaction in local-denominated currencies are converted at the exchange rate prevailing at the announcement date.
2. EBITDA multiples are calculated as Enterprise Value, divided by operating EBITDA less income from equity accounted associates.
3. Revenue multiples are calculated as Enterprise Value, divided by revenue.
4. Ansys' premium to closing price is calculated based on the closing price on 21 December 2023, the last undisturbed share trading price prior to media speculation regarding a potential transaction.
5. ESI's premium to closing price is calculated based on the closing price on 17 May 2023, the last undisturbed share trading price prior to media speculation regarding a potential transaction.
6. Aspentech's premium to closing price is calculated based on the closing price on 6 October 2021, the last undisturbed share trading price prior to media speculation regarding a potential transaction.
7. AVEVA's premium to closing price is calculated based on the closing price on 23 August 2022, the last undisturbed share trading price prior to the commencement of the offer period.

Ansys, Inc. / Synopsys, Inc. (pending)

Ansys announced it had entered into a definitive agreement to be acquired by Synopsys on 16 January 2024. Under the agreement, Ansys shareholders are to receive cash and scrip consideration, which implied an enterprise value for Ansys of \$35.0 billion as at 21 December 2023, the day prior to speculation of the transaction. Ansys is a Nasdaq-listed United States based provider of simulation software employed by designers and engineers across a range of industries including automotive, aerospace and energy. Synopsys is a Nasdaq-listed United States based EDA software provider that provides tools and services to the semiconductor industry. Synopsys noted that the acquisition would bring together Synopsys' semiconductor EDA tools with Ansys' simulation and analysis portfolio. The transaction represented a 29.0% premium to Ansys' closing share price on the last undisturbed trading date and occurred at a multiple of 14.0 forecast revenue and 30.4 times forecast EBITDA.

ESI Group S.A. / Keysight Technologies, Inc.

On 28 June 2023 Keysight announced its intention to acquire the entire share capital of ESI for €155.0 per share in cash. The acquisition valued ESI's entire share capital at €913 million. ESI is French software company focused on prototyping solutions in automotive and aerospace end markets. Prior to the acquisition, ESI was Euronext Paris listed. Keysight is a NYSE-listed American manufacturer of electronic test and measurement equipment and software. Keysight noted the acquisition will accelerate its strategy of providing software solutions that provide virtual prototyping and advanced simulation capabilities. The transaction represented a 72.0% premium to ESI's share price on May 17, the date on which ESI disclosed preliminary discussions had been conducted with respect to a possible acquisition. The transaction occurred at a multiple of 6.7 forecast revenue and 32.0 times forecast EBITDA.

Aspen Technology, Inc. / Emerson Electric Co

On 11 October 2021, Emerson Electric Co (**Emerson**) entered into a definitive agreement to acquire a 55.0% stake in Aspen for \$6.0 billion representing an implied enterprise value of \$11.0 billion. Aspen is a software company providing a range of software solutions including data management, asset performance management, and performance engineering. Prior to the transaction, Aspen was listed on the Nasdaq. Emerson is a NYSE-listed technology and software company providing solutions for industrial, commercial and consumer markets. The transaction represented a 27.0% premium to Aspen's closing price on its last undisturbed trading date and represented a multiple of 15.2 times forecast revenue and 28.3 times forecast EBITDA.

Mentor Graphics Corporation / Siemens AG

On 14 November 2016, Siemens AG (**Siemens**) announced that entered into a merger agreement to acquire Mentor for \$37.25 per share representing an implied enterprise value for \$4.6 billion. Mentor was a NASDAQ-listed provider of electronic hardware and software design solutions primarily in the communications, computer, consumer electronics, semiconductor, networking, multimedia, military and aerospace, and transportation industries. Siemens is German electronic and electrical engineering conglomerate listed on the Frankfurt Stock Exchange. The transaction represented a 21.4% premium to Mentor's closing share price on its last undisturbed trading date and occurred a multiple of 3.8 times forecast revenue and 16.8 times forecast EBITDA.

Transporeon GmbH / Trimble Inc.

Trimble announced the acquisition of Transporeon on 12 December 2022 in an all-cash transaction implying an enterprise value for Transporeon of €1.88 billion. Transporeon is a German transport management software provider enabling customers to manage and integrate supply chains. Prior to the transaction Transporeon was privately owned. Trimble is a Nasdaq-listed US-based industrial technology company with solutions focused on enhancing workflow via various products and tools such as process design visualisation, fleet management, geospatial technology and supply chain management. The transaction occurred at a multiple of 10.4 forecast revenue and 34.7 times forecast EBITDA.

ServiceMax, Inc. / PTC Inc.

On 17 November 2022, PTC Inc, (**PTC**) announced that it had acquired ServiceMax on a cash and debt free basis for \$1.5 billion in cash. ServiceMax is a private software business which develops and operates field service management software to assist in the servicing of long-lifecycle products including managing product information, creating and managing work orders, and scheduling and dispatching technicians. PTC is a software company providing software solutions enabling industrial and manufacturing companies to digitally transform how they engineer, manufacture and service their physical products. The transaction price represented a multiple of 8.3 times forecast revenue.

AVEVA Group LLC / Schneider Electric S.E.

On 21 September 2022, Schneider Electric S.E. (**Schneider**) agreed to acquire 40.9% of AVEVA for consideration of 3,225 pence per share implying an enterprise value of £10.6 billion (Schneider had already owned the remaining 59.1% of shares prior to the deal announcement). AVEVA is an engineering and industrial software company providing engineering, planning and operations, asset performance, and monitoring and control software solutions for capital-intensive industries. Prior to the transaction, AVEVA was listed on the London Stock Exchange. Schneider is a Euronext Paris listed French industrial conglomerate providing hardware and software solutions relating to digital automation and energy management. The transaction represented a 47.1% premium to AVEVA's closing share price on its last undisturbed trading date and occurred at a multiple of 7.8 times forecast revenue and 29.0 times forecast EBITDA.

ETQ, LLC / Hexagon AB

On 25 February 2022, Hexagon announced that it had agreed to acquire ETQ for cash consideration of \$1.2 billion on a cash and debt free basis. ETQ is a private SaaS company providing quality management systems, environment, health and safety, and compliance management software. ETQ's software is used across a range of industries including; aerospace and defence, chemical and agriscience, consumer goods, medical devices, and electronics. Hexagon is a Swedish listed manufacturer of machines, sensors, and software for geospatial and industrial application. The transaction price represented a multiple of 16.0 times forecast revenue and 45.7 times forecast EBITDA.

Global Enterprise Asset Management Business of Infor, Inc / Hexagon AB

On 6 July 2021, Hexagon announced that it had agreed to acquire Infor, Inc's enterprise asset management business for \$800.0 million in cash and 132.6 million Hexagon shares representing an implied enterprise value of \$2.8 billion on the date of announcement. Global EAM is a market leading SaaS business providing enterprise asset management solutions to track and maintain operational assets. Hexagon is a manufacturer of machines, sensors, and software for geospatial and industrial application listed on the Nasdaq Stockholm exchange. The transaction price represented a multiple of 15.3 times forecast revenue and 38.3 times forecast EBITDA.

Plex Systems, Inc / Rockwell Automation, Inc.

On 25 June 2021, Plex entered into a definitive agreement to be acquired by Rockwell Automation, Inc for \$2.2 billion in cash. Plex is a privately owned cloud-based SaaS company providing smart manufacturing solutions. Plex's main software solutions include comprehensive manufacturing execution systems, quality management, enterprise resource planning, and supply chain solutions. Rockwell is a NYSE-listed provider of industrial automation and digital transformation technologies including intelligent devices, visualisation software and hardware, simulation and information software, and lifecycle services. Major markets services provided by Rockwell include automotive, semiconductor, e-commerce, life sciences and mining. The

transaction represented a forecast revenue multiple of 13.4 times and a forecast EBITDA multiple of 44.5 times.

OSIsoft, LLC / AVEVA Group LLC

On 25 August 2020, AVEVA announced that it had agreed to acquire private company OSIsoft for \$4.4 billion in cash and 10.9 million AVEVA shares representing an implied enterprise value of \$5.0 billion. OSIsoft is an industrial data software and services company, primarily servicing industries such as power generation and utilities, water, oil and gas, mining, manufacturing, facilities, and transportation. AVEVA was a London Stock Exchange-listed engineering and industrial software company providing engineering, planning and operations, asset performance and monitoring and control solutions for capital-intensive industries. The transaction price represented a multiple of 9.3 times forecast revenue.

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Comparable companies

The following table sets out the trading multiples for the comparable companies to Altium, as at 30 May 2024, calculated by Kroll using publicly available information including technical and annual reports.

Comparable Design and Engineering Software Companies

Company Name	Country	Market capitalisation (\$ million) ⁵	LTM ⁹	Enterprise Value ¹ / EBITDA ²			EBITDA CAGR (FY+1- FY+3) ⁸
				FY+1 ^{4, 10}	FY+2 ⁴	FY+3 ⁴	
Synopsys	United States	86,525.7	34.8	32.5	28.3	23.9	16.4%
Cadence	United States	78,442.6	44.3	36.0	31.0	26.8	15.9%
Dassault	France	53,553.9	24.4	21.6	19.3	17.7	10.5%
Autodesk	United States	42,768.1	20.9	18.3	16.3	15.0	10.5%
Ansys ⁶	United States	30,099.7	33.7	27.7	25.3	na	na
PTC	United States	20,818.7	24.9	22.8	20.0	17.0	15.8%
Bentley ⁷	United States	15,086.7	38.3	32.9	28.9	25.1	14.5%
Aspen	United States	13,285.6	28.9	29.2	25.8	23.1	12.4%
Nemetschek	Germany	10,670.8	36.1	32.6	27.4	23.3	18.3%
Altair	United States	7,336.8	48.7	45.6	37.8	31.1	21.1%
Median		25,459.2	34.2	30.8	26.6	23.3	15.8%
Average		35,858.9	33.5	29.9	26.0	22.6	15.1%
Minimum		7,336.8	20.9	18.3	16.3	15.0	10.5%
Maximum		86,525.7	48.7	45.6	37.8	31.1	21.1%

Source: Company reports, Capital IQ; Kroll analysis

Company Name	Country	Market capitalisation (\$ million) ⁵	EBITDA Margin FY+1	Enterprise Value ¹ / Revenue ³			
				LTM ⁹	FY+1 ^{4, 10}	FY+2 ⁴ FY+3 ⁴	
Synopsys	United States	86,525.7	43.1%	13.6	14.0	12.4	11.0
Cadence	United States	78,442.6	47.1%	19.1	17.0	15.0	13.1
Dassault	France	53,553.9	35.8%	8.3	7.7	7.1	6.5
Autodesk	United States	42,768.1	39.2%	8.1	7.2	6.4	5.8
Ansys ⁶	United States	30,099.7	43.8%	14.1	12.2	11.1	10.1
PTC	United States	20,818.7	43.3%	10.2	9.9	8.8	8.0
Bentley ⁷	United States	15,086.7	36.8%	13.5	12.1	11.0	9.6
Aspen	United States	13,285.6	40.9%	11.9	11.9	10.9	10.1
Nemetschek	Germany	10,670.8	31.0%	11.0	10.1	8.8	7.7
Altair	United States	7,336.8	23.8%	11.5	10.8	9.9	9.0
Median		25,459.2	40.0%	11.7	11.4	10.4	9.3
Average		35,858.9	38.5%	12.1	11.3	10.1	9.1
Minimum		7,336.8	23.8%	8.1	7.2	6.4	5.8
Maximum		86,525.7	47.1%	19.1	17.0	15.0	13.1

Source: Company reports, Capital IQ; Kroll analysis.

