

1. Company details

Name of entity:	Altium Limited
ACN:	009 568 772
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

				DEC 2022 US\$'000	DEC 2021 US\$'000
Continuing operations					
Revenue from ordinary activities	up	17.0%	to	119,542	102,202
Earnings before interest, tax, depreciation and amortisation (EBITDA)	up	24.4%	to	43,287	34,801
Earnings before interest and tax (EBIT)	up	33.2%	to	38,595	28,974
Profit after income tax expense (PAT)	up	29.6%	to	29,647	22,872
Discontinued operations					
Loss after income tax expense (PAT)				-	(143)
Total profit from ordinary activities after tax attributable to the owners of Altium Limited	up	30.4%	to	29,647	22,729
Profit for the half-year attributable to the owners of Altium Limited	up	30.4%	to	29,647	22,729

Dividends

On 22 August 2022, the Directors declared a final dividend of AU 26 cents per share for the year ended 30 June 2022. The dividend was paid on 21 September 2022 and amounted to US\$23.4 million.

The directors have declared a partially franked interim dividend of AU 25 cents per share (2021: AU 21 cents) for the half-year ended 31 December 2022. The interim dividend is franked at 40%. The dividend will be paid on 21 March 2023 based on a record date of 7 March 2023. This amounts to a total dividend of US\$23.0 million based on the total number of shares outstanding.

Comments

The profit for the Group after providing for income tax amounted to US\$29.6 million (31 December 2021: US\$22.7million).

3. Net tangible assets

	DEC 2022 US CENTS	DEC 2021 US CENTS
Net tangible assets per ordinary security	183.93	163.88

4. Audit review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

5. Attachments

The Interim Report of Altium Limited for the half-year ended 31 December 2022 is attached.

6. Signed

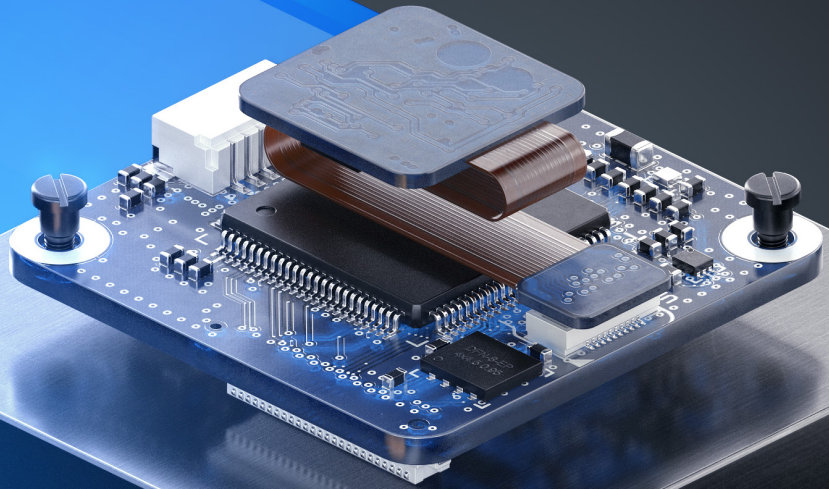


Aram Mirkazemi
Director and Chief Executive Officer

Sydney

Date: 20 February 2023

Altium[®]



Altium Limited
ACN 009 568 772

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2022

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Altium') consisting of Altium Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of Altium Limited during the financial half-year and up to the date of this report, unless otherwise stated:

NON-EXECUTIVE CHAIRMAN

**Samuel
Weiss**

CHIEF EXECUTIVE OFFICER

**Aram
Mirkazemi**

EXECUTIVE DIRECTOR

**Sergiy
Kostynsky**

NON-EXECUTIVE DIRECTOR

**Lynn
Mickleburgh**

NON-EXECUTIVE DIRECTOR

**Simon
Kelly**

NON-EXECUTIVE DIRECTOR

**Raelene
Murphy**

(resigned 17 November 2022)

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the development and sales of software for the design of electronic products and an online collaboration platform to facilitate the manufacturing of them. There were no significant changes in these activities during the half-year.

Review of Operations

➤ OVERVIEW	➤ FINANCIAL PERFORMANCE	➤ BUSINESS UNITS	➤ PRODUCTS AND TECHNOLOGY
➤ STRATEGY	➤ OUTLOOK		

Overview

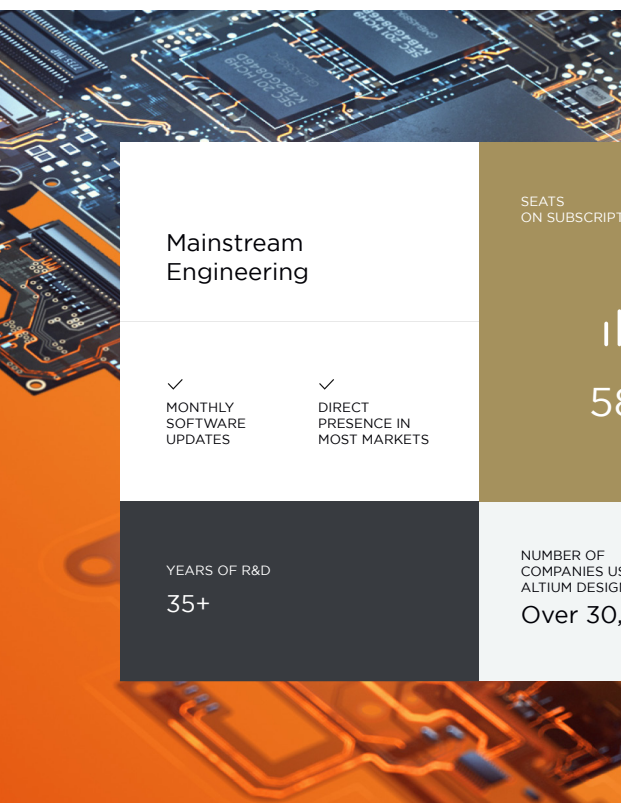


The growth of Altium in the first-half of the 2023 financial year reflects important strides in its objective to increase the productivity of the entire electronics industry by connecting every engineering business process to the design and the manufacturing of electronics hardware in the cloud.

Altium revenue increased 17.0% to US\$119.5 million for the financial half-year 2023. Had foreign exchange rates remained unchanged from the prior corresponding period (pcp) revenue would have been US\$124.8 million or 22.1% higher than the six months ending 31 December 2022. Reported and underlying earnings before interest, tax, depreciation and amortisation (EBITDA) were both US\$43.3 million, compared to US\$34.8 million in the pcp. The reported EBITDA margin was 36.2%, up from 34.1% in the pcp.

Recurring revenue grew to 78.6% in the first-half up from 74.1% in the pcp. The increase in recurring revenue of 4.5 percentage points was supported by higher sales of Printed Circuit Board (PCB) term-based licenses, as well as continued strong performance across all three of the Octopart business segments: search, marketing and API connections.

The Group is on track to achieve its target of 95% recurring revenue, ex-China and developing countries by 2026.



Altium Designer Dominance

Altium Designer empowers engineers to create smart, connected products and is the software tool of choice for PCB designers and electronics engineers globally. It has more than 100,000 users who design electronics products in industries ranging from automotive to semiconductors.

Altium Designer improved its position during the period. The average subscription seat value in the half-year increased to US\$2,304 from US\$2,067 in the pcp. Increases in average subscription seat value reflect upgrades by mainstream engineers to professional and enterprise capabilities for data and process management with Altium Designer Pro and Altium Designer Enterprise. Overall volume increases were tempered by the Group's exit from Russia and continued market softness in China.



