

19 November 2020

Announcement authorised by:
 Samuel Weiss
 Chairman
 Altium Limited

ALT IUM L I M I T E D

ACN 009 568 772

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

Investor Relations
 Contact Details:
 Kim Besharati
 Chief of Staff (US based)
 Phone: +1 858 864 1513
 Mobile: +1 760 828 3567

Presubmitted 2020 AGM Shareholder Questions & Answers

Sydney, Australia – 19 November 2020 - Altium Limited (ASX:ALU) advises that in response to the high volume of questions submitted by shareholders prior to today's virtually conducted AGM, the company has decided to pre-release these questions with answers to the market. This will allow additional questions to be asked during the meeting.

We encourage shareholders to review these questions and responses in order to minimise duplication during today's AGM.

INVESTOR QUESTIONS	ALT IUM R E S P O N S E S
Private Investor A	
DRP – Have you had a look at doing this?	We have considered a Dividend Reinvestment Plan but have chosen not to implement one at this time.
Private Investor B	
When will you have a DRP Plan?	We have considered a Dividend Reinvestment Plan but have chosen not to implement one at this time.
When will you have a Rights Issue?	We give careful consideration to our Capital management and Balance Sheet and have no plans for a Rights Issue until such time as one is required.
When will you have a Share Purchase Plan?	When and if we have a Rights Issue, it will include a Share Purchase Plan.

Private Investor C	
What is the magnitude, sources and nature of the Company's GHG emissions?	We have offices in about 30 locations around the world. Most of them have not been occupied since March of this year because of Covid-19. The offices are the single largest source of GHG for the Company. Whenever possible we rent premises in buildings with very high environmental and energy efficient ratings.
How does management assess the difficulty of meeting GHG emission reduction targets, and how is progress monitored and reported	We do not measure nor monitor GHG emissions other than by locating in buildings with high energy efficiency ratings.
How does the Company's executive compensation system support the integration of climate change issues into organisational decision making and performance?	The Company does not include Climate Change issues in its remuneration nor management decision making processes other than to locate our offices in energy efficient buildings, and to discourage the use of paper.
Institutional Investor	
<p>Board Charter – Reviewed and amended 14 June 2016</p> <p>Section 9 - Review of Charter</p> <p><i>o The Board will review this charter annually to ensure it remains consistent with the Board's objectives and responsibilities.</i></p> <p>When will this Charter be reviewed and updated if required?</p>	<p>Altium annually reviews all of its governance policies to see if they are still consistent with both Company policy and Governance standards, however we only amend policies that require updating. The dates listed refer to the last time the policy was amended.</p> <p>We appreciate your careful review of these documents and will ensure that we update our policies to reflect that they have been reviewed. We will also ensure all policies are dated. Annually reviewed, updated only if required</p>
<p>Human Resources Committee Charter - Reviewed & Revised 20 August 2018</p> <p>Section 11 – Review and Publication of the Charter</p> <p><i>(a) The Committee will review its Charter from time to time and report to the Board of any changes it considers should be made.</i></p> <p>What is the reasonable expectation for this Charter to be updated and amended if required?</p>	<p>Annually reviewed, updated only if required.</p>

<p>Audit and Risk Management Committee Charter - Reviewed & Revised 20 August 2018 Section 8 – Review of the Committee Charter</p> <p><i>The Committee will:</i></p> <p><i>8.1 Review the Committee Charter annually and discuss any required changes with the Board and ensure that the Charter is approved or reapproved by the Board.</i></p> <p>When will this Charter be reviewed and updated if required?</p>	<p>Annually reviewed, updated only if required.</p>
<p>Altium Share trading Policy – Amended 10 July 2017</p> <ul style="list-style-type: none"> ● There is no review time written into the policy. When will this policy be reviewed and updated if required? <p>o NB penalty units increased from 4500 to 5000</p>	<p>Annually Reviewed, updated only if required.</p> <p>We note the increase in the penalty units and thank you for drawing our attention to this, we will ensure we amend this in our policy in our 2021 Annual policy review.</p>
<p>Altium Nepotism Policy</p> <ul style="list-style-type: none"> ● We were unable to download the PDF on the website; however, we note this was rectified in the past day. This policy is not dated. 	<p>The Nepotism Policy was approved by the Altium Board on the 26th November 2019. It has been reviewed but not amended in 2020.</p>
<p>Altium Ethical Behaviour Policy – 14 June 2016</p> <ul style="list-style-type: none"> ● There is no review time written into the policy. When will this policy be reviewed and updated if required? 	<p>In our next annual review in 2021, we will add a review time which would state the policy will be annually reviewed and updated only if required</p>
<p>Altium Diversity Policy – 14 June 2016</p> <ul style="list-style-type: none"> ● There is no review time written into the policy. When will this policy be reviewed and updated if required? ● We note the diversity statistics published in your 2019 Annual Report as per the policy. 	<p>In our next annual review in 2021, we will add a review time which would state the policy will be annually reviewed and updated only if required</p>