Notes:

- Enterprise Values are calculated as the sum of market capitalisation, net debt, right-of-use lease liabilities (for post AASB 16 financial information) and non-controlling interests, less equity accounted investments and non operating assets/(liabilities) (net).
- EBITDA multiples are calculated as Enterprise Value divided by Operating EBITDA less unusual items, plus lease expenses and share based compensation.
- Revenue multiples are calculated as Enterprise Value divided by revenue.
- Forward multiples are based on broker consensus forecasts from Refinitiv.
- All share price data is as at 30 May 2024, except for Ansys and Bentley.
- Ansys share price data is calculated as at 15 January 2024. On 16 January 2024, Synopsys announced it had entered into a definitive agreement under which Synopsys will acquire Ansys. Ansys share price as at 15 January 2024 represents an undisturbed share price.
- Bentley share price data is calculated as at 15 April 2024. On 19 April 2024, Schneider Electric announced it was in talks with Bentley over a potential strategic transaction. In the days prior to the announcement, Bentley's share price increased sharply. Bentley's share price as at 15 April 2024 represents an undisturbed share price.
- Refers to the CAGR from each companies' FY23 actual EBITDA to FY26 broker consensus EBITDA forecasts.
- LTM refers to the year ending 31 December 2023 for all companies except for Autodesk and Ansys. Autodesk LTM period refers to the year ending 31 October 2023 and Ansys LTM period refers to the year ending 30 September 2023.
- FY+1 refers to forecast period year ending 31 December 2024 for all companies except for Autodesk, PTC Inc., Synopsys and Aspen Technology, Inc.. FY+1 period for Autodesk refers to the year ending 31 January 2025. FY+1 period for PTC Inc. refers to the year ending 30 September 2024. FY+1 period for Synopsys refers to the year ending 31 October 2024. FY+1 period for Aspen Technology refers to the year ending 30 June 2024.

Summary of market evidence

In relation to the listed company multiples and margins:

- growth in these companies is broadly driven by the proliferation of electronic products and by the digital transformation of work processes (refer to Section 7 for analysis of industry trends). As demand for these products increases, the demand for software used to design the electrical components featured in these products increases alongside the software used to produce and manage these products;
- Cadence is the second largest comparable company, with a broad product portfolio offering solutions ranging from electronic system design software to intellectual property. Cadence is also a direct competitor of Altium, through its System Design and Analysis segment which includes PCB design software. Cadence's FY+1 EBITDA multiple is near the top end of the range for the comparable companies, which reflects their above median level of growth, with EBITDA expected to grow at a CAGR of 15.9% from FY+1 to FY+3. Cadence's growth prospects reflect the long-term positive growth outlook for the semi-conductor and systems design industries. Cadence has strategically moved into the simulation and analysis space through bolt on acquisitions. This combined with a strong IP and hardware portfolios has Cadence well positioned to experience the broad growth of the underlying market and structural growth through key verticals;
- both Altair and Bentley are two other comparable companies whose FY+1 EBITDA multiples are at the top of the range, 45.6 and 32.9 respectively. Altair is a leading player in the fragmented simulation and analysis market, specifically as it relates to high-performance computing and data analytics. Altair's EBITDA is expected to grow at a CAGR of 21.1% from FY+1 to FY+3. Their growth reflects structural growth drivers relating to margin expansion and continued software revenue growth driven by broad market growth, cross-selling, AI/data analytics simulation and HPC. Altair management also has a strong track record of consistent execution. Bentley's earnings growth is driven by increased volume of billable engineer design hours predominantly to infrastructure clients. Bentley is likely to benefit from a strong infrastructure market supported by the introduction of the Infrastructure Investment and Jobs Act in the United States which is expected to authorise \$1.2 trillion in Government spending for transport and infrastructure; and
- Synopsys is another software provider, who provides integrated circuit design solutions for engineers. Similar to Cadence, it has begun moving into simulation and analysis through the pending acquisition of Ansys, a leading global player simulation and analysis. This acquisition will allow Synopsys to expand its target market beyond semiconductor companies into systems companies across many industries (high-tech, automotive, aerospace, industrial equipment and others). If integrated successfully Synopsys will be well positioned to offer complete EDA solutions capable of providing multi-physics simulation at both chip and system level.

Detailed company descriptions

Synopsys, Inc.

Synopsys provides a broad range of software solutions, used by engineers to design, create, test and verify electrical components. Synopsys is listed on the Nasdaq Stock Market (**Nasdaq**) with a current market capitalisation of \$86.5 billion. Synopsys' primary offering is EDA software used to design and test integrated circuits. Synopsys also provides software and hardware used to validate electronic systems and provides technical services and support to Synopsys' customers.

In addition to their software offerings, Synopsys provides a portfolio of IP products, which are pre-designed circuits used by engineers so that they do not have to design their own. Synopsys operates through three segments: Design and Automation (64.6% of total FY23 revenue), Design and IP (26.4% of total FY23 revenues) and Software Integrity (9.0% of total FY23 revenue).

Cadence Design Systems, Inc.

Cadence is global provider of electronic system design software and intellectual property (**IP**) and is listed on the Nasdaq with a current market capitalisation of \$78.4 billion. Cadence has a broad software portfolio, which provides design, creation, implementation, verification, and analysis solutions relating to a wide range of electronic components including integrated circuits and PCBs. Cadence's IP offerings include,

software, hardware and reusable integrated circuit blocks, providing customers with pre-designed and verified circuit blocks.

Cadence operates through four segments: Custom IC Design and Simulation, Digital IC Design and Signoff, Functional Verification, IP, and System Design and Analysis. Custom IC Design and Simulation, Digital IC Design and Functional Verification are Cadence's primary operations corresponding to roughly 76% of their total FY23 revenue. The System Design and Analysis segment, which contains the PCB software that competes directly with Altium products, is a smaller portion of their operations, only accounting for 12.0% of Cadence's total FY23 revenue.

Dassault Systèmes SE

Dassault is a French-based software company, which provides different kind of three-dimensional (3D) solutions to the manufacturing, life sciences, healthcare and infrastructure industries. Dassault is listed on the Euronext Paris stock exchange with a current market capitalisation of \$53.6 billion.

Dassault provides its software through a business experience platform structured into four quadrants: social and collaborative applications, 3D modelling applications, simulation applications and information intelligence applications. This platform aims at allowing organisations to invent, learn, produce and trade in innovative ways.

Autodesk, Inc.

Autodesk is a software provider specialising in design, engineering and entertainment technology solutions primarily spanning architecture, engineering, construction, product design and manufacturing industries. Autodesk is listed on the Nasdaq with a current market capitalisation of \$42.8 billion. Its product offerings are focused on four primary product families: Architecture, Engineering and Construction, AutoCAD and AutoCAD LT, Manufacturing, and Media and Entertainment. Autodesk products aim at allowing customers to foster innovation, optimise their designs, streamline manufacturing and customer processes. Autodesk operates under one reporting segment.

Ansys, Inc.

Ansys is a global provider of simulation software used in a broad range of industries, including, academia, high-tech, aerospace and defence, automotive, electronics and industrials. Ansys is listed on the Nasdaq with an undisturbed market capitalisation of \$30.1 billion as at 15 January 2024. Ansys' products allow customers to test and analyse their designs, aiming to decrease the production time and cost. Ansys provides its suite of products through a platform allowing customers to analyse designs on premise or via the cloud. Ansys operates under one reporting segment.

PTC Inc.

PTC is a global software company providing solutions enabling industrial and manufacturing companies to digitally transform how they engineer, manufacture and service their physical products. PTC is listed on the Nasdaq with a current market capitalisation of \$20.8 billion.

PTC's design software refers to computer aided design portfolio solutions which is used by customers to author product data. PTC also offers project lifecycle management solutions where customers manage product data and work processes. PTC delivers their solutions on premise, via the cloud, or in a hybrid model. End-user industries include companies in the aerospace and defence, automotive, electronics and high-tech.

Bentley Systems, Incorporated

Bentley is an infrastructure engineering software company listed on the Nasdaq with an undisturbed market capitalisation of \$15.1 billion as at 15 April 2024. Bentley's products serve enterprises and professionals across the infrastructure lifecycle by improving project delivery and asset performance. Bentley's end user infrastructure sectors include transport, energy and mining.

Bentley's project delivery software encompasses conception, planning, surveying, design, engineering, and construction, as well as the collaboration required to coordinate and share the work between the involved parties. Bentley's asset performance software spans the operating life of commissioned infrastructure assets, allowing customer accounts to manage engineering changes for safety/compliance and to model performance and reliability to support operations and maintenance decisions.

The majority of Bentley products are offered through an engineering and geoprofessional application which is a cloud connected desktop application.

Aspen Technology, Inc.

Aspen is an industrial software company providing solutions aimed at addressing complex industrial environments relating to optimisation of asset design, operations and maintenance lifecycle. Aspen is listed on the Nasdaq with a current market capitalisation of \$13.3 billion. Aspen combines modelling, simulation, and optimisation capabilities with industrial operations expertise and also applies advanced analytics to drive profitability and sustainability of production assets.

Aspen offers products for asset performance management, manufacturing and supply chain, performance engineering, sub surface science and engineering, and artificial intelligence of things.

Nemetschek SE

Nemetschek is a Germany-based software developer for the construction industry focusing on building information modelling oriented solutions for computer aided design and computer aided engineering. Nemetschek is listed on Frankfurt stock exchange with a current market capitalisation of \$10.7 billion. The Company operates through four segments: Design, Build, Manage, and Media and Entertainment. The Design segment focuses on building information modelling oriented solutions for computer aided design and computer aided engineering. The Build segment, which is the second largest segment, offers five-dimensional solutions for building information modelling.

Altair Engineering Inc.

Altair is a computational science and artificial intelligence company listed on the Nasdaq with a current market capitalisation of \$7.3 billion. Altair products aimed at enabling organizations to increase efficiencies and make smarter business decisions whilst helping to drive innovation. Altair provides software and cloud solutions in simulation, high-performance computing, data analytics and AI.

The company operates through two segments, Software and Client Engineering Services. The Software segment includes solvers and optimisation technology applications and hardware products, modelling and visualisation tools. The Client Engineering Services Segment provide client engineering services to support its customers with long-term, ongoing expertise.

Gearing

The gearing ratios for the selected comparable companies are set out as follows.

Comparable Companies Gearing as at 30 May 2024

Company	Market Cap (\$ millions)	As at Current Date ¹	
		2 Year	5 Year
<i>Design and Engineering Software</i>			
Altium ²	4,359.6	(3.3%)	(2.8%)
Synopsys ³	85,106.6	(1.2%)	(1.6%)
Cadence	78,442.6	(0.4%)	(1.0%)
Dassault	53,553.9	(1.6%)	1.3%
Autodesk	42,768.1	1.8%	2.0%
Ansys ³	26,336.4	1.0%	(0.5%)
PTC	20,818.7	9.4%	9.0%
Bentley ⁴	15,086.7	9.5%	8.0%
Aspen	13,285.6	(1.0%)	(0.4%)
Nemetschek	10,670.8	(2.1%)	(0.6%)
Altair	7,336.8	(1.9%)	(1.8%)
Design and Engineering Software – Median⁴		(0.7%)	(0.4%)
Design and Engineering Software – Average⁴		1.4%	1.4%

Source: S&P Capital IQ; Kroll analysis.

Notes:

- Gearing has been calculated as (total debt plus preference shares minus cash)/(total debt plus preference shares minus cash plus market capitalisation plus minority interests). Gearing has been calculated as at 30 May 2024.
- Altium's gearing is calculated as at 8 February 2024, the last undisturbed trading day.
- Ansys and Synopsys gearings are calculated as at 21 December 2023, the last undisturbed trading day prior to speculation that Synopsys had submitted a takeover offer for Ansys.
- Bentley gearings are calculated as at 15 April 2024.
- Medians and averages exclude Altium.