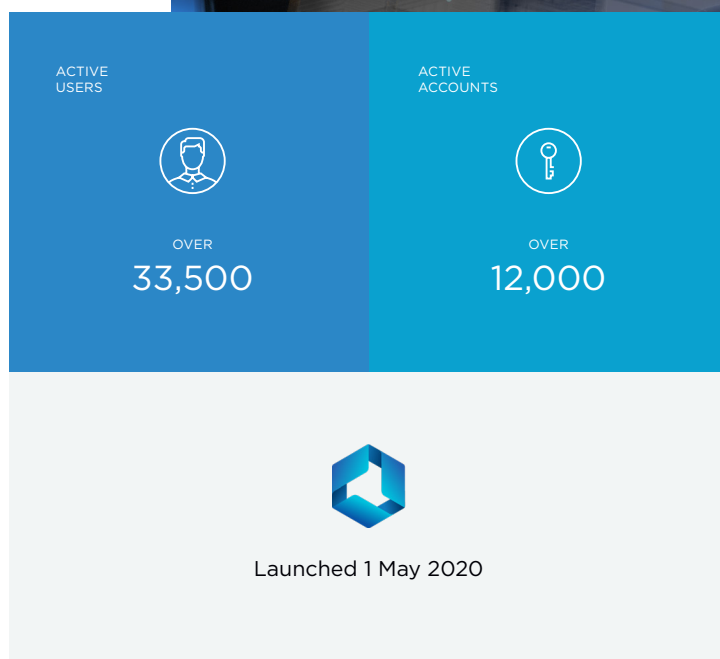
Altium 365 Adoption

Altium 365 is a digital collaboration platform for engineers and other interested parties to design PCBs, source the components that are needed for them and to prepare the designs for manufacturing. It is central to the Altium vision to transform how PCBs are designed and manufactured. Altium 365 is in active use in thousands of electronics companies.

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 in a single location and both internal teams and external suppliers can share schematics and data.

The adoption of Altium 365 grew to over 33,500 monthly active users in February 2023, up 36% from August 2022 and over 12,000 monthly active accounts, up 29%. Altium seats on subscription were over 58,030 at the end of December, up from 55,900 in the pcp.

Interest in Nexar, the Altium ecosystem for industry partners to access Altium 365, continues to grow with the increased adoption of Altium 365. Nexar is a powerful API and data solution that enables seamless collaboration for users from different engineering domains, business areas or companies.

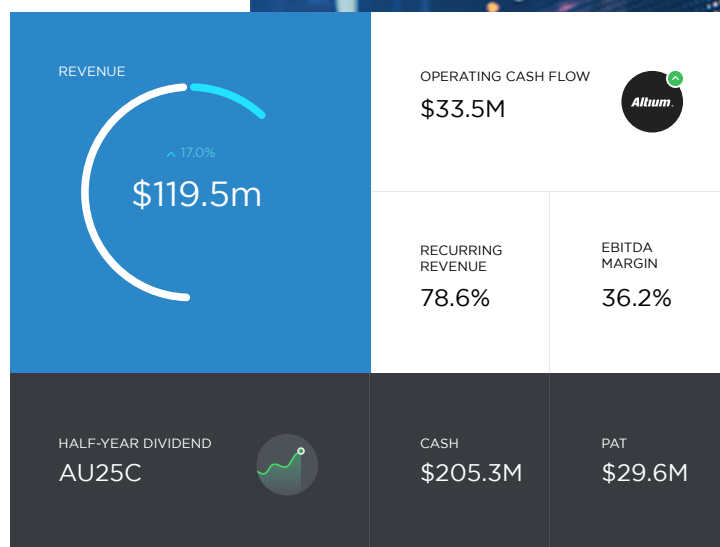


Financial Performance

Altium delivered strong financial results for the half year ended 31 December 2022. Performance in the period reflects the accelerating transition from perpetual to term-based licenses and strong adoption of Altium 365 which contributes to the increase in recurring revenue and in the average subscription seat value:

- Revenue growth of 17.0% to US\$119.5 million (US\$124.8 million on a constant currency basis, up 22.1%).
 - Double-digit revenue growth for Altium PCB business of 15.7% to US\$91.6 million.
 - Revenue increase of 21.7% for Octopart to US\$27.0 million
- Reported and underlying EBITDA margin of 36.2% (up from 34.1%).
- Recurring revenue represents 78.6%.
- Annual recurring revenue (ARR) growth of 19.0%.
- Earnings per share grew by 29.4% to 22.53 cents

Altium is the fastest growing electronic design automation (EDA) group in the world and is determined to achieve its twin objectives to become the dominant provider of PCB design tools whilst making its Altium 365 platform the central place for the software engineering industry and related parties to source components, design and build printed circuit boards.



Key Financial Results

	CONSOLIDATED		
	31 DECEMBER 2022 US\$'000 ¹	31 DECEMBER 2021 US\$'000 ¹	CHANGE %
Revenue	119,542	102,202	17.0%
Operating expenses (excluding depreciation, amortisation, impairment and interest)	76,255	67,401	13.1%
EBITDA ²	43,287	34,801	24.4%
EBITDA margin ²	36.2%	34.1%	2.1%
Profit before income tax	39,178	29,015	35.0%
Income tax expense	9,531	6,143	55.2%
Profit after income tax	29,647	22,872	29.6%
EPS cents	22.53	17.41	29.4%

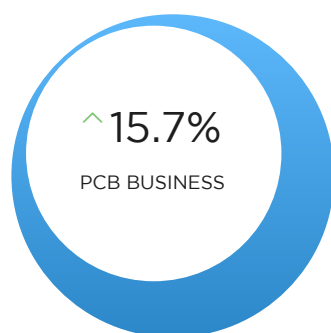
¹ Represent continuing business for both 1H FY23 and 1H FY22

² There is no difference between Reported and Underlying EBITDA and EBITDA margins for both 1H FY23 and 1H FY22

Revenue

	CONSOLIDATED		
	31 DECEMBER 2022 US\$'000 ¹	31 DECEMBER 2021 US\$'000 ¹	CHANGE %
Board and Systems (Altium Designer, CircuitStudio)	91,630	79,165	15.7%
Americas	39,061	31,258	25.0%
EMEA ³	34,630	28,685	20.7%
China	9,725	11,315	-14.1%
Rest of World	8,214	7,907	3.8%
Octopart	26,980	22,162	21.7%
Manufacturing	932	875	6.5%
Revenue	119,542	102,202	17.0%

³ Revenue for EMEA in constant currency Euro for the half year ended 31 December 2022 was €33.1 million: (31 December 2021 €25.6 million) representing a 29.5% increase on the pcip



The core Design Software business grew by 15.7% for the half year to US\$91.6 million. Revenue growth was achieved in all reporting regions, except China, which remained weak under the disruptive impact of China's zero COVID policy.

Digital Sales revenue was up 5.8% on the pcp to US\$78.9 million. Enterprise sales revenue increased to US\$12.7 million. These increases are driven by higher uptake of Pro and Enterprise platform capabilities.

List prices have been further increased since 30 June 2022. The realised price for Altium Designer seats sold was 6% higher than at the end of last financial year. Price increases during the half impacted new Altium Designer licenses sold. Term-based license (TBL) sales were 40% of the total new licenses, up from 31% one year earlier.

The total Altium subscription pool, comprising standard and higher value subscription seats, grew by 4% to over 58,030. Higher-value subscription seats, including TBLs and seats with Pro and

Enterprise level capabilities represent 18% of the total pool, up from 10% a year earlier. Subscriber growth in the Design Software business is a key area of focus for the second half of the 2023 financial year.