<p>Altium Dividend Statement</p> <ul style="list-style-type: none"> • We have not seen others disclose a dividend policy with Corporate Governance documents. • We understand this statement would be reviewed by the board every time a dividend is to be paid. • We note it states - Reviewed and Approved by the board 14 June 2016. When will this policy be reviewed and updated if required? 	<p>Altium's criteria for setting dividends -</p> <ul style="list-style-type: none"> • Dividend payout should come out of operating cashflow • Dividend payout growth should not exceed revenue growth percentage plus 5% • Dividend payout should not exceed 85% NPAT <p>This is a guideline only for the board with each dividend carefully considered in line with the company strategy and the economic environment the policy is annually reviewed and updated only if required.</p>
Hyperion Asset Management	
<p>Does the company calculate its CO2 footprint?</p>	<p>No</p>
<p>Does the company have a firm-wide strategy for reducing its CO2 footprint?</p>	<p>No</p>
<p>Does the company have an organization-wide strategy to identify and manage material climate related risks and opportunities? If it does, please outline this strategy.</p>	<p>The Company considers that its most material impact on climate change is through its office footprint in 31 cities in 17 countries. As much as possible it locates its offices in buildings with high energy efficiency and environmental ratings.</p>
<p>Could you please give a general guide to the number of R&D related staff currently employed by the company?</p>	<p>As at 30 June 2020 we had 289 R&D employees</p>
<p>Does Altium have a Modern Slavery Policy and if so, what does it encompass.</p>	<p>Altium's Audit and Remuneration Committee is currently finalising Altium's first Modern Slavery Statement which will be included with our KEY DOCUMENTS on the Altium website and submitted to the Australian Border force for publication before the deadline of 31 March 2021.</p>

Australian Shareholders Association (ASA)	
Questions/Comments	Response
How do you think pent up business will play out once the market opens again, or is some of this business gone forever?	Demand is deferred as opposed to lost forever. Some customers and prospects have paused expansions or buying decisions.
Does enhanced pricing=discounting/price cuts? How difficult is it to get the price back up again?	Enhanced pricing is designed to provide a compelling offer for a customer to purchase and often includes a discount. This is a common practice at Altium and “realised sale price” generally averages out to be close to our list price.
Legal case – earn out, has this had bad PR, please comment further P9	No bad PR. The ownership team were not able to commercialise their operation. We hired manufacturing specialists that have made the changes needed to set the business up for commercial success. It is now in a much better position.
No greater asset than customer trust.	Customers need to be confident to invest in our software. Changing our licensing model in a mandatory way would lead to a loss of trust and they would be less inclined to buy.
Is there a push back from customers to go from one off licence fee to term?	We have retained the perpetual licensing model for Altium Designer and customers still have that option. New products that are hosted on our cloud platform are term based only. We see little push back on this given it is the standard model for such applications. Customers at the high end are used to term based models and have been switching to this model with Nexus. At the lower end, customers have been using term licensing as a cheaper way to access tools.
What sort of percentages do you see as legacy i.e. won't switch?	It's difficult to estimate at this early stage but over time we think that more customers will prefer the flexibility that term licensing provides. We expect that some portion of customers will always prefer the comfort of perpetual licensing. In our flight path scenarios, we have assumed 25-35% could remain as perpetual license users.
How difficult is it to toe the line with both the US and China? How much risk is there given the possible animosities? Hong Kong etc. You need to pick sides.	We keep our China and non-China businesses very separate. The business in China is almost entirely run by local Chinese management. We respect both authorities and avoid taking sides.