Synergies and premiums

The following table sets out the synergies and premiums for relevant technology transactions. Synergy figures are as reported in transaction announcements and premiums are based on publicly available share price data.

Announcement Date	Target	Acquirer	Deal value (\$ millions)	Cost synergies (\$ millions)	Cost synergies as % of Target Opex	Revenue synergies (\$ millions)	Pre-announcement date	Premiums 1 week prior	Premiums 1 month prior
24-Apr-24	HashiCorp, Inc.	International Business Machines Corporation	6,400.0	-	na	-	20.1%	48.7%	30.0%
21-Dec-23	ANSYS, Inc.	Synopsys, Inc.	35,000.0	400.0	34.0%	400.0	6.1%	3.8%	24.4%
28-Jun-23	ESI Group SA	Keysight Technologies, Inc.	917.8	-	na	-	50.5%	43.5%	34.8%
25-May-22	National Instruments Corporation	Emerson Electric Co.	8,200.0	165.0	20.5%	-	73.5%	81.2%	50.8%
8-Jan-23	Paya Holdings Inc.	Nuvei Corporation	1,300.0	21.0	24.3%	-	25.2%	23.9%	18.8%
3-Oct-22	Poshmark, Inc.	NAVER Corporation	1,200.0	30.0	9.5%	-	14.2%	31.4%	63.3%
2-Aug-22	Sierra Wireless	Semtech	1,200.0	40.0	na	-	25.0%	0.0%	0.0%
1-Aug-22	EVO Payments, Inc.	Global Payments Inc.	4,000.0	125.0	47.0%	-	24.4%	29.7%	42.9%
4-May-22	Black Knight, Inc.	Intercontinental Exchange, Inc.	16,000.0	274.0	28.1%	125.0	19.0%	17.0%	27.8%
8-Feb-21	Dialog Semiconductor Plc	Renesas Electronics Corporation	5,841.6	125.0	28.2%	200.0	20.3%	27.9%	45.5%
14-Jul-21	Avast plc	NortonLifeLock Inc.	8,600.0	280.0	96.7%	-	33.7%	-4.5%	12.2%
29-Oct-20	Inphi Corporation	Marvell Technology Group Ltd.	9,498.9	125.0	61.9%	-	42.2%	34.3%	39.7%
26-Oct-20	Xilinx, Inc.	Advanced Micro Devices, Inc.	36,788.8	300.0	25.9%	-	23.7%	23.5%	41.2%
12-Jul-20	Maxim Integrated Products, Inc.	Analog Devices, Inc.	20,900.0	275.0	43.5%	-	22.4%	26.5%	37.2%

Announcement Date	Target	Acquiror	Deal value (\$ millions)	Cost synergies (\$ millions)	Cost synergies as % of Target Opex	Revenue synergies (\$ millions)	Pre-announcement date	Premiums 1 week prior	Premiums 1 month prior
24-Dec-19	Anixter International Inc.	WESCO International, Inc.	4,500.0	200.0	15.8%	-	20.7%	18.6%	22.6%
2-Jun-19	Cypress Semiconductor Corporation ¹	Infinion Technologies AG	10,080.9	201.6	42.6%	1,680.2	33.8%	54.2%	35.7%
27-Mar-19	Quantenna Communications, Inc.	ON Semiconductor Corporation	1,070.0	26.0	25.6%	-	19.3%	17.8%	29.6%
8-Nov-18	Finisar Corporation	II-VI Incorporated	3,200.0	150.0	47.8%	-	37.7%	55.8%	57.6%
8-Nov-18	ARRIS International plc	CommScope Holding Company, Inc.	7,400.0	150.0	16.3%	-	14.2%	27.1%	31.6%
10-Sep-18	Integrated Device Technology, Inc.	Renesas Electronics Corporation	6,700.0	80.0	26.9%	170.0 ²	14.9%	15.3%	36.9%
28-Jun-18	Convergys Corporation	Concentrix Corporation	2,430.0	150.0	21.5%	-	7.7%	6.3%	9.6%
11-Mar-18	Oclaro, Inc.	Lumentum Holdings Inc.	1,800.0	160.0	63.3%	-	27.2%	35.0%	48.8%
1-Mar-18	Microsemi Corporation	Microchip Technology Incorporated	8,350.0	300.0	48.1%	-	6.0%	12.7%	11.1%
11-Jan-18	DST Systems, Inc.	SS&C Technologies Holdings, Inc.	5,400.0	150.0	na	-	5.1%	31.7%	38.0%
12-Nov-16	Mentor Graphics Corporation ¹	Siemens Industry, Inc.	4,500.0	110.7	14.3%	-	21.4%	26.7%	35.4%
12-Sep-16	Intersil Corporation	Renesas Electronics Corporation	3,200.0	40.0	19.2%	130.0	16.2%	11.4%	47.5%
Average			8,249.2	146.3	34.6%	104.5	24.0%	26.9%	33.6%
Median			5,620.8	150.0	27.5%	-	21.1%	26.6%	35.5%
High			36,788.8	400.0	96.7%	1,680.2	73.5%	81.2%	63.3%
Low			917.8	-	9.5%	-	5.1%	(4.5%)	-

Source: Company Announcements, Capital IQ and Kroll analysis.

Notes:

- Figures have been translated into USD using a monthly average exchange rate based on the announcement date month.
- Assumes \$170.0 million of gross profit impact and \$80 million in expected cost synergies given \$250.0 million expected in total synergies.

Part Two – Financial Services Guide

What is an FSG?

This Financial Services Guide ("FSG") is an important document that provides you with information to help you decide whether to use our financial services.

This FSG contains information on:

- who we are;
- who our authorised representatives are;
- how we can be contacted;
- certain financial services that we can offer you;
- how we, our authorised representatives and other parties involved in providing the financial services are paid in relation to the financial services we offer; and
- details of how you can make a complaint about us or the financial services we provide.

Who we are?

Kroll Australia Pty Ltd (ACN 116 738 535), ("We", "us" and "Kroll") is authorised to provide retail financial services on behalf of Millinium Capital Managers Limited (ACN 111 283 357) ("Millinium"), Australian Financial Services License ("AFSL") no. 284336, as a Corporate Authorised Representative ("CAR"). We have also appointed Mr. Ian Jedlin as an authorised representative to Millinium's AFSL (our "Authorised Representative"). All authorised representatives of Kroll are authorised representatives of Millinium. We aim to provide quality financial products and services to investors. Kroll acts on its own behalf when providing financial services.

Kroll has been engaged by Altium Limited ("Client") to prepare an Independent Expert's Report ("Report") in connection with the proposed acquisition by a wholly owned indirect subsidiary of Renesas Electronics Corporation of Client by way of a scheme of arrangement for cash consideration of A\$68.50 per share. The Client will provide our Report to you.

Our details

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
SYDNEY
NSW 2000
www.kroll.com
Ph: 02 8286 7200

Our Authorised Representative

Ian Jedlin
ASIC authorised representative: No. 000404117
Level 32, 85 Castlereagh St, SYDNEY, NSW 2000

Authorised Financial Services

Kroll is authorised by Millinium to provide the following financial services as their CAR:

- provide financial product advice in respect of the following classes of financial products:
 - interests in managed investment schemes including investor directed portfolio services; and
 - securities,
 - with respect to retail clients and wholesale clients.

This FSG only relates to the provision of general advice by Kroll.

Personal Advice

Neither we nor our authorised representatives can provide you with personal advice. Personal advice is advice that takes into account your objectives, financial situation and needs. Where you are referred to a financial planner for personal advice, they will make reasonable enquiries to understand your personal objectives, financial situation and needs. Their personal advice, and any relevant warnings, will be provided to you in their Statement of Advice ("SOA").

Remuneration

Kroll charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay Kroll A\$500,000 (excluding GST and out of pocket expenses) for preparing the Report. Kroll and its officers, representatives, related entities and associates ("Personnel") will not receive any other fee or benefit in connection with the provision of the Report. All Personnel that provide general advice on our behalf in providing services are on contract to us and receive a salary or payments in accordance with their respective contracts. They may also receive a bonus, but it is not related to the general advice provided in the Report.

Kroll may provide professional services, including consultancy, business intelligence, transfer pricing and financial advisory services, to the person who engaged us and receive fees for those services Kroll and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaint Redressal

If you have a complaint, please let either Kroll or the Authorised Representative know. Formal complaints should be sent in writing to Complaints Officer, Kroll, Level 32, 85 Castlereagh St, SYDNEY, NSW 2000. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 8286 7227 and they will assist you in documenting your complaint. If the complaint cannot be settled in the first instance by Kroll, you should contact Millinium via the contact details set out below:

In writing:

Dispute Resolution Officer
Millinium Capital Managers Limited
GPO Box 615
Sydney, NSW, 2000

When your complaint is received by Millinium it will be entered onto Millinium's complaints register. All details of the complaint will be sent to the Disputes Resolution Officer who will investigate the circumstances of the complaint. If the Disputes Resolution Officer is unable to reach a satisfactory resolution of the complaint within thirty (30) business days of receipt, you should contact Australian Financial Complaints Authority ("AFCA"). The details are:

In writing:

<https://www.afca.org.au/make-a-complaint>

Telephone

1300 56 55 62 (local call rate)

Email

info@afca.org.au

Website

www.afca.org.au

Please note that AFCA can currently only deal with claims for compensation up to \$1,085,000. Monetary limits and the AFCA terms of reference do change from time to time. Current details can be obtained from the AFCA website listed above.

Annexure B - Scheme of Arrangement

KING&WOOD
MALLESONS
金杜律师事务所

Scheme of Arrangement

Dated _____ 2024

Altium Limited (ACN 009 568 772) (“Target”)

Scheme Participants

King & Wood Mallesons
Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com

Scheme of Arrangement Contents

Details	1
General terms	2
1 Definitions and interpretation	2
1.1 Definitions	2
1.2 General interpretation	4
2 Preliminary	5
2.1 Altium	5
2.2 Renesas	5
2.3 If Scheme becomes Effective	6
3 Conditions precedent	6
3.1 Conditions precedent to Scheme	6
3.2 Conditions precedent and operation of clause 5	6
3.3 Certificate in relation to conditions precedent	7
4 Scheme	7
4.1 Effective Date	7
4.2 Termination	7
5 Implementation of Scheme	7
5.1 Lodgement of Court orders with ASIC	7
5.2 Transfer and registration of Altium Shares	7
5.3 Entitlement to Scheme Consideration	8
5.4 Title and rights in Scheme Shares	8
5.5 Scheme Participants' agreements	8
5.6 Warranty by Scheme Participants	9
5.7 Transfer free of Encumbrances	9
5.8 Appointment of Renesas as sole proxy	9
6 Scheme Consideration	10
6.1 Consideration under the Scheme	10
6.2 Satisfaction of obligations	10
6.3 Payment of Scheme Consideration	10
6.4 Unclaimed monies	11
6.5 Fractional entitlements and splitting	12
6.6 Orders of a court or Regulatory Authority	12
6.7 Joint holders	12
7 Dealings in Scheme Shares	12
7.1 Determination of Scheme Participants	12
7.2 Register	13
7.3 No disposals after the Scheme Record Date	13
7.4 Maintenance of Altium Register	13
7.5 Effect of certificates and holding statements	13
7.6 Details of Scheme Participants	13
7.7 Quotation of Altium Shares	14

7.8	Termination of quotation of Altium Shares	14
8	Appointment of Altium as attorney for implementation of Scheme	14
9	Notices	14
9.1	Accidental omission	14
9.2	Form	14
9.3	Delivery	15
9.4	When effective	15
9.5	When taken to be received	15
9.6	Receipt outside business hours	15
10	GST	15
10.1	Definitions and interpretation	15
10.2	GST exclusive	16
10.3	Payment of GST	16
10.4	Adjustment events	16
10.5	Reimbursements	16
11	General	16
11.1	Variations, alterations and conditions	16
11.2	Further action by Altium	17
11.3	Authority and acknowledgement	17
11.4	No liability when acting in good faith	17
11.5	Enforcement of Deed Poll	17
11.6	Stamp duty	17
11.7	Withholding tax	17
11.8	Binding effect of this Scheme	18
12	Governing law	19
12.1	Governing law and jurisdiction	19
12.2	Serving documents	19

Scheme of Arrangement

Details

Parties

Altium	Name	Altium Limited
	ACN	009 568 772
	Formed in	Tasmania, Australia
	Address	Level 6, 821 Pacific Hwy, Chatswood, NSW 2067
	Email	natasha.davidson@altium.com

Scheme Participants	Each person who is an Altium Shareholder as at the Scheme Record Date.
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Governing law	New South Wales
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Recitals	A	Altium and Renesas have agreed by executing the Scheme Implementation Agreement to implement the terms of this document.
	B	Pursuant to clause 4.7 (Appointment of nominee and guarantee) of the Scheme Implementation Agreement, Renesas may nominate any direct or indirect wholly-owned Subsidiary of Renesas (" Nominee ") to perform its obligations to acquire all of the Scheme Shares.
	C	This Scheme imposes obligations on Renesas and (if applicable) the Nominee that Renesas and (if applicable) the Nominee have agreed to but does not impose an obligation on Renesas or (if applicable) the Nominee to perform those obligations.
	D	Renasas and the Nominee have executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) their obligations as contemplated by this Scheme.