Nexar, the cloud-based integration platform driven by Octopart, continued to deliver strong performance for the half, growing revenue by 21.7% on the pcp to US\$27.0 million. This continued growth for Octopart was underpinned by growing search activity for integrated circuits caused by the ongoing shortage in the semiconductor industry.

Stronger pricing power and monetisation opportunities for Octopart in the electronic parts search domain is supporting good growth in average revenue per click.

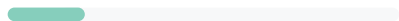
Today, Nexar API subscription prices are closely linked to the value created for a wide range of enterprise customers. While API revenue is not yet material, Altium anticipates growth rates could become an extremely sticky component of Altium search revenue.



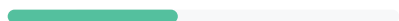
Earnings

Actual results

EBITDA margin 36.2% ^ 2.1 points



EPS US\$22.53 cents ^ 29.4%



Profit after tax US\$29.6 million ^ 29.6%



Operating cash flow US\$33.5 million ^ 0.6%



Altium achieved a reported and underlying EBITDA margin for the first half-year of 36.2% compared to 34.1% in the prior year.

Half-year profit before tax and profit after tax increased by 35.0% and 29.6% respectively.

Operating expenses during the half-year increased by 13.1% to \$76.3 million. Contributing factors include:

- Increased headcount, predominantly in R&D to support the development of the cloud platform; total employee benefits expenses increased by US\$2.8 million or 6.1%;
- Additional US\$2.1 million expense for Web advertising to accelerate Octopart clicks and Altium 365 adoption;
- US\$1.2 million higher spend on Amazon Web Services hosting fees for Altium 365 infrastructure;
- US\$1.1 million of additional compliance costs associated with the ongoing income tax audit by the ATO; and
- US\$1.0 million increased travel cost following the reopening of the borders closed during the pandemic.

Operating cash flow stayed at the same level as in the pcp with major movements including higher net cash receipts from customers offset by increased income tax payments and payments to suppliers.

EPS increased by 29.4% to 22.53 cents reflecting strong revenue growth coupled with judicious management of operating expenses having regard to continued investment in the business.

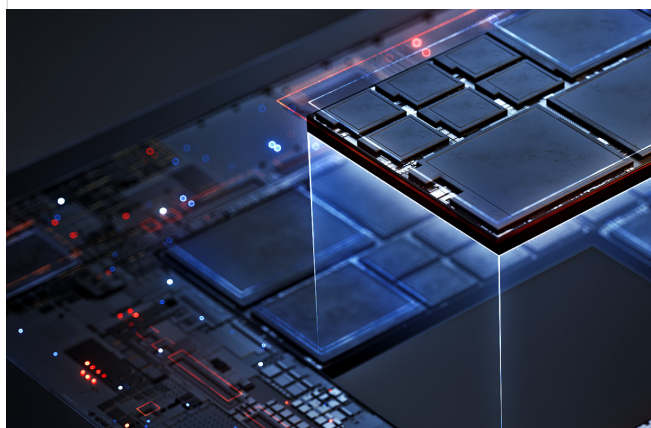


Business Units

Altium operates two unique business units, which are complementary and synergistic:

▸ Design Software (Altium Designer and Enterprise)

Altium's Design Software provides PCB design solutions and indirectly enhances the value of Altium 365 through the subscriptions associated with PCB.

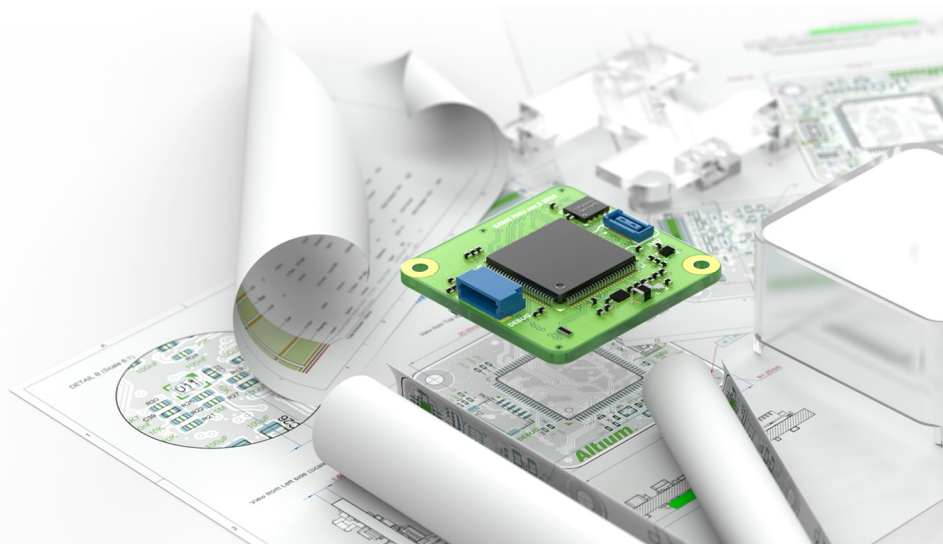


▸ Cloud Platform (Altium 365, Nexar and Octopart)

Altium's Cloud Platform. This business provides professionals and industry partners access to the vast ecosystem of electronic design and manufacturing users and customers. Nexar includes Octopart and manufacturing.

Altium has two growth engines, Design Software and Cloud Platform for dominance and transformation and four flywheels to increase the rate of growth: design tools adoption, design platform adoption, cloud adoption and ecosystem adoption. Nexar, an ecosystem for the direct monetisation of Altium 365 which was set up to enable industry partners to benefit from Altium's growing community of electronic engineers, is rapidly gaining momentum. In both sectors, the Group is prosecuting a go to market philosophy that delivers both value for customers and volume growth for Altium.

Products and Technology



Design Software

Design Tool Flywheel



Altium Designer, the world's most popular PCB design tool, is at the forefront of electronics design innovation. As the demand for ever more complex and powerful electronics continues to grow, Altium Designer continues to deliver.

Altium Designer with a Standard subscription delivers the best PCB design experience in the industry. The Pro level subscription delivers electronic smart product design capabilities for teams; with multiboard and the newly launched wiring harness support, companies now have a complete suite of tools that enable more complex electronics systems to be conceived and realised. Altium Designer is better than ever when it comes to complete smart product development.

Altium's historic coupling of products with channels has evolved to an omnichannel strategy that provides customers with the option to purchase any Altium product through any Altium channel. An omnichannel delivery creates a customer experience that is shaped to the needs of the customer, not to the internal structure of a sales organisation. For Altium to implement this strategy, product branding changes were introduced in September 2022 that dropped the NEXUS product name, and clearly associated our enterprise product offering with Altium Designer and Altium 365.

The name changes were important to remove any market dissonance that may have resulted from continued use of the NEXUS brand. Considering the foundational work that has been done in the enterprise domain and the momentum of Altium 365, it was a natural evolution that has simplified our product offering and made it easy for customers to access different levels of capabilities and to decide what type of engagement they would like to have with Altium.

Altium works with industry partners to assist customers to "Left Shift" their approach to product design and development, contributing to reduced cycle times and waste.

The themes of Co-Simulation and Co-Design that connect the Electronic Design Automation domain to the simulation and MCAD domains are gaining importance through digital bridges to Altium 365.

Design Software

Design Platform Flywheel

ENTERPRISE

The Enterprise level subscription introduces managed processes and workflows, and it is available to all Altium customers. This capability supports the more complex, formalised processes that large organisations require while also maintaining agility through a design system that can be easily adapted and evolved to the needs of the customer. The Enterprise subscription extends a natural path of progression that supports organisations as they grow, without forcing them to change design tools or deploy new system components - a move up through the subscription tiers instantaneously unlocks capabilities. This is a significant point of differentiation for Altium when compared to competitors such as Siemens, which do not offer continuity from PADS to Expedition.