<p>Competition - Cadence /Mentor – further gaining market share?</p>	<p>We see gains against Mentor and Cadence with companies switching to our tools.</p>
<p>Succession planning – new board member?</p>	<p>Under constant review.</p>
<p>LTI – retesting, elaborate on ‘further year(s)’? P24</p>	<p>The FY 2020 LTI award was deferred and will be re-tested at a point to be determined within the next three years.</p>
<p>2020 vs 2019: Revenue increased by 17m, Trade Receivable increased by 14m, why is this out of proportion</p>	<p>Altium introduced the “buy now pay later” campaign in order to help our customers through the COVID-19 pandemic. This included monthly billing and extended credit terms to customers.</p>
<p>Is the current level of Allowance for expected credit loss (doubtful debt) of USD610k (2019: USD369k) adequate, considering the trade debt has increased from USD45.833m to 59.655m.</p>	<p>The increase in trade debt includes \$3.5m for customers who pay on a monthly basis and \$6.0m for a large distributor in China. DSO have improved since June 2020 from 101 days to 80 days at 30 Sept 2020 and we don't have any significant credit issues at this time. Most sales that are being paid on a monthly basis are “on-demand” products which means we can deactivate licenses.</p>
<p>What would happen to the clients who missed monthly payments? When would they get their license suspended? would they lose their online access for making new designs. Can they still have access to their old designs and documentation/data?</p>	<p>We would suspend/deactivate their licenses. This would result in them losing ability to use the software or access designs.</p>
<p>COVID-19 impact – Worldwide, what percentage of clients stopped annual subscription due to COVID-19?</p>	<p>Renewal rates in Q4 were comparable with the prior year - so there was minimal impact in FY20. As the COVID-19 impact continues its possible that this may change given that customers can continue to use Altium Designer without a subscription. However, to date, our renewal rates have remained resilient.</p>
<p>What is the market regional Breakdown for the 5000 early adoption of Altium 365 users?</p>	<p>Roughly 45% each in Europe and Americas - remaining 5-10% in Asia Pac.</p>
<p>What is the breakdown for China Subscribers over the Perpetual License and annual subscription license?</p>	<p>China represents ~10% of the subscriber numbers with ~5,100 subscribed seats.</p>

<p>Can you provide any more detail as to how you have optimized the License Compliance (LC) business in China, or examples for this?</p>	<p>The LC process identifies potential users with unlicensed versions of Altium Designer software and obtains payment for them. There is a significant volume of potential cases that run through this process and each stage can create a bottleneck or constraint that limits potential sales. During FY20 improvements were made to identify and remove constraints. Examples included improving the process for registering leads and use of automation for parts of the legal process.</p>
<p>What is the main focus area for the 90 new employees recruited in FY2020 (total employee 861, increased by 11.7% from FY2019)? i.e., was it more for R&D, Client Tech support, Sales or Admin? And in what region?</p>	<p>We had increases in most areas and departments with the majority in R&D in Russia, Ukraine and USA.</p>
<p>What's the nature and purpose for your new entity Altium Insurance Inc.?</p>	<p>Altium Insurance Inc has been established to partly self-fund insurance for Directors and Officers Insurance which has become increasingly expensive in the current climate.</p>
<p>There weren't any acquisitions in FY2020? Any new plan?</p>	<p>There is an active M&A pipeline that is actively pursued.</p>
<p>The dividend distribution for FY2020 is about the same level as the net profit. What is the company's dividend policy going forward?</p>	<p>Altium's criteria for setting dividends -</p> <ul style="list-style-type: none"> • Dividend payout should come out of operating cashflow • Dividend payout growth should not exceed revenue growth percentage plus 5% • Dividend payout should not exceed 85% NPAT
<p>COVID-19 impact – Worldwide, what percentage of clients stopped annual subscription due to COVID-19?</p>	<p>Renewal rates in Q4 were comparable with the prior year - so there was minimal impact in FY20. As the COVID-19 impact continues its possible that this may change given that customers can continue to use Altium Designer without a subscription. However, to date, our renewal rates have remained resilient.</p>

Investor Relations contact details:

Kim Besharati - Chief of Staff (US based)
Mobile: +1 760 828 3567

Alison Raffin - Company Secretary (Australia based)
Ph: +61 413 528 120
ENDS

About Altium

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

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

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

www.altium.com