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

Altium Share means a fully paid ordinary share in the capital of Altium.

Altium Shareholder means each person registered in the Register as a holder of Altium Shares.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited or the market operated by it, as the context requires.

Authorised Officer means a director or secretary of a party or any other person nominated by a party to act as an Authorised Officer for the purposes of this Scheme.

Business Day means a business day as defined in the Listing Rules.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Supreme Court of New South Wales, or other court of competent jurisdiction under the Corporations Act agreed in writing by Renesas and Altium.

Deed Poll means the deed poll dated [insert date] executed by Renesas and (if applicable) the Nominee substantially in the form of Annexure C of the Scheme Implementation Agreement under which Renesas or the Nominee (if any) covenant in favour of each Scheme Participant to perform the actions attributed to Renesas or the Nominee (if any) under this Scheme.

Details means the section of this agreement headed "Details".

Effective, when used in relation to this Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which this Scheme becomes Effective.

Employee Share Right means a Performance Right as defined in the Altium Performance Rights Plan Rules as amended from time to time.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in

sections 12(1) or (2) of the PPSA, or any agreement to create any of them or allow them to exist.

Immediately Available Funds means by immediate electronic funds transfer or other form of cleared funds acceptable to Altium.

Implementation Date means the fifth Business Day, or other Business Day as Altium and Renesas agree in writing, after the Scheme Record Date.

Listing Rules means the Listing Rules of ASX and any other applicable rules of ASX modified to the extent of any express written waiver by ASX.

Permitted Dividend has the meaning given in the Scheme Implementation Agreement.

Register means the register of members of Altium maintained by or on behalf of Altium in accordance with section 168(1) of the Corporations Act.

Registered Address means, in relation to a Altium Shareholder, the address shown in the Register as at the Scheme Record Date.

Regulatory Authority includes:

- (a) ASX, ACCC, ASIC;
- (b) any foreign or Australian government or governmental, semi-governmental or judicial entity or authority;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any Australian or foreign government; and
- (d) any regulatory organisation established under Australian or foreign statute or law.

Scheme means this scheme of arrangement between Altium and Scheme Participants under which all of the Scheme Shares will be transferred to Renesas or the Nominee (if any) under Part 5.1 of the Corporations Act as described in clause 5 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and approved in writing by Altium and Renesas.

Scheme Consideration means the consideration to be provided by Renesas (or the Nominee) to each Scheme Participant for the transfer to Renesas (or the Nominee) of each Scheme Share, being, subject to the terms of this Scheme, \$68.50 cash for each Scheme Share held by a Scheme Participant as at the Scheme Record Date, less the amount of any Permitted Dividend paid by Altium in accordance with limbs (b) and (c) of the definition of Permitted Dividend in the Scheme Implementation Agreement.

Scheme Implementation Agreement means the scheme implementation agreement dated 15 February 2024 between Altium and Renesas under which, amongst other things, Altium has agreed to propose this Scheme to Altium Shareholders, and each of Renesas and Altium has agreed to take certain steps to give effect to this Scheme.

Scheme Meeting means the meeting of Altium Shareholders, ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act at which Altium Shareholders will vote on this Scheme.

Scheme Participant means each person who is an Altium Shareholder on the Scheme Record Date.

Scheme Record Date means 7:00pm on the ninth Business Day after the Effective Date, or another date as Altium and Renesas agree in writing.

Scheme Share means an Altium Share on issue as at the Scheme Record Date and, for the avoidance of doubt, includes any Altium Shares issued on or before the Scheme Record Date.

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason means the date on which the adjourned application is heard or scheduled to be heard.

Settlement Rules means the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, in favour of Renesas, which may be a master transfer of all Scheme Shares.

Trust Account means the trust account with an authorised deposit-taking institution (as defined in the *Banking Act 1959* (Cth)) operated by or on behalf of Altium to hold the Scheme Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with this Scheme.

Unclaimed Money Act means the *Unclaimed Money Act 1995* (NSW).

1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) the meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions;
- (e) a reference to "person" includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (f) a reference to a particular person includes the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) a reference to a time of day is a reference to Sydney time;
- (h) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;

- (i) a reference to "law" includes common law, principles of equity and legislation (including regulations);
- (j) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (k) a reference to "regulations" includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);
- (l) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;
- (m) a reference to any thing (including an amount) is a reference to the whole and each part of it;
- (n) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day; and
- (o) if a party must do something under this document on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day.

2 Preliminary

2.1 Altium

- (a) Altium is:
 - (i) a public company limited by shares;
 - (ii) incorporated in Australia and registered in Tasmania; and
 - (iii) admitted to the official list of the ASX and Altium Shares are officially quoted for trading on the stock market conducted by ASX.
- (b) As at the date of the Scheme Implementation Agreement, Altium's issued securities are:
 - (i) Altium Shares: 131,926,838; and
 - (ii) Employee Share Rights: 1,292,964.

2.2 Renesas

Renesas is:

- (a) a public company limited by shares;
- (b) incorporated in Japan and registered in Koto-ku, Tokyo; and
- (c) admitted to the Prime Market of the Tokyo Stock Exchange.

2.3 If Scheme becomes Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to Renesas (or the Nominee), Altium will procure Renesas (or the Nominee) to provide (or procure the provision of) the Scheme Consideration to Altium on behalf of each Scheme Participant in accordance with the terms of this Scheme and the Deed Poll;
- (b) all Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Renesas (or the Nominee) on the Implementation Date; and
- (c) Altium will enter the name of Renesas (or the Nominee) in the Register in respect of all of the Scheme Shares transferred to Renesas (or the Nominee) in accordance with the terms of this Scheme.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll having been terminated in accordance with their terms;
- (b) all of the conditions precedent in clause 3.1 (*Conditions Precedent*) of the Scheme Implementation Agreement having been satisfied or waived (other than the condition precedent in clause 3.1(i) (*Court approval*) of the Scheme Implementation Agreement) in accordance with the terms of the Scheme Implementation Agreement;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Altium and Renesas having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;
- (d) subject to clause 11.1, other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme and agreed to by Renesas and Altium in writing having been satisfied or waived; and
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme.

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of this Scheme (other than, in respect of clause 5.1 of this Scheme only, the condition precedent in clause 3.1(e) of this Scheme).

3.3 Certificate in relation to conditions precedent

Before 8.00am on the Second Court Date, each of Altium and Renesas must provide to the Court a certificate signed by a duly authorised representative (or other evidence as the Court requests) confirming (in respect of matters within their knowledge) whether or not the conditions precedent set out in clause 3.1(a) and clause 3.1(b) of this Scheme have been satisfied or waived.

The certificate referred to in this clause 3.3 will constitute conclusive evidence (in the absence of manifest error) of whether the conditions precedent referred to in clause 3.1(a) and clause 3.1(b) of this Scheme have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 Termination

- (a) Unless Altium and Renesas otherwise agree in writing, this Scheme will lapse and be of no further force or effect if the Scheme Implementation Agreement or the Deed Poll is terminated in accordance with their terms before this Scheme becomes Effective.
- (b) Without limiting any rights under the Scheme Implementation Agreement, if the Scheme Implementation Agreement is terminated in accordance with its terms before 8.00am on the Second Court Date, Altium, Renesas and the Nominee (if any) are each released from:
 - (i) any further obligation to take steps to implement this Scheme; and
 - (ii) any liability with respect to this Scheme.

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(e) of this Scheme) are satisfied, Altium must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which that office copy is received by Altium (or any later date agreed in writing by Renesas).

5.2 Transfer and registration of Altium Shares

Subject to this Scheme becoming Effective, Renesas providing the Scheme Consideration for the Scheme Shares in accordance with clause 6.2 of this Scheme and Renesas (or the Nominee) having provided Altium with written confirmation of the provision of those funds, on the Implementation Date:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Renesas (or the Nominee) without the need for any further act by any

Scheme Participant (other than acts performed by Altium or its directors, officers and secretaries as attorney and agent for Scheme Participants under clause 8 of this Scheme) by:

- (i) Altium delivering to Renesas (or the Nominee) a duly completed and executed Share Scheme Transfer to transfer all of the Scheme Shares to Renesas (or the Nominee) (which will take the form of a master transfer) executed on behalf of the Scheme Participants by Altium (or any of its directors or secretaries) as agent and attorney of the Scheme Participants; and
 - (ii) Renesas (or the Nominee) duly executing the Share Scheme Transfer and delivering it to Altium for registration; and
- (b) immediately following receipt of the duly executed Share Scheme Transfer, but subject to the stamping of the Share Scheme Transfer (if required), Altium must enter, or procure the entry of, the name of Renesas (or the Nominee) in the Register in respect of all of the Scheme Shares transferred to Renesas in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to Renesas (or the Nominee) of all of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 Title and rights in Scheme Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6.2 of this Scheme, on and from the Implementation Date, Renesas (or the Nominee) will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme, pending registration by Altium of Renesas (or the Nominee) in the Register as the holder of the Scheme Shares.

5.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant:

- (a) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Renesas (or the Nominee) in accordance with the terms of this Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attached to its Altium Shares constituted by, or resulting from, this Scheme;
- (c) agrees to, on the direction of Renesas (or the Nominee), destroy any holding statement or share certificates relating to its Altium Shares;
- (d) who holds its Altium Shares in a CHESS Holding (as defined in the Settlement Rules) agrees to the conversion of those Altium Shares to an Issuer Sponsored Holding (as defined in the Settlement Rules), and irrevocably authorises Renesas (or the Nominee) to do anything necessary, expedient or incidental (whether required by the Settlement Rules or otherwise) to effect or facilitate that conversion;
- (e) acknowledges that this Scheme binds Altium and all Scheme Participants (including those who do not attend the Scheme Meeting or do not vote at the Scheme Meeting or vote against this Scheme at the

Scheme Meeting) and to the extent of any inconsistency and to the extent permitted by law, overrides the constitution of Altium; and

- (f) irrevocably consents to Altium and Renesas (or the Nominee) doing all other things and executing all other documents as may be necessary, incidental or expedient to the implementation or performance of this Scheme.