Cloud Platform

Cloud Adoption Flywheel



Altium 365 is an absolute force in the domain of electronics design and realisation, with no competitor coming close in the offerings available on the platform. Altium 365 benefits a large number of customers by enabling digitisation of old, slow and error prone analog-world processes, dramatically increasing productivity and helping those customers improve their competitive advantage.

New personas are beginning to come to the platform. There is an increase in the types and numbers of personas using the platform, including but not limited to procurement professionals, mechanical engineers, software engineers and engineering management.

This diversification is fundamental to the strategy to support collaboration between value chain stakeholders and is the result of investment in capabilities that make the platform more attractive and useful to a broader set of professional roles. Specifically, procurement professionals are an area of focus, and a new Bill of Materials (BOM) management tool was launched to support them. Altium is using its unique position to strengthen the supply chain management value proposition by creating deeper integration with Octopart and the nascent Spectra data product offerings.

Altium achieved a notable milestone this half with the design, development and deployment of a cloud-to-cloud PLM connector/digital bridge. Importantly Altium did not bear the expense or engineering burden to construct this digital bridge. In this case a third-party vendor, Duro Labs, was entirely responsible for the implementation. Digital bridges that connect the Altium 365 platform to other tools and systems in a customer's digital landscape are a key ingredient to digital transformation.

We have invested in Altium 365 to make it capable of supporting customer security requirements for ITAR compliance. With the AWS GovCloud as a base, Altium is working with a selection of lead customers before the support becomes more widely available. This new capability will open the platform to support a more diverse range of companies, especially those in the defense industry.

While we continue to break new ground in the growth of Altium 365, ongoing investment in our software business has improved ease of use and increased productivity for customers. With Altium's browser-based 3D rendering engine, customer multiboard projects are now supported with beautiful full product visualisations and fine grain visualisation control to make it easier for engineers to focus on the design aspects that are important for a given use case.



Cloud Platform

Ecosystem Adoption Flywheel



Nexar continues to gain traction in the ecosystem, and we are continually inspired by our conversations with customers when we learn about how it is supporting transformation of their businesses. We are seeing examples of deep levels of integration into the customer digital landscape, where customers now use Altium 365 as a single source of truth for a variety of downstream processes and systems.

One such area is manufacturing, where direct integration with equipment programming and configuration removes a significant amount of human labor and opportunity for error introduced during the setup process.

Customers want to differentiate themselves, create competitive advantage, and deliver the best products and services and to do so they need to have the best tools, processes, and systems. Continuity throughout the digital landscape enables more sophisticated and intelligent automation, and companies will invest in people and systems to deliver this automation. Nexar fits perfectly with that approach, creating value by greatly simplifying the engineering part of integration when compared to traditional methods. Nexar enables ECAD to become a first-class citizen in the digital landscape, a peer to MCAD, PLM and ERP—and this is critical to our mutual success given the rise of smart products and the strategic importance of electronics for long term product viability and survival.

Altium recently launched Spectra, a Data-as-a-Product brand. It has generated a lot of excitement and has positioned Altium to offer significant insight into the supply chain of electronics components, in a way that can enable customers to drive better outcomes by making more informed decisions. After a year of monthly publication, our Electronic Design to Delivery Index, EDDI, will launch EDDI Online in February to provide a digital first experience to registered users and make actionable data even more accessible.

Development of a second data product, Supply Chain Resilience (SCR), which provides targeted, actionable component level insight, is gaining momentum, with a variety of large enterprises engaged in pilot programs. With early-stage Machine Learning and AI capabilities, SCR innovations include Days of Supply and Historical Pourability as additional component that offer insights and help customers to focus on areas of risk, make their products more reliable and their businesses more resilient.



Cloud Platform

Ecosystem Adoption Flywheel

Octopart

Octopart updates and enhancements will be released in the year ahead making it even easier for users to get access to what they want, when they need it.

A new part alternatives capability, will be a valuable improvement, assisting users to identify alternatives for parts that might not be available. This is extremely significant in the current environment given persistent supply chain shortages which have driven customers to re-examine their e part

selection process and have elevated the importance of multi-sourcing. By combining Octopart's alternative part sourcing with the data insights generated by Spectra, (including historical inventory), customers now have powerful tools to operate more sophisticated risk management strategies for their electronics supply chain.

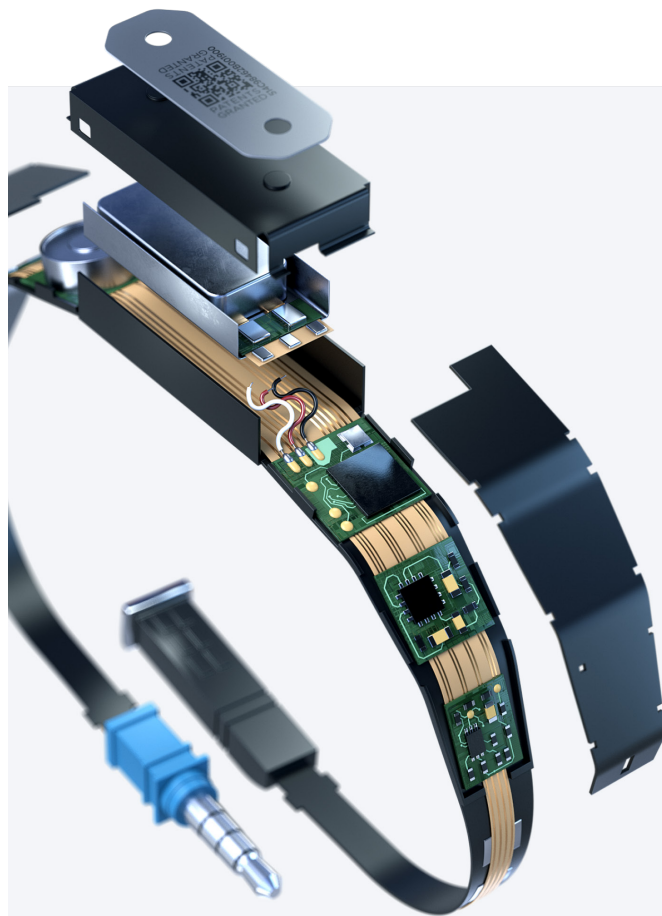
Strategy

Electronics are at the heart of a smart and connected world. The Internet of Things (IoT) comprises billions of devices, each connected to and through the internet to other devices. Each device has a printed circuit board (PCB) which powers its complex electronic functionality. (Steve Ranger ZDNet 3 Feb 2020)

The design, manufacturing and assembly of a PCB is a complex and systematic process with cumbersome manufacturing processes to identify, locate and purchase custom-fabricated bare boards and individual components. The PCB design and the identity and location of components are given to a board assembly company that builds the final PCB. Today this process is managed manually with extensive use of spreadsheets, site visits and emails. (Steve Ranger ZDNet 3 Feb 2020)

Consequently, many companies have bought electronics design in-house to create a competitive edge and accelerate the speed to market of their electronics products.

Altium PCB Design Software and its cloud platform enable the proliferation of electronics products, as the design of printed circuit boards and the sourcing of electronic parts are the two fundamental processes in the creation of electronics hardware.



The vision for the Altium 365 cloud platform and its associated industry connector, Nexar, is to digitise the entire PCB design, component sourcing and board manufacturing process from end-to-end. The Altium strategy of market dominance through industry transformation will help our customers who use our PCB software design tools and Altium 365 platform to take advantage of the modern era of the IOT.