5.6 Warranty by Scheme Participants

Each Scheme Participant warrants to Renesas (or the Nominee) and is deemed to have authorised Altium to warrant to Renesas (or the Nominee) as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Renesas (or the Nominee) under this Scheme will, as at the time of the transfer, be fully paid and free from all Encumbrances or any other third party interest or restrictions on transfer of any kind; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Renesas (or the Nominee) under this Scheme.

5.7 Transfer free of Encumbrances

To the extent permitted by law, all Scheme Shares (including all rights and entitlements attaching to those shares) which are transferred to Renesas (or the Nominee) under this Scheme will, at the time of the transfer of them to Renesas (or the Nominee), vest in Renesas (or the Nominee) free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind.

5.8 Appointment of Renesas as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 5.2 and 6.3 of this Scheme, on and from the Implementation Date until Altium registers Renesas (or the Nominee) as the holder of all of the Altium Shares in the Register, each Scheme Participant:

- (a) irrevocably appoints Altium as attorney and agent (and directs Altium in that capacity) to appoint Renesas (or the Nominee) and any director, officer or agent of Renesas (or the Nominee) from time to time nominated by Renesas (or the Nominee) as the Scheme Participant's sole proxy, and where applicable corporate representative, to attend shareholders' meetings, exercise the votes attaching to Altium Shares registered in the Scheme Participant's name and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a)); and
- (b) must take all other actions in the capacity of the registered holder of Altium Shares as Renesas (or the Nominee) directs; and
- (c) acknowledges and agrees that in exercising its powers conferred by clauses 5.8(a), Renesas (or the Nominee) and any director, officer or agent of Renesas (or the Nominee) nominated by Renesas (or the Nominee) under clause 5.8(a) may act in the best interests of Renesas (or the Nominee) as the intended registered holder of the Scheme Shares.

6 Scheme Consideration

6.1 Consideration under the Scheme

- (a) On the Implementation Date, Altium must procure Renesas (or the Nominee) to pay (or procure the payment of), and Renesas (or the Nominee) must pay, the Scheme Consideration to the Scheme Participants in accordance with clause 6.2.
- (b) If there is a Nominee, in the event that the Nominee will not or does not fulfil its obligations under clause 6.1(a) of this Scheme, Renesas must, and Altium must use its best endeavours to procure that Renesas does, perform those obligations as if the references to the Nominee in clause 6.1(a) of this Scheme were references to Renesas.

6.2 Satisfaction of obligations

Subject to clauses 6.6 and 11.7, the obligation of Altium to procure payment of the Scheme Consideration pursuant to clause 6.1 of this Scheme will be satisfied by Altium procuring Renesas (or the Nominee) no later than the Business Day before the Implementation Date to deposit (or procure the deposit) in Immediately Available Funds the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited will be to Renesas's (or the Nominee's) account).

6.3 Payment of Scheme Consideration

- (a) On the Implementation Date, subject to receipt of the funds from Renesas (or the Nominee) in accordance with clause 6.2 of this Scheme, Altium must pay to each Scheme Participant an amount equal to the Scheme Consideration for each Scheme Share transferred to Renesas (or the Nominee) on the Implementation Date by that Scheme Participant from the Trust Account.
- (b) The obligations of Altium under clause 6.3(a) will be satisfied by Altium (in its absolute discretion) and despite any election referred to in clause 6.3(b)(i) or authority referred to in clause 6.3(b)(ii) made or given by the Scheme Participant:
 - (i) paying, or procuring the payment of, the relevant amount in A\$ by electronic means to a bank account nominated by the Scheme Participant, where the Scheme Participant has made a valid election prior to the Scheme Record Date in accordance with the requirements of the Registry to receive dividend payments from Altium to that bank account;
 - (ii) paying, or procuring the payment of, the relevant amount in A\$ by electronic means to a bank account nominated by the Scheme Participant by an appropriate authority from the Scheme Participant to Altium; or
- (c) dispatching, or procuring the dispatch of, a cheque drawn on an Australian bank for the relevant amount in A\$ to each Scheme Participant by pre-paid ordinary post (or, if the address of the Scheme Participant in the Register is outside Australia, by pre-paid airmail post) to their address recorded in the Register on the Scheme Record Date, with the cheque being drawn in the name of the Scheme Participant (or in the case of joint holders, in accordance with the procedures set out in clause 6.7). If:

- (i) a Scheme Participant does not have a Registered Address and no account has been notified in accordance with clause 6.3(b)(i) or a deposit into that account is rejected or refunded; or
- (ii) a cheque issued under this clause 6.3 has been cancelled in accordance with clause 6.4(a)(i),

Altium as the trustee for the Scheme Participants may credit the amount payable to the relevant Scheme Participant to a separate bank account of Altium ("**Separate Account**") to be held until the Scheme Participant claims the amount or the amount is dealt with under the Unclaimed Money Act. If the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Participant claims the amount or the amount is dealt with under the Unclaimed Money Act. Until that time as the amount is dealt with under the Unclaimed Money Act, Altium must hold the amount on trust for the relevant Scheme Participant, but any interest or other benefit accruing from the amount will be to the benefit of Renesas (or the Nominee). An amount credited to the Separate Account or Trust Account (as applicable) is to be treated as having been paid to the relevant Scheme Participant when credited to the Separate Account or Trust Account (as applicable). Altium must maintain records of the amounts paid, the people who are entitled to the amount and any transfers of the amounts.

- (d) If, following satisfaction of Altium's obligations under clause 6.3(c), there is a surplus in the amount held by Altium as trustee for the Scheme Participants in the Trust Account, that surplus must be paid by Altium to Renesas (or the Nominee).
- (e) If this Scheme lapses after Renesas (or the Nominee) has provided some or all of the Scheme Consideration in accordance with clause 6.2, but prior to Renesas (or the Nominee) being entered into the Register as the holder of the Scheme Shares in accordance with clause 5.2(b), Altium must immediately refund (or procure the refund) to Renesas (or the Nominee) of the amount deposited into the Trust Account in accordance with clause 6.2, together with any interest thereon (less bank fees and charges).

6.4 Unclaimed monies

- (a) Altium may cancel a cheque issued under clause 6.3 of this Scheme if the cheque:
 - (i) is returned to Altium; or
 - (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (b) During the period of 1 year commencing on the Implementation Date, on request from a Scheme Participant, Altium must reissue a cheque that was previously cancelled under this clause 6.4.
- (c) The Unclaimed Money Act will apply in relation to any Scheme Consideration which becomes "unclaimed money" (as defined in section 7 of the Unclaimed Money Act). Any interest or other benefit accruing from the unclaimed Scheme Consideration will be to the benefit of Renesas (or the Nominee).

6.5 Fractional entitlements and splitting

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.

6.6 Orders of a court or Regulatory Authority

In the case of notice having been given to Altium (or the Registry) or Renesas (or the Nominee) of an order made by or a requirement of a court of competent jurisdiction or other Regulatory Authority:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with this Scheme, then Altium must procure that payment is made in accordance with that order or otherwise by law; or
- (b) which would prevent Altium from dispatching payment to any particular Scheme Participant in accordance with this Scheme, or the payment is otherwise prohibited by applicable law, Altium will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration until the time payment in accordance with this Scheme is permitted by that order or otherwise by law.

6.7 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any Scheme Consideration payable in respect of those Scheme Shares is payable to the joint holders (unless the joint holders have nominated a bank account in accordance in accordance with clauses 6.3(b)(i) or 6.3(b)(ii), in which case the amount may be deposited to the nominated bank account of the joint holders) and any bank cheque required to be paid to Scheme Participants under this Scheme must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at the Scheme Record Date; and

any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Altium, the holder whose name appears first in the Register as at the Scheme Record Date or to the joint holders.

7 Dealings in Scheme Shares**7.1 Determination of Scheme Participants**

To establish the identity of the Scheme Participants, dealings in Altium Shares or other alterations to the Register will only be recognised by Altium if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before the Scheme Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Scheme Record Date at the place where the Register is kept,

and Altium will not accept for registration, nor recognise for any purpose (except for a transfer to Renesas (or the Nominee) under this Scheme and any subsequent transfer by Renesas (or the Nominee) or its successors in title), any transfer or transmission application in respect of Altium Shares received after the Scheme Record Date, or received prior to the Scheme Record Date but not in registrable or actionable form, as appropriate, unless approved by Renesas (or the Nominee).

7.2 Register

Altium must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before the Scheme Record Date provided that nothing in this clause 7.2 of this Scheme requires Altium to register a transfer that would result in an Altium Shareholder holding a parcel of Altium Shares that is less than a "marketable parcel" (for the purposes of this clause 7.2 of this Scheme "marketable parcel" has the meaning given in the Settlement Rules).

7.3 No disposals after the Scheme Record Date

- (a) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Scheme Record Date in any way except as set out in this Scheme and any disposal will be void and of no legal effect whatsoever, and any attempt to do so will have no effect and Altium is entitled to disregard any disposal, purported disposal or agreement.
- (b) Altium will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Scheme Record Date (except a transfer to Renesas (or the Nominee) pursuant to this Scheme and any subsequent transfer by Renesas (or the Nominee) or its successors in title).

7.4 Maintenance of Altium Register

For the purpose of determining entitlements to the Scheme Consideration, Altium will maintain the Register in accordance with the provisions of this clause 7 until the Scheme Consideration has been paid to the Scheme Participants and Renesas (or the Nominee) has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to Renesas (or the Nominee) contemplated in clauses 5.2 and 7.4 of this Scheme, any certificates or statements of holding in respect of Scheme Shares will cease to have effect after the Scheme Record Date as documents of title in respect of those shares (other than statements of holding in favour of Renesas (or the Nominee) and its successors in title). After the Scheme Record Date, each entry current on the Register as at the Scheme Record Date (other than entries in respect of Renesas or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

7.6 Details of Scheme Participants

Within 1 Business Day after the Scheme Record Date Altium will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at the Scheme Record Date

are available to Renesas (or the Nominee) in a form as Renesas (or the Nominee) reasonably requires.

7.7 Quotation of Altium Shares

Altium must apply to ASX to suspend trading on ASX of Altium Shares with effect from the close of trading on the Effective Date.

7.8 Termination of quotation of Altium Shares

After the Scheme has been fully implemented, Altium will apply:

- (a) for termination of the official quotation of Altium Shares on ASX; and
- (b) to have itself removed from the official list of the ASX.

8 Appointment of Altium as attorney for implementation of Scheme

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Altium and each of its directors, officers and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document or doing or taking any other act necessary, desirable or expedient, or incidental to give effect to this Scheme and the transactions contemplated by it including executing and delivering any Share Scheme Transfer; and
- (b) on and from the Effective Date enforcing the Deed Poll against Renesas (or the Nominee) (and Altium undertakes in favour of each Scheme Participant that it will enforce the Deed Poll against Renesas (or the Nominee) on behalf of, and as agent and attorney of, each Scheme Participant),

and Altium accepts the appointment. Altium, as attorney and agent of each Scheme Participant, may sub-delegate any of its functions, authorities or powers under this clause 8 to all or any of its directors or officers (jointly, individually or jointly and individually).

9 Notices

9.1 Accidental omission

The accidental omission to give notice of the Scheme Meeting or the non-receipt of a notice by any Altium Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.2 Form

Unless this document expressly states otherwise, all notices, demands, certificates, consents, approvals, waivers and other communications in connection with this document must be in writing and signed by the sender (if an individual) or an Authorised Officer of the sender.

All communications (other than email communications) must also be marked for the attention of the person referred to in the Details (or, if the recipient has notified otherwise, then marked for attention in the way last notified).

Email communications must state the first and last name of the sender and are taken to be signed by the named sender.