Each element of Altium's strategy supports the other.

Dominance in the Altium Design Software business will increase uptake of the Altium 365 Cloud Platform. Equally, as the user base grows for Altium 365, customers will increase their usage and reliance on Altium Design Software. Altium will bring the business of engineering onto its cloud platform Altium 365, to connect design to the component supply chain and the board manufacturing industry.

The benefits of Altium 365 platform include:

- Reduction of churn
- Increased utilisation of PCB design tools
- A seamless digital platform, through Nexar to connect design with component sourcing and board manufacturing
- Additional direct monetisation opportunities through premium services and applications



Electronics are at the very heart of the software engineering ecosystem and are the bridge that connects the multiple disciplines of engineering from electronic CAD to mechanical CAD and product lifecycle management to computer aided engineering. The unique position of Altium in the engineering ecosystem as an independent and increasingly important provider imparts confidence in our strategy and in our ability to reach the aspirational goals we have set for financial year 2026.

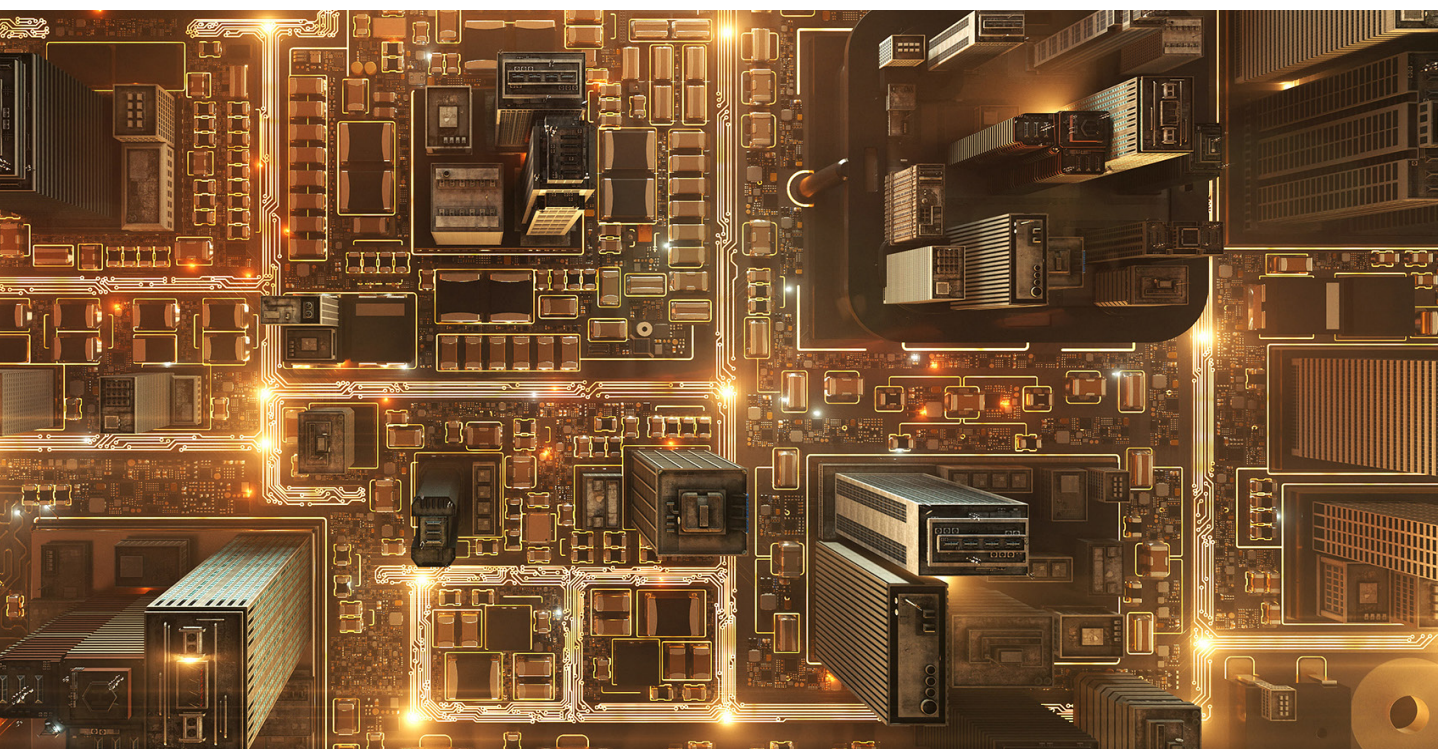
Outlook

Altium reaffirms guidance for financial year 2023:

- Total Revenue between US\$255 million and US\$265 million (15%-20% growth)
 - US\$195 million to US\$200 million for Electronic Design Software Business (15%-18% growth)
 - US\$60 million to US\$65 million for Engineering Cloud Platform Business (20%-30% growth)
- Underlying EBITDA margin of 35%-37%

Aspirational targets for financial year 2026 remain in place:

- Total Revenue of US\$500 million
- Underlying EBITDA margin 38%-40%
- 100,000 software seats on subscription (with a stronger uptake of higher-value subscription seats, the US\$500M 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 to drive dominance.



Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

Since period end, the Directors have declared a partially franked interim dividend of AU 25 cents per share. The interim dividend is franked at 40%. The dividend will be paid on 21 March 2023. The dividend will be recognised in subsequent period financial statements.

In January 2023, the Group paid AU\$40.0 million (US\$27.2 million) to the Australian Tax Office (ATO) representing 50% of the primary tax as per the disputed amended assessment for the 2016 to 2018 tax years. Refer to Note 11 of the interim financial statements for further details.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



Samuel Weiss
Chairman

20 February 2023
Sydney

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.



Aram Mirkazemi
Chief Executive Officer



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Altium Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Altium Limited for the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli

Partner

Sydney

20 February 2023

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Altium Limited

Consolidated statement of profit or loss and other comprehensive income for the half-year

		CONSOLIDATED	
	NOTE	31 DEC 2022 US\$'000	31 DEC 2021 US\$'000
Continuing operations			
Revenue	4	119,542	102,202
Operating expenses			
Employee benefits expense		(49,337)	(46,521)
Marketing expense		(6,465)	(4,327)
Communication expense		(4,805)	(3,848)
Depreciation and amortisation expense	5	(4,692)	(5,827)
Professional advice expense		(4,129)	(2,851)
Software and equipment expense		(4,109)	(3,908)
Travel expense		(1,558)	(578)
Insurance expense		(1,195)	(1,028)
Rental and occupancy expense		(724)	(738)
Hardware material expense		(616)	(1,798)
Other expenses		(3,317)	(1,804)
Total operating expenses		(80,947)	(73,228)
Operating profit		38,595	28,974
Finance income		1,020	313
Finance costs		(437)	(272)
Profit before income tax expense		39,178	29,015
Income tax expense	6	(9,531)	(6,143)
Profit after income tax expense from continuing operations		29,647	22,872
Discontinued operations			
Loss after income tax expense from discontinued operations		-	(143)
Profit after income tax expense for the half-year attributable to the owners of Altium Limited		29,647	22,729
Other comprehensive income for the half-year, net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		399	(428)
Total comprehensive income for the half-year attributable to the owners of Altium Limited		30,046	22,301
		CENTS	CENTS
Continuing operations			
Basic earnings per share	10	22.53	17.41
Diluted earnings per share	10	22.50	17.39
Group total			
Basic earnings per share	10	22.53	17.30
Diluted earnings per share	10	22.50	17.28

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Altium Limited

Consolidated statement of financial position

	NOTE	CONSOLIDATED	
		31 DEC 2022 US\$'000	30 JUN 2022 US\$'000
Assets			
Current assets			
Cash and cash equivalents		205,328	199,287
Trade and other receivables		51,305	52,510
Contract assets	4	15,046	10,976
Inventories		1,225	1,161
Tax receivables		3,906	1,639
Prepayments		6,890	7,651
Other assets		645	657
Total current assets		284,345	273,881
Non-current assets			
Other receivables		1,121	1,629
Investments and other assets	7	3,373	3,274
Property, plant and equipment		2,399	3,822
Right-of-use assets		3,291	8,190
Intangible assets		42,297	43,926
Deferred tax assets		42,792	46,728
Total non-current assets		95,273	107,569
Total assets		379,618	381,450
Liabilities			
Current liabilities			
Trade and other payables		20,063	20,058
Lease liabilities		2,323	5,364
Tax liabilities		2,249	3,672
Provisions		3,456	3,837
Customer contract liabilities	4	54,398	56,449
Total current liabilities		82,489	89,380
Non-current liabilities			
Lease liabilities		1,486	4,088
Deferred tax liabilities		3,474	3,804
Provisions		356	476
Customer contract liabilities	4	7,888	8,835
Other liabilities		12	13
Total non-current liabilities		13,216	17,216
Total liabilities		95,705	106,596
Net assets		283,913	274,854
Equity			
Contributed equity	8	127,699	127,699
Reserves		28,720	25,869
Retained profits		127,494	121,286
Total equity		283,913	274,854

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Altium Limited

Consolidated statement of changes in equity for the half-year

CONSOLIDATED	CONTRIBUTED EQUITY US\$'000	RESERVES US\$'000	RETAINED PROFITS US\$'000	TOTAL EQUITY US\$'000
Balance at 1 July 2021	127,699	22,142	106,059	255,900
Profit after income tax expense for the half-year	-	-	22,729	22,729
Other comprehensive income for the half-year, net of tax	-	(428)	-	(428)
Total comprehensive income for the half-year	-	(428)	22,729	22,301
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	2,490	-	2,490
Dividends paid (Note 9)	-	-	(20,143)	(20,143)
Balance at 31 December 2021	127,699	24,204	108,645	260,548

CONSOLIDATED	CONTRIBUTED EQUITY US\$'000	RESERVES US\$'000	RETAINED PROFITS US\$'000	TOTAL EQUITY US\$'000
Balance at 1 July 2022	127,699	25,869	121,286	274,854
Profit after income tax expense for the half-year	-	-	29,647	29,647
Other comprehensive income for the half-year, net of tax	-	399	-	399
Total comprehensive income for the half-year	-	399	29,647	30,046
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	2,452	-	2,452
Dividends paid (Note 9)	-	-	(23,439)	(23,439)
Balance at 31 December 2022	127,699	28,720	127,494	283,913

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Altium Limited

Consolidated statement of cash flows for the half-year

	CONSOLIDATED		
	NOTE	31 DEC 2022 US\$'000	31 DEC 2021 US\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of tax)		119,596	108,526
Payments to suppliers and employees (inclusive of tax)		(77,645)	(71,682)
Interest received		1,292	127
Interest and other finance costs paid		(156)	(270)
Net income taxes paid		(9,616)	(3,416)
Net cash from operating activities		33,471	33,285
Cash flows from investing activities			
Payments for property, plant and equipment		(600)	(236)
Payments for intangibles		-	(231)
Separation costs and tax paid on sale of TASKING, net of proceeds from sale		-	(5,507)
Net cash used in investing activities		(600)	(5,974)
Cash flows from financing activities			
Dividends paid	9	(23,439)	(20,143)
Repayment of principal component of lease liabilities		(2,474)	(2,961)
Net cash used in financing activities		(25,913)	(23,104)
Net Increase in cash and cash equivalents		6,958	4,207
Cash and cash equivalents at the beginning of the financial half-year		199,287	191,541
Effects of exchange rate changes on cash and cash equivalents		(917)	(729)
Cash and cash equivalents at the end of the financial half-year		205,328	195,019

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1

General information

The financial report covers Altium Limited as a consolidated entity consisting of Altium Limited and its controlled entities (the “Group” or “Altium”). The financial report is presented in US dollars, which is Altium Limited’s presentation and functional currency.

The financial report consists of the financial statements, notes to the financial statements and the directors’ declaration.

Altium Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3, Level 6,
Tower B, The Zenith,
821 Pacific Highway,
Chatswood, NSW 2067
Australia

A description of the nature of the Group’s operations and its principal activities are included in the directors’ report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 20 February 2023. The directors have the power to amend and reissue the financial report.

Altium makes extensive use of internet-enabled communications to ensure that its corporate reporting is timely, complete and available globally at minimum cost to the Group with maximum immediacy for shareholders and other stakeholders. All press releases, financial reports and other information are available at the investors section on the Altium website: www.altium.com. For queries in relation to Altium’s reporting, please email investor.relations@altium.com.

NOTE 2

Significant accounting policies, judgement and estimates

Basis of preparation

These condensed interim financial statements for the half-year reporting period ended 31 December 2022 (“Interim financial statements”) have been prepared in accordance with Australian Accounting Standard AASB 134 ‘Interim Financial Reporting’ and the Corporations Act 2001, as appropriate for profit-oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has reviewed all new accounting standards and interpretations issued by the Australian Accounting Standards Board (‘AASB’) and determined none of these standards and interpretations materially impact the Group during the half-year period. There are no new or amended standards and interpretations that are expected to have a significant impact on the Group’s consolidated interim financial statements.

Judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

NOTE 3

Operating segments

Description of segments

Management has determined the operating segments based on the reports provided to the Chief Operating Decision Makers, which are used to make strategic decisions and review operational performance. The Chief Operating Decision Makers comprise the Board and the Chief Executive Officer (the "CODM").

REPORTABLE SEGMENTS

Design Software

Measurement of fair value

Fair values of financial assets and liabilities are categorised into the different levels of the fair value hierarchy based on the inputs used in the valuation techniques. The Group does not hold any financial assets or liabilities which are classified as Level 1 or Level 2 fair value instruments in the fair value hierarchy. The convertible preference shares held in MacroFab Inc are recognised as a financial asset valued at fair value and are classified as a level 3 fair value instrument in the fair value hierarchy due to the use of unobservable inputs.

Management reviews significant unobservable inputs and valuation adjustments on a bi-annual basis. Any material valuation issues are reported to the Group Audit Committee.

The CODM considers the financial performance of the business based on product types and the overall economic characteristics of industries in which the Group operates and, as such, have identified two operating segments:

PRINCIPAL ACTIVITIES

Includes results from the PCB business for the Americas, EMEA, China and Asia-Pacific, as well as other products sold through partner channels.

Cloud Platform

Includes the results from, Nexar, Octopart and manufacturing units.

The CODM continues to consider the financial position of the business from a geographical perspective and as such the assets and liabilities of the Group are presented by geographical region for the half year ended 31 December 2022 and the comparative period.

Segment performance is evaluated based on reported and underlying earnings before interest expense, tax expense, depreciation and amortisation (EBITDA). Segment sales represent sales bookings as per orders from customers. These are subsequently adjusted for the deferred component which is recognised over the service period to arrive at revenue. Reported and underlying EBITDA and revenue are management's key metrics in understanding the results by segment.

Intersegment transactions

Transactions between segments are excluded from the segment information and do not form part of the reports used by the CODM.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Aggregation of operating segments

The regional operating segments for the Americas, EMEA, China and Asia Pacific have been aggregated into one reportable segment as they primarily sell the same products across the regions, and their customers and distribution methods are similar in nature.