9.3 Delivery

Communications must be:

- (a) left at the address referred to in the Details;
- (b) sent by regular ordinary post (airmail if appropriate) to the address referred to in the Details; or
- (c) sent by email to the address referred to in the Details.

If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

9.4 When effective

Communications take effect from the time they are received or taken to be received under clause 9.5 (whichever happens first) unless a later time is specified in the communication.

9.5 When taken to be received

Communications are taken to be received:

- (a) if sent by post, 6 Business Days after posting (or 10 Business Days after posting if sent from one country to another); or
- (b) if sent by email:
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) 4 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that delivery failed,

whichever happens first.

9.6 Receipt outside business hours

Despite anything else in this clause 9, if communications are received or taken to be received under clause 9.5 after 5.00pm on a Business Day or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day. For the purposes of this clause, the place in the definition of Business Day is taken to be the place specified in the Details as the address of the recipient and the time of receipt is the time in that place.

10 GST

10.1 Definitions and interpretation

For the purposes of this clause:

- (a) “**GST Act**” means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);

- (b) a term which has a defined meaning in the GST Act has the same meaning when used in this clause, unless the contrary intention appears; and
- (c) each periodic or progressive component of a supply to which section 156-5(1) of the GST Act applies will be treated as if it were a separate supply.

10.2 GST exclusive

Unless this Scheme expressly states otherwise, all consideration to be provided under this Scheme is exclusive of GST.

10.3 Payment of GST

- (a) If GST is payable, or notionally payable, on a supply in connection with this Scheme, the party providing the consideration for the supply agrees to pay to the supplier an additional amount equal to the amount of GST payable on that supply ("**GST Amount**").
- (b) Subject to the prior receipt of a tax invoice, the GST Amount is payable at the same time as the GST-exclusive consideration for the supply, or the first part of the GST-exclusive consideration for the supply (as the case may be), is payable or is to be provided.
- (c) This clause does not apply to the extent that the consideration for the supply is expressly stated to include GST or the supply is subject to a reverse-charge.

10.4 Adjustment events

If an adjustment event arises for a supply made in connection with this Scheme, the GST Amount must be recalculated to reflect that adjustment. The supplier or the recipient (as the case may be) agrees to make any payments necessary to reflect the adjustment and the supplier agrees to issue an adjustment note.

10.5 Reimbursements

Any payment, indemnity, reimbursement or similar obligation that is required to be made in connection with this Scheme which is calculated by reference to an amount paid by another party must be reduced by the amount of any input tax credits which the other party (or the representative member of any GST group of which the other party is a member) is entitled. If the reduced payment is consideration for a taxable supply, clause 10.3 will apply to the reduced payment.

11 General

11.1 Variations, alterations and conditions

- (a) Altium may, with the prior consent of Renesas (or the Nominee), by its counsel or solicitor, consent on behalf of all persons concerned to those variations, alterations or conditions to this Scheme which the Court thinks fit to impose.
- (b) Each Scheme Participant agrees to any variations, alterations or conditions which Altium has consented to.

11.2 Further action by Altium

Altium will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

11.3 Authority and acknowledgement

Each of the Scheme Participants irrevocably consents to Altium and Renesas (or the Nominee) doing all things necessary or expedient for or incidental to the implementation of this Scheme.

11.4 No liability when acting in good faith

Each Scheme Participant agrees that neither Altium nor Renesas (or the Nominee), nor any of their respective officers or employees, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

11.5 Enforcement of Deed Poll

Altium undertakes in favour of each Scheme Participant to enforce the Deed Poll against Renesas (or the Nominee) on behalf of and as agent and attorney for the Scheme Participants.

11.6 Stamp duty

(a) Renesas (or the Nominee) will:

- (i) pay all stamp duty, registration fees and similar taxes (including any related fines, penalties and interest) payable in connection with this document and this Scheme; and
- (ii) indemnify each Share Participant against any liability arising from failure to comply with clause 11.6(a)(i),

subject to and in accordance with clause 7 of the Deed Poll.

(b) In the event that there is a Nominee and the Nominee will not or does not fulfil its obligations under 11.6(a) of this Scheme, Renesas must, and Altium must use its best endeavours to procure that Renesas does:

- (i) perform those obligations as if the references to the Nominee in clause 11.6(a) of this Scheme were references to Renesas; and
- (ii) indemnify each Scheme Participant against any liability in respect of stamp duty under clause 11.6(a)(ii) as if the references to the Nominee in clause 11.6(a)(ii) were references to Renesas.

11.7 Withholding tax

(a) If Renesas (or the Nominee, if applicable) is required by Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953 (Cth)* ("**Subdivision 14-D**") to pay amounts to the Commissioner of Taxation in respect of the acquisition of Altium Shares from certain Scheme Participants, Renesas (or the Nominee, if applicable) is permitted to deduct the relevant amounts from the payment of the Scheme Consideration to those Scheme Participants, and remit such amounts to the Commissioner of Taxation. The aggregate sum payable to those

Scheme Participants shall not be increased to reflect the deduction and the net aggregate sum payable to those Scheme Participants shall be taken to be in full and final satisfaction of the amounts owing to those Scheme Participants.

- (b) Renesas (and the Nominee, if applicable) acknowledges and agrees that it shall not pay any amounts to the Commissioner of Taxation under clause 11.7(a) with respect to a Scheme Participant where it receives an entity declaration from that Scheme Participant prior to the Implementation Date, where:
- (i) the entity declaration is made in accordance with the requirements in section 14-225 of Subdivision 14-D and covers the Implementation Date ("**Entity Declaration**"); and
 - (ii) Renesas (and the Nominee, if applicable) does not know that the Entity Declaration is false.
- (c) Renesas (and the Nominee, if applicable) may approach the Australian Taxation Office to obtain clarification as to the application of Subdivision 14-D to the Scheme and Altium will provide all information and assistance that Renesas (and the Nominee, if applicable) reasonably requires in making any such approach. Renesas (and the Nominee, if applicable) agrees:
- (i) to provide Altium a reasonable opportunity to review the form and content of all materials to be provided to the Australian Taxation Office, and must incorporate Altium's reasonable comments on those materials, and more generally to take into account Altium's comments in relation to Renesas's (and the Nominee's, if applicable) engagement with the Australian Taxation Office, and provide Altium a reasonable opportunity to participate in any discussions and correspondence between Renesas (and the Nominee, if applicable) and the Australian Taxation Office in connection with the application of Subdivision 14-D to the Scheme; and
 - (ii) not to contact any Scheme Participant in connection with the application of Subdivision 14-D to the Scheme without Altium's prior written consent.
- (d) Altium, Renesas and the Nominee, if applicable, agree to consult in good faith as to the application of Subdivision 14-D, including taking into account any clarification provided by the Australian Taxation Office following any process described in clause 11.7(c). Altium, Renesas and the Nominee, if applicable, agree to take all actions that they agree (each acting reasonably) are necessary or desirable following that consultation which may include, without limitation, making amendments to this Scheme to ensure that relevant representations are obtained from Scheme Participants.

11.8 Binding effect of this Scheme

This Scheme binds Altium and all of the Scheme Participants (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Altium.

For personal use only

12 Governing law

12.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

12.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out in the Details.

Annexure C - Deed Poll

KING&WOOD
MALLESONS

Deed Poll

Dated _____ 2024

Renesas Electronics Corporation (Company Registration Number: 020001075701) ("**Renesas**") and

Renesas Electronics NSW Pty Ltd (ACN 676 810 156) ("**Nominee**")

In favour of each Scheme Participant

King & Wood Mallesons

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia
T +61 2 9296 2000
F +61 2 9296 3999
DX 113 Sydney
www.kwm.com
Ref: DLF:DN:JSN:CB

Deed Poll

Contents

Details	1
General terms	3
1 Definitions and interpretation	3
1.1 Definitions	3
1.2 General interpretation	3
1.3 Nature of deed poll	3
2 Conditions precedent and termination	3
2.1 Conditions precedent	3
2.2 Termination	4
2.3 Consequences of termination	4
3 Performance of obligations generally	4
4 Scheme Consideration	4
5 Representations and warranties	4
6 Continuing obligations	5
7 Costs	5
7.1 Stamp duty and registration fees	5
8 Notices and other communications	6
8.1 Form	6
8.2 Delivery	6
8.3 When effective	6
8.4 When taken to be received	6
8.5 Receipt outside business hours	6
8.6 GST	7
8.7 GST exclusive	7
8.8 Payment of GST	7
8.9 Adjustment events	7
8.10 Reimbursements	7
9 General	8
9.1 Variation	8
9.2 Partial exercising of rights	8
9.3 No waiver	8
9.4 Remedies cumulative	8
9.5 Assignment or other dealings	8
9.6 Further steps	8
9.7 Severability	9
9.8 Withholding tax	9

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10	Governing law and jurisdiction	10
10.1	Governing law and jurisdiction	10
10.2	Serving documents	10
10.3	Appointment of process agent	10
	Signing page	11
	Annexure A - Scheme	12

Deed Poll

Details

Parties

Altium	Name	Altium Limited
	ACN	009 568 772
	Formed in	Tasmania, Australia
	Address	Level 6, 821 Pacific Hwy, Chatswood, NSW 2067
	Email	natasha.davidson@altium.com
	Attention	Group General Counsel

Renesas	Name	Renesas Electronics Corporation
	Company Registration number	020001075701
	Formed in	Japan
	Address	Toyosu Foresia, 3-2-24 Toyosu, Koto-ku, Tokyo 135-0061 Japan
	Email	legal-notices@renesas.com
	Attention	Group General Counsel
	With a copy to	james.f.stewart@dlapiper.com david.ryan@dlapiper.com

Nominee	Name	Renesas Electronics NSW Pty Ltd
	ACN	676 810 156
	Formed in	New South Wales, Australia
	Address	Level 10, 68 Pitt Street, Sydney, NSW 2000
	Email	legal-notices@renesas.com
	Attention	Group General Counsel
	With a copy to	james.f.stewart@dlapiper.com david.ryan@dlapiper.com

In favour of	Each Scheme Participant.
Governing law	New South Wales
Recitals	<p>A The directors of Altium have resolved that Altium should propose the Scheme.</p> <p>B The effect of the Scheme will be that all Scheme Shares will be transferred to Renesas (or the Nominee).</p> <p>C Altium and Renesas have entered into the Scheme Implementation Agreement.</p> <p>D In the Scheme Implementation Agreement, Renesas agreed (amongst other things) to provide (or procure the Nominee to provide) the Scheme Consideration to Altium on behalf of the Scheme Participants, subject to the satisfaction of certain conditions.</p> <p>E Renesas and the Nominee are each entering into this deed poll for the purpose of undertaking in favour of Scheme Participants to perform its obligations under the Scheme and the Scheme Implementation Agreement.</p>

Deed Poll

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

Authorised Officer means a director or secretary of a party or any other person nominated by a party to act as an Authorised Officer for the purposes of this document.

Scheme means the proposed scheme of arrangement between Altium and Scheme Participants under which all the Scheme Shares will be transferred to Renesas (or the Nominee) under Part 5.1 of the Corporations Act, substantially in the form of Annexure A to this deed poll, or as otherwise agreed by Renesas and Altium, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act, to the extent they are approved in writing by Altium and Renesas.

Scheme Implementation Agreement means the scheme implementation agreement dated 15 February 2024 between Altium and Renesas under which, amongst other things, Altium has agreed to propose the Scheme to Altium Shareholders, and each of Renesas and Altium has agreed to take certain steps to give effect to the Scheme.

All other words and phrases used in this document have the same meaning as given to them in the Scheme, except that references to "this Scheme" are to be read as references to "this document".

1.2 General interpretation

Clause 1.2 of the Scheme applies to this document, except that references to "this Scheme" are to be read as references to "this document".

1.3 Nature of deed poll

Each of Renesas and the Nominee acknowledges that:

- (a) this document may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints Altium and each of its directors, officers and secretaries (jointly and individually) as its agent and attorney to enforce this deed against Renesas and the Nominee.

2 Conditions precedent and termination

2.1 Conditions precedent

Each of Renesas and the Nominee's obligations under this document are subject to the Scheme becoming Effective.

2.2 Termination

Each of Renesas and the Nominee's obligations under this document will automatically terminate and the terms of this document will be of no further force or effect if:

- (a) the Scheme Implementation Agreement is terminated in accordance with its terms before the Scheme becomes Effective; or
- (b) the Scheme terminates and ceases to be of any force or effect in accordance with its terms,

unless Altium and Renesas otherwise agree in writing (and, if required, approved by the Court).

2.3 Consequences of termination

If this document is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) Renesas and the Nominee are released from each of their respective obligations to further perform this document except those obligations contained in clause 7.1; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against Renesas and the Nominee in respect of any breach of this document which occurs before it is terminated.

3 Performance of obligations generally

Subject to clause 2, each of Renesas and the Nominee covenants in favour of each Scheme Participant that it will be bound by the terms of the Scheme as if it were a party to the Scheme and undertakes to perform all obligations and other actions, including those obligations and actions which relate to the payment of the Scheme Consideration, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme, subject to and in accordance with the terms of the Scheme.

4 Scheme Consideration

Subject to clause 2, each of Renesas and the Nominee undertakes in favour of each Scheme Participant to observe and perform all obligations contemplated by Renesas and the Nominee under the Scheme to pay or procure the payment of the Scheme Consideration into the Trust Account, on behalf of each Scheme Participant, in accordance with the Scheme.

5 Representations and warranties

Each of Renesas and the Nominee represents and warrants that:

- (a) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation or formation, is validly existing under those laws and has power and authority to own its assets and carry on its business as it is now being conducted;
- (b) **(power)** it has power to enter into this document, to comply with its obligations under it and exercise its rights under it;

- (c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this document do not and will not conflict with:
- (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded;
 - (ii) any law binding on or applicable to it or its assets; or
 - (iii) any Encumbrance binding on it.
- (d) **(authorisations)** it has in full force and effect each authorisation necessary for it to enter into this document, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;
- (e) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms; and
- (f) **(solvency)** it is not Insolvent (as that term is defined in the Scheme Implementation Agreement).

6 Continuing obligations

This document is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) each of Renesas and the Nominee has fully performed their respective obligations under this document; or
- (b) the earlier termination of this document under clause 2.2.

7 Costs

7.1 Stamp duty and registration fees

- (a) The Nominee:
 - (i) agrees to pay or reimburse all stamp duty, registration fees and similar taxes (including any related fines, penalties and interest) payable or assessed as being payable in connection with this document and the Scheme; and
 - (ii) indemnifies each Scheme Participant against, and agrees to reimburse and compensate it, for any liability in respect of stamp duty under clause 7.1(a)(i).
- (b) In the event that the Nominee will not or does not fulfil its obligations under clause 7.1(a)(i), Renesas must:
 - (i) perform those obligations as if the references to the Nominee in clause 7.1(a)(i) were references to Renesas; and
 - (ii) indemnify each Scheme Participant against any liability in respect of stamp duty under clause 7.1(a)(ii) as if the references to the Nominee in clause 7.1(a)(ii) were references to Renesas.

8 Notices and other communications

8.1 Form

Unless this document expressly states otherwise, all notices, demands, certificates, consents, approvals, waivers and other communications in connection with this document must be in writing and signed by the sender (if an individual) or an Authorised Officer of the sender.

All communications (other than email communications) must also be marked for the attention of the person referred to in the Details (or, if the recipient has notified otherwise, then marked for attention in the way last notified).

Email communications must state the first and last name of the sender and are taken to be signed by the named sender.

8.2 Delivery

Communications must be:

- (a) left at the address referred to in the Details;
- (b) sent by regular ordinary post (airmail if appropriate) to the address referred to in the Details; or
- (c) sent by email to the address referred to in the Details.

If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

8.3 When effective

Communications take effect from the time they are received or taken to be received under clause 8.4 (whichever happens first) unless a later time is specified in the communication.

8.4 When taken to be received

Communications are taken to be received:

- (a) if sent by post, 6 Business Days after posting (or 10 Business Days after posting if sent from one country to another); or
- (b) if sent by email:
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) 4 hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that delivery failed,

whichever happens first.

8.5 Receipt outside business hours

Despite anything else in this clause 8, if communications are received or taken to be received under clause 8.4 after 5.00pm on a Business Day or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day. For the purposes of this clause, the place in the definition of Business Day

is taken to be the place specified in the Details as the address of the recipient and the time of receipt is the time in that place.

8.6 GST

For the purposes of this clause:

- (a) “**GST Act**” means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth);
- (b) a term which has a defined meaning in the GST Act has the same meaning when used in this clause, unless the contrary intention appears; and
- (c) each periodic or progressive component of a supply to which section 156-5(1) of the GST Act applies will be treated as if it were a separate supply.

8.7 GST exclusive

Unless this document expressly states otherwise, all consideration to be provided under this document is exclusive of GST.

8.8 Payment of GST

- (a) If GST is payable, or notionally payable, on a supply in connection with this document, the party providing the consideration for the supply agrees to pay to the supplier an additional amount equal to the amount of GST payable on that supply (“**GST Amount**”).
- (b) Subject to the prior receipt of a tax invoice, the GST Amount is payable at the same time as the GST-exclusive consideration for the supply, or the first part of the GST-exclusive consideration for the supply (as the case may be), is payable or is to be provided.
- (c) This clause does not apply to the extent that the consideration for the supply is expressly stated to include GST or the supply is subject to a reverse-charge.

8.9 Adjustment events

If an adjustment event arises for a supply made in connection with this document, the GST Amount must be recalculated to reflect that adjustment. The supplier or the recipient (as the case may be) agrees to make any payments necessary to reflect the adjustment and the supplier agrees to issue an adjustment note.

8.10 Reimbursements

Any payment, indemnity, reimbursement or similar obligation that is required to be made in connection with this document which is calculated by reference to an amount paid by another party must be reduced by the amount of any input tax credits which the other party (or the representative member of any GST group of which the other party is a member) is entitled. If the reduced payment is consideration for a taxable supply, clause 8.8 will apply to the reduced payment.

9 General

9.1 Variation

A provision of this document or any right created under it may not be varied, altered or otherwise amended unless:

- (a) if the variation occurs before the First Court Date (as that term is defined in the Scheme Implementation Agreement) the variation is agreed to by Altium and Renesas in writing (which agreement may be given or withheld without reference to or approval by any Scheme Participant); and
- (b) if the variation occurs on or after the First Court Date (as that term is defined in the Scheme Implementation Agreement), the variation is agreed to by Altium and Renesas in writing (which agreement may be given or withheld without reference to or approval by any Scheme Participant) and the Court indicates (either at the hearing on the First Court Date, at an interlocutory hearing or the hearing on the Second Court Date) that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event Renesas and the Nominee must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

9.2 Partial exercising of rights

Unless this document expressly states otherwise, if Renesas does or the Nominee does not exercise a right, power or remedy in connection with this document fully or at a given time, they may still exercise it later.

9.3 No waiver

A provision of this document, or any right, power or remedy created under it may not be varied or waived except in writing signed by the party to be bound.

No failure to exercise, nor any delay in exercising, any right, power or remedy by Renesas, the Nominee or by any Scheme Participant operates as a waiver. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy.

9.4 Remedies cumulative

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

9.5 Assignment or other dealings

Renasas, the Nominee and each Scheme Participant may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the consent of Renesas and Altium. Any purported dealing in contravention of this clause 9.5 is invalid.

9.6 Further steps

Each of Renesas and the Nominee agrees to do anything including executing all documents and do all things (on its own behalf or on behalf of each Scheme

Participant) at its own expense necessary or expedient to give full effect to this document and the transactions contemplated by it.

9.7 Severability

If the whole or any part of a provision of this document is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this document has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this document or is contrary to public policy.

9.8 Withholding tax

- (a) If Renesas or the Nominee is required by Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953 (Cth)* ("**Subdivision 14-D**") to pay amounts to the Commissioner of Taxation in respect of the acquisition of Altium Shares from certain Scheme Participants, Renesas or the Nominee is permitted to deduct the relevant amounts from the payment of the Scheme Consideration to those Scheme Participants, and remit such amounts to the Commissioner of Taxation. The aggregate sum payable to those Scheme Participants shall not be increased to reflect the deduction and the net aggregate sum payable to those Scheme Participants shall be taken to be in full and final satisfaction of the amounts owing to those Scheme Participants.
- (b) Renesas and the Nominee acknowledges and agrees that it shall not pay any amounts to the Commissioner of Taxation under clause 9.8(a) with respect to a Scheme Participant where it receives an entity declaration from that Scheme Participant prior to the Implementation Date, where:
- (i) the entity declaration is made in accordance with the requirements in section 14-225 of Subdivision 14-D and covers the Implementation Date ("**Entity Declaration**"); and
- (ii) Renesas and the Nominee do not know that the Entity Declaration is false.
- (c) Renesas and the Nominee may approach the Australian Taxation Office to obtain clarification as to the application of Subdivision 14-D to the Scheme and Altium will provide all information and assistance that Renesas and the Nominee reasonably requires in making any such approach. Renesas and the Nominee agrees:
- (i) to provide Altium a reasonable opportunity to review the form and content of all materials to be provided to the Australian Taxation Office, and must incorporate Altium's reasonable comments on those materials, and more generally to take into account Altium's comments in relation to Renesas and the Nominee's engagement with the Australian Taxation Office, and provide Altium a reasonable opportunity to participate in any discussions and correspondence between Renesas and the Australian Taxation Office in connection with the application of Subdivision 14-D to the Scheme; and
- (ii) not to contact any Scheme Participant in connection with the application of Subdivision 14-D to the Scheme without Altium's prior written consent.
- (d) Renesas and the Nominee agree to consult with Altium in good faith as to the application of Subdivision 14-D, including taking into account any

clarification provided by the Australian Taxation Office following any process described in clause 9.8(c). Renesas and the Nominee agree to take all actions that they and Altium agree (each acting reasonably) are necessary or desirable following that consultation which may include, without limitation, making amendments to the Scheme to ensure that relevant representations are obtained from Scheme Participants.

10 Governing law and jurisdiction

10.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. Each of Renesas and the Nominee submits to the non-exclusive jurisdiction of the courts of that place.

10.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at the party's address set out in the Details.

10.3 Appointment of process agent

Without preventing any method of service allowed under any relevant law, Renesas and the Nominee:

- (a) irrevocably appoints DLA Piper Australia as its process agent to receive any document in an action in connection with this document; and
- (b) agrees that failure by a process agent to notify Renesas of any document in an action in connection with this document does not invalidate the action concerned.

If for any reason DLA Piper Australia ceases to be able to act as process agent, Renesas and the Nominee agrees to appoint another person as its process agent in the place referred to in clause 10.1 and ensure that the replacement process agent accepts its appointment and confirms its appointment to Renesas.

Renesas and the Nominee agrees that service of documents on its process agent is sufficient service on it.