Operating segment information

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE 31 DECEMBER 2022	DESIGN SOFTWARE US\$'000	CLOUD PLATFORM US\$'000	CORPORATE / UNALLOCATED US\$'000	TOTAL US\$'000
Segment sales ¹	93,305	27,771	-	121,076
Net adjustment for deferred revenue recognition ²	(1,675)	141	-	(1,534)
Total revenue	91,630	27,912	-	119,542
EBITDA	48,676	18,076	(23,465) ³	43,287
Underlying EBITDA	48,676	18,076	(23,465) ³	43,287
Depreciation, amortisation and impairment			(4,692)	(4,692)
Net finance income			583	583
Profit before income tax expense				39,178
Income tax expense				(9,531)
Profit after income tax from continuing operations				29,647
Profit after income tax from discontinued operations				-
Profit after income tax expense for the half-year attributable to the owners of Altium Limited				29,647

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE 31 DECEMBER 2021	DESIGN SOFTWARE US\$'000	CLOUD PLATFORM US\$'000	CORPORATE / UNALLOCATED US\$'000	TOTAL US\$'000
Segment sales ¹	79,613	23,096	-	102,709
Net adjustment for deferred revenue recognition ²	(448)	(59)	-	(507)
Total revenue	79,165	23,037	-	102,202
EBITDA	42,920	12,204	(20,323) ³	34,801
Underlying EBITDA	42,920	12,204	(20,323) ³	34,801
Depreciation, amortisation and impairment			(5,827)	(5,827)
Net finance income			41	41
Profit before income tax expense				29,015
Income tax expense				(6,143)
Profit after income tax from continuing operations				22,872
Loss after income tax from discontinued operations				(143)
Profit after income tax expense for the half-year attributable to the owners of Altium Limited				22,729

¹ Segment sales relate to confirmed sales orders from customers.

² Adjustment relates to the portion of deferred revenue which has been billed and portion of opening balances of deferred revenue and unbilled receivables recognised during the half-year.

³ Costs included in Corporate / Unallocated relate to head office employee and other overhead costs.

Geographical information

31 DECEMBER 2022 CONSOLIDATED STATEMENT OF FINANCIAL POSITION	AMERICAS US\$'000	EMEA US\$'000	CHINA US\$'000	ASIA PACIFIC US\$'000	CORPORATE US\$'000	TOTAL US\$'000
Revenue	66,973	34,630	9,725	8,214	-	119,542
Assets						
Segment assets	79,546	66,199	18,875	13,291	155,009	332,920
<i>Unallocated assets:</i>						
Deferred tax asset						42,792
Tax receivables						3,906
Total assets						379,618
Liabilities						
Segment liabilities	36,203	30,321	4,641	7,242	7,766	86,173
<i>Unallocated liabilities:</i>						
Tax liabilities						2,249
Deferred tax liabilities						3,474
Lease liabilities						3,809
Total liabilities						95,705

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	AMERICAS US\$'000	EMEA US\$'000	CHINA US\$'000	ASIA PACIFIC US\$'000	CORPORATE US\$'000	TOTAL US\$'000
31 December 2021						
Revenue	54,295	30,443	11,311	6,153	-	102,202
30 June 2022						
Assets						
Segment assets	65,301	41,162	18,507	14,508	193,605	333,083
<i>Unallocated assets:</i>						
Deferred tax asset						46,728
Tax receivables						1,639
Total assets						381,450
Liabilities						
Segment liabilities	35,648	32,738	5,182	7,646	8,454	89,668
<i>Unallocated liabilities:</i>						
Tax liabilities						3,672
Deferred tax liabilities						3,804
Lease liabilities						9,452
Total liabilities						106,596

NOTE 4

Revenue

	CONSOLIDATED	
	31 DEC 2022 US\$'000	31 DEC 2021 US\$'000
From continuing operations		
Software license revenue	46,427	36,875
Subscription and maintenance revenue	43,338	40,565
Search advertising revenue	26,908	22,111
Service revenue	1,817	1,634
Other revenue	1,052	1,017
Revenue	119,542	102,202

Timing of revenue recognition

CONSOLIDATED - 31 DEC 2022	DESIGN SOFTWARE US\$'000	CLOUD PLATFORM US\$'000	TOTAL US\$'000
At a point in time	46,791	27,765	74,556
Over time	44,986	-	44,986
	91,777	27,765	119,542

CONSOLIDATED - 31 DEC 2021	DESIGN SOFTWARE US\$'00	CLOUD PLATFORM US\$'000	TOTAL US\$'000
At a point in time	40,041	22,976	63,017
Over time	39,185	-	39,185
	79,226	22,976	102,202

Customer contract assets

	CONSOLIDATED	
	31 DEC 2022 US\$'000	30 JUN 2022 US\$'000
Contract assets	15,046	10,976
Total contract assets	15,046	10,976

Customer contract liabilities

	CONSOLIDATED	
	31 DEC 2022 US\$'000	30 JUN 2022 US\$'000
Deferred subscription and maintenance revenue	53,854	56,145
Other deferred revenue	544	304
Current customer contract liabilities	54,398	56,449
Non-current customer contract liabilities	7,888	8,835
Total customer contract liabilities	62,286	65,284

NOTE 5

Expenses

	CONSOLIDATED	
	31 DEC 2022 US\$'000	31 DEC 2021 US\$'000
Profit before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Right-of-use assets	2,108	2,635
Property, plant and equipment	961	1,411
Total depreciation	3,069	4,046
<i>Amortisation</i>		
Customer relationships	668	668
Software	456	576
Intellectual property	499	537
Total amortisation	1,623	1,781
Total depreciation and amortisation	4,692	5,827

NOTE 6

Income tax expense

	CONSOLIDATED	
	31 DEC 2022 US\$'000	31 DEC 2021 US\$'000
<i>Income tax expense</i>		
Current tax	6,546	4,122
Deferred tax	1,950	1,970
Adjustment recognised for prior periods	1,035	51
Aggregate income tax expense	9,531	6,143

	CONSOLIDATED	
	31 DEC 2022 US\$'000	31 DEC 2021 US\$'000
<i>Reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense from continuing operations	39,178	29,015
Tax at the statutory tax rate of 30%	11,753	8,705
<i>Tax effect amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Share-based payments	736	747
Other items	179	(122)
	12,668	9,330
Adjustment recognised for prior periods	1,035	51
Difference in overseas tax rates	(3,453)	(2,777)
Remeasurement of deferred tax assets and liabilities	106	(135)
Previously unrecognised temporary differences	(366)	(160)
R&D credits	(539)	(361)
Franchise tax	80	195
Income tax expense	9,531	6,143

During the 2019 financial year, Altium was selected for a risk review followed by an audit by the Australian Tax Office (ATO), which is part of a program of work conducted by the ATO for the Top 1000 taxpayers in the large business and international segment. As is the case with all ATO reviews and audits, potential outcomes could include further ATO reviews, resolution or the issue of assessments. Further detail regarding the ATO is outlined in Note 11.

NOTE 7

Non-current assets – investment

	CONSOLIDATED	
	31 DEC 2022 US\$'000	30 JUN 2022 US\$'000
Investment in unlisted convertible preference shares	3,373	3,000
Accrued dividend on unlisted convertible preference shares	-	274
	3,373	3,274

In May 2021, the Group acquired 3,091,228 Series B convertible preference shares in MacroFab Inc at a cost of US\$3,000,000. MacroFab Inc provides a cloud platform service for electronics manufacturing.

During the half-year ended 31 December 2022, the Group acquired additional Series B-2 convertible preference shares in MacroFab in exchange for the sale of equipment, valued at US\$373,048.

Series B and Series B-2 convertible preference shares have identical rights. The shares are entitled to cumulative, non-compounding dividends at a rate of 8% per annum. The shares are convertible into ordinary shares at the option of the holder or automatically if the prescribed conditions are met. The shares are redeemable after the fifth anniversary of closing at the election of the Series B and Series B-2 majority. The shares acquired are less than ten per cent of the total share capital in MacroFab Inc, with voting entitlements equal to the number of ordinary shares into which the Series B and Series B-2 preference shares are convertible as of the record date prior to the voting.

The Group has elected to recognise the investment as a financial asset valued at fair value through other comprehensive income. The fair value of the shares is classified as a level 3 fair value in the fair value hierarchy due to the use of unobservable inputs. As at 31 December 2022, the fair value of the investment was determined based on the issue price of shares by MacroFab during the half-year adjusted for differences in rights to the shares held by the Group and adjusted for observed market conditions.

Significant unobservable inputs include the price of un-quoted shares of MacroFab and the adjustment ratio for the observed market conditions. The estimated fair value would increase/(decrease) if the adjustment ratio for the observed market conditions was higher/(lower). Reasonably possible changes at the reporting date to the significant unobservable inputs, holding other inputs constant, would not have a material effect on the fair value of the investment in MacroFab.

NOTE 8

Equity - contributed equity

	CONSOLIDATED			
	31 DEC 2022 SHARES	30 JUN 2022 SHARES	31 DEC 2022 US\$'000	30 JUN 2022 US\$'000
Ordinary shares - fully paid	131,647,099	131,469,072	127,699	127,699

Movements in ordinary share capital

DETAILS	DATE	SHARES	ISSUE PRICE AU\$	US\$'000
Balance	1 July 2022	131,469,072		127,699
Share issued - Employee Performance Rights	31 August 2022	172,441	-	-
Share issued - Employee Performance Rights	6 December 2022	5,586	-	-
Balance	31 December 2022	131,647,099		127,699

NOTE 9

Equity - dividends

Dividends paid during the financial half-year were as follows:

	CONSOLIDATED	
	31 DEC 2022 US\$'000	31 DEC 2021 US\$'000
Final dividend for the year ended 30 June 2022 of AU 26 cents (30 June 2021: AU 21 cents)	23,439	20,143

The directors have declared a partially franked interim dividend of AU 25 cents per share (2021: AU 21 cents) for the half-year ended 31 December 2022. The interim dividend is franked at 40%. The dividend will be paid on 21 March 2023 based on a record date of 7 March 2023. This amounts to a total dividend of US\$23.0 million based on the total number of shares outstanding.

NOTE 10

Earnings per share

	CONSOLIDATED	
	31 DEC 2022 US\$'000	31 DEC 2021 US\$'000
<i>Earnings per share - continuing operations</i>		
Profit after income tax for the half-year attributable to the owners of Altium Limited	29,647	22,872
	CENTS	CENTS
Basic earnings per share	22.53	17.41
Diluted earnings per share	22.50	17.39

	CONSOLIDATED	
	31 DEC 2022 US\$'000	31 DEC 2021 US\$'000
<i>Loss per share - discontinued operations</i>		
Loss after income tax for the half-year attributable to the owners of Altium Limited	-	(143)
	CENTS	CENTS
Basic earnings per share	-	(0.11)
Diluted earnings per share	-	(0.11)

	CONSOLIDATED	
	31 DEC 2022 US\$'000	31 DEC 2021 US\$'000
<i>Earnings per share – attributable to the owners of Altium Limited</i>		
Profit after income tax expense for the half-year attributable to the owners of Altium Limited	29,647	22,729
	CENTS	CENTS
Basic earnings per share	22.53	17.30
Diluted earnings per share	22.50	17.28
	NUMBER	NUMBER
Weighted average number of ordinary shares during the period		
Used in the calculation of basic earnings per share	131,584,167	131,351,251
Adjustments for calculation of diluted earnings per share:		
Employee performance share rights	171,435	209,864
Weighted average number of ordinary shares used in calculating diluted earnings per share	131,755,602	131,561,115

NOTE 11

Contingent liabilities

As disclosed in Altium's 2022 Annual Report and subsequent ASX release on 21 November 2022, during the 2019 financial year, the Australian Tax Office (ATO) performed a risk review as part of their program of work for the Top 1000 taxpayers in the large business and international segment. The ATO subsequently commenced an audit in respect of the years ended 30 June 2014 to 30 June 2018. The focus of the audit was a company restructure implemented by Altium in 2015 which resulted in the relocation of Altium's core business assets to a wholly owned group entity in the USA, including intellectual property valued at US\$402.9 million.

The ATO examined the application of the transfer pricing and general anti-avoidance provisions of Australian tax law arising from this restructure. On 29 July 2022, the ATO issued its final position papers on the application of the general anti-avoidance provisions, and in the alternative the application of transfer pricing. In doing so, and on the advice of the ATO's General Anti-Avoidance Rules Panel, the ATO withdrew its principal anti-avoidance position and amended its secondary anti-avoidance position. In its position papers, the ATO asserted the tax liability in respect of the 2016 to 2018 tax years was within a range from AU\$21.1 million to AU\$80.0 million (excluding penalties and interest), and Altium disclosed a contingent tax liability (excluding interest and penalties) on that basis in the 2022 Annual Report.

Following the 2022 Annual Report, and further to Altium's ASX release of 21 November 2022:

- On 28 and 29 November 2022, the ATO issued amended assessments for the 2016 to 2018 tax years of approximately AU\$80.0 million in primary tax (US\$54.4 million), (which does not take into account deductions of global operating costs), AU\$19.8 million in shortfall interest charges (US\$13.5 million) and AU\$10.0 million in scheme shortfall penalties (US\$6.8 million). The contingent liability has been amended accordingly to reflect the ATO's amended assessments.
- On 9 December 2022, the ATO commenced a "roll-over audit" in relation to the post audit years (2019-2021).
- On 19 December 2022, Altium entered into a "50/50 payment arrangement" with the ATO under which Altium agreed to make a payment of 50% of the disputed primary tax amount (approximately AU\$40.0 million) (US\$27.2 million) to the ATO, with that amount being refundable to Altium (with interest) if Altium is ultimately successful in the dispute. This payment was made on 3 January 2023.

Altium has engaged external legal advisers in relation to this matter and has filed objections with the ATO in relation to the 2016 to 2018 tax years. Confidential discussions are continuing with the ATO. Altium disagrees with the ATO's amended assessments and intends to vigorously defend its position and contest the matter through litigation proceedings.

Based on information available to the Directors, Altium does not consider it probable that the company will be required to pay additional tax in relation to this matter and no provision was recognised as at 31 December 2022.

NOTE 12

Events after the reporting period

Since period end, the Directors have declared a partially franked interim dividend of AU 25 cents per share. The interim dividend is franked at 40%. The dividend will be paid on 21 March 2023. The dividend will be recognised in subsequent period financial statements.

In January 2023, the Group paid AU\$40.0 million (US\$27.2 million) to the Australian Tax Office (ATO) representing 50% of the primary tax as per the amended assessment for the 2016 to 2018 tax years. Refer to Note 11 for further details.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Samuel Weiss
Chairman

20 February 2023
Sydney



Aram Mirkazemi
Chief Executive Office

Independent Auditor's Review Report

To the shareholders of Altium Limited

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Altium Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Altium Limited. does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2022 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Altium Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Caoimhe Toouli

Partner

Sydney

20 February 2023