EXECUTED as a deed poll

Deed Poll

Annexure A - Scheme

Annexure D - Notice of Scheme Meeting

Altium®

Altium Limited
ACN 009 568 772
(Altium)

Notice of Scheme Meeting

Notice is hereby given that by an order of the Supreme Court of New South Wales (**Court**) made on 5 June 2024 pursuant to subsection 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a Scheme Meeting of Altium Shareholders will be held as follows:

Date: 12 July 2024

Time: 9.00am (Sydney time)

Venue: Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000

Business of the Scheme Meeting

The purpose of the meeting is to consider and, if thought fit, to agree (with or without any alterations or conditions agreed to in writing between Altium and Renesas Electronics NSW Pty Ltd (ACN 676 810 156) (**Renesas Bidco**), a wholly owned indirect subsidiary of Renesas Electronics Corporation (**Renesas**) or any alterations or conditions required by the Court to which Altium and Renesas Bidco agree) to a scheme of arrangement proposed to be made between Altium and the holders of its ordinary shares (**Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet of which this notice forms part.

Additional information about the meeting is set out in the explanatory notes that accompany and form part of this notice.

Resolution

To consider and, if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

“That, in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth):

- (a) the scheme of arrangement proposed between Altium and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet accompanying the notice of scheme meeting, is approved (with or without any alterations or conditions agreed to in writing between Altium and Renesas Bidco or any alterations or conditions required by the Court to which Altium and Renesas Bidco or Renesas agree); and*
- (b) the directors of Altium are authorised, subject to the terms of the scheme implementation agreement to agree to such alterations or conditions as are thought fit by the Court and, subject to approval of the scheme by the Court, the board of directors of Altium is authorised to implement the Scheme with any such modifications or conditions”.*

By order of the Court



Tanya Thomas
Company Secretary

Date: 5 June 2024

Explanatory Notes:

These explanatory notes form part of the Notice of Scheme Meeting and should be read in conjunction with this Notice of Scheme Meeting and Scheme Booklet dated 5 June 2024. The Scheme Booklet contains important information to assist you in determining how to vote on the resolution to be considered at the Scheme Meeting.

A copy of the Scheme is set out in Annexure B to the Scheme Booklet.

Terminology

Capitalised terms which are defined in section 9 of the Scheme Booklet which accompanies this Notice of Scheme Meeting have the same meaning when used in this notice (including these notes) unless the context requires otherwise.

Chairman

The Court has directed that Sam Weiss act as Chairman of the Scheme Meeting or, failing him, Sylvia Wiggins (unless the members at the meeting elect some other person to act as Chairman of the meeting) and has directed the Chairman to report the result of the meeting to the Court.

Requisite Majority

In accordance with section 411(4)(a)(ii) of the Corporations Act, the resolution contained in this Notice of Scheme Meeting must be passed by:

- a majority in number (more than 50%) of those Altium Shareholders who are present and voting at the Scheme Meeting either in person, or by proxy, attorney or (in the case of corporate Shareholders) by a corporate representative (Headcount Test);²² and
- at least 75% of the votes cast on the resolution contained in this Notice of Scheme Meeting by Altium Shareholders present and voting at the Scheme Meeting (either in person, or by proxy, attorney or, in the case of corporate shareholders, by corporate representative).

The vote will be conducted by poll rather than by a show of hands.

Entitlement to vote

The Court has ordered that, for the purposes of the Scheme Meeting, Altium Shares will be taken to be held by the persons who are registered as Altium Shareholders at 7.00pm (Sydney time) on 10 July 2024. Only those Altium Shareholders entered on the Register at that time will be entitled to vote at the Scheme Meeting, either in person, or by proxy, attorney or in the case of corporate shareholders, corporate representative. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

Voting at the Scheme Meeting

You (or your attorney, or, if you are a body corporate, your duly appointed corporate representative) may vote:

- **in person** by attending the Scheme Meeting at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 on 12 July 2024 commencing at 9.00am (Sydney time); or
- **by proxy** by completing and submitting the proxy form for the Scheme Meeting (which accompanies the Scheme Booklet) in accordance with the instructions set out on the form. To be valid, your proxy form must be received by the Altium Share Registry by 9.00am (Sydney time) on 10 July 2024.

Voting in person

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting to be held at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 on 12 July 2024 commencing at 9.00am (Sydney time).

You will be admitted to the Scheme Meeting and given a voting card upon disclosure at the point of entry of your name and address.

If you attend the Scheme Meeting and vote in your capacity as an Altium Shareholder, any votes cast by your proxy or attorney (if any) will not be counted.

Voting by proxy

Proxy appointment

Your personalised proxy form for the Scheme Meeting accompanies the Scheme Booklet. If you wish to appoint a proxy to attend and vote the Scheme Meeting on your behalf, please complete and submit the proxy form accompanying the Scheme Booklet in accordance with the instructions on that form, or lodge your proxy vote online at Computershare's website (www.investorcentre.com.au) in accordance with the instructions given on that website. You may complete the Proxy Form in favour of the Chairman of the Scheme Meeting or appoint up to two proxies to attend and vote on your behalf.

²² The Court has a statutory discretion to disregard the Headcount Test for the purpose of the Scheme Meeting. Altium reserves the right to apply to the Court at the Second Court Hearing to approve the Scheme even if the Headcount Test is not satisfied.

There are some circumstances where the Chairman will be taken to have been appointed as an Altium Shareholder's proxy for the purposes of voting on the resolution even if the Altium Shareholder has not expressly appointed the Chairman as their proxy. This will be the case where:

- the appointment of proxy specifies the way the proxy is to vote on the poll;
- the Chairman is not named as the proxy; and
- either of the following applies:
 - (a) the proxy is not recorded as attending the Scheme Meeting; or
 - (b) the proxy attends the Scheme Meeting but does not vote on the resolution.

To be effective, proxy appointments for the Scheme Meeting (and any authority appointing an attorney or corporate representative), must be received by Altium or the Altium Share Registry by no later than 9.00am on 10 July 2024 (48 hours prior to commencement of the Scheme Meeting). Proxy forms received after this time will be invalid.

Proxy forms (and any authority appointing an attorney or corporate representative), duly completed in accordance with the instructions set out on the Proxy Form, must be lodged as follows:

- **By post** to the Altium Share Registry at GPO Box 242 Melbourne VIC 3001 Australia
- **By hand delivery** during business hours (Monday to Friday (excluding public holidays)) to the Altium Share Registry at 'Yarra Falls', 452 Johnston Street Abbotsford VIC 3067
- **By fax** to the Altium Share Registry on 1800 783 447 within Australia or +61 3 9473 2555 outside Australia
- **Online** by visiting www.investorvote.com.au. You will need your SRN or HIN as shown on your Proxy Form.

A proxy voting in person will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their name and address at the point of entry to the Scheme Meeting.

Voting by attorney

You may appoint an attorney to attend and vote at the meeting on your behalf. Your attorney need not be another Altium Shareholder. Each attorney will have the right to vote on the poll and also to ask questions at the meeting.

The power of attorney appointing your attorney to participate in and vote at the meeting must be duly executed by you and specify your name, the company (that is, Altium Limited), and the attorney, and also specify the meeting at which the appointment may be used.

Attorneys who plan to participate in and vote in person at the Scheme Meeting must provide a power of attorney or certified copy of the power of attorney to the Altium Share Registry no later than 9.00am (Sydney time) on 10 July 2024. The power of attorney or certified copy of the power of attorney may be submitted in the same manner as the completed Proxy form. However, a proxy cannot be appointed electronically using the online proxy form if they are appointed under a power of attorney or similar authority.

Attorneys attending the Scheme Meeting in person will need to register their attendance and identify themselves as an attorney on the day of the meeting in person at the registration desk at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000.

Unless it has already been noted by Altium, persons who are attending as an attorney should bring the original or a certified copy of the power of attorney under which they were appointed to the Scheme Meeting.

Voting by corporate representative

A body corporate which is an Altium Shareholder may appoint an individual to act as its corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act. To vote by corporate representative, a corporate representative must provide written evidence of their appointment by obtaining and completing an "Appointment of Corporate Representative" form from Computershare or online at www.investorcentre.com/au and select "Printable Forms" under the help tab, "Corporate Forms".

Corporate representative forms must be provided to the Altium Share Registry by no later than 9.00am (Sydney time) on 10 July 2024. A corporate representative form may be submitted in the same manner as a completed Proxy Form.

An authorised corporate representative attending the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card upon providing written evidence of their appointment (including any authority under which it is signed), their name and address and the identity of their appointer, at the point of entry to the Scheme Meeting.

Jointly held securities

If the Shares are jointly held, only one of the joint Altium Shareholders is entitled to vote. If more than one joint Altium Shareholder votes, only the vote of the Altium Shareholder whose name appears first in the Register will be counted.

Questions

Altium Shareholders (including their attorneys and corporate representatives) and proxyholders will have a reasonable opportunity to ask questions during the Scheme Meeting.

Questions should be stated clearly and should be relevant to the business of the Scheme Meeting, including matters directly relating to the Scheme.

Altium Shareholders who are unable to attend the Scheme Meeting, or who may prefer to submit questions in advance may do so online at www.investorvote.com.au.

Altium Shareholders may also ask questions when completing the online proxy form or by completing and returning the paper copy question form in the enclosed reply paid envelope.

Questions submitted in advance of the Scheme Meeting need to be received no later than 9.00am (Sydney time) on 10 July 2024.

Court approval

If the resolution contained in this Notice of Scheme Meeting is approved at the Scheme Meeting by the Requisite Majority, the implementation of the Scheme (with or without modification) will be subject to, among other things, the subsequent approval of the Court and the Scheme becoming Effective upon lodgement of an office copy of the Court orders with ASIC.

Updates

Altium will provide updates via ASX and on its website if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the meeting.

Corporate directory

Altium Limited

ABN 93 009 568 772
Level 6, Tower B, The Zenith,
821 Pacific Highway,
Chatswood NSW 2067, Australia
Telephone: +61 2 8488 7022 (within Australia)
and +61 2 8806 1003 (outside Australia)

Fax: +61 2 9474 7816
Website: <https://www.altium.com/>

Altium Share Registry

Computershare Investor Services Pty Limited
'Yarra Falls', 452 Johnston Street
Abbotsford VIC 3067

Financial adviser

J.P. Morgan
85 Castlereagh Street
Sydney NSW 2000

Legal adviser

King & Wood Mallesons
Level 61, Governor Phillip Tower
1 Farrer Place, Sydney NSW 2000

Independent Expert

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh Street
Sydney NSW 2000

For personal use only

For personal use only

Need assistance?



Phone:

1300 103 401 (within Australia)
+61 2 9066 4063 (outside Australia)



Online:

www.investorcentre.com/contact

ALU

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:00am (AEST)** **Wednesday, 10 July 2024.**

Scheme Meeting Proxy Form

Capitalised terms used but not defined in this Proxy Form have the same meaning as given to them in Altium Limited's ("Altium" or the "Company") Scheme Booklet (which accompanies this Proxy Form).

How to Vote on the Item of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite the item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

By Hand:

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford VIC 3067 Australia

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Altium Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Scheme Meeting of Altium Limited to be held at Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 on Friday, 12 July 2024 at 9:00am (AEST) and at any adjournment or postponement of that meeting.

Step 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for the item of business, you are directing your proxy not to vote on your behalf on the poll and your votes will not be counted in computing the required majority.

That, in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth):

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(a) the scheme of arrangement proposed between Altium and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet accompanying the notice of scheme meeting, is approved (with or without any alterations or conditions agreed to in writing between Altium and Renesas Bidco or any alterations or conditions required by the Court to which Altium and Renesas Bidco or Renesas agree); and

(b) the directors of Altium are authorised, subject to the terms of the scheme implementation agreement to agree to such alterations or conditions as are thought fit by the Court and, subject to approval of the scheme by the Court, the board of directors of Altium is authorised to implement the Scheme with any such modifications or conditions.

The Chairman of the Meeting intends to vote undirected proxies in favour of the resolution in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Altium Shareholders.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Date

Update your communication details (Optional)

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Mobile Number

Email Address

ALU

307628A



Computershare

