

1. Company details

Name of entity:	Altium Limited
ACN:	009 568 772
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

				2022 US\$'000	2021 US\$'000
Continuing operations					
Revenue from ordinary activities	up	22.5%	to	220,812	180,223
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	up	33.1%	to	79,840	59,979
Earnings Before Interest and Tax (EBIT)	up	41.2%	to	67,873	48,068
Profit after income tax expense (PAT)	up	57.3%	to	55,488	35,272
Discontinued operations					
(Loss) / profit after income tax expense (PAT) attributable to the owners of Altium Limited				(143)	71,713
Total Profit from ordinary activities after tax attributable to the owners of Altium Limited	down	48.3%	to	55,345	106,985
Total Profit for the year attributable to the owners of Altium Limited	down	48.3%	to	55,345	106,985

Comments

The profit for the Group after providing for income tax amounted to US\$55,345,000 (30 June 2021: US\$106,985,000).

3. Net tangible assets

	2022 US CENTS	2021 US CENTS
Net tangible assets per ordinary security	177.1	159.7

Net tangible assets per ordinary security in the comparative period includes balances related to the divested TASKING business.

4. Control gained over entities

Not applicable.

5. Dividends

Current period

	AMOUNT PER SECURITY CENTS	FRANKED AMOUNT PER SECURITY CENTS
Final dividend for the year ended 30 June 2021 paid on 28 September 2021. There was no conduit foreign income component. (AU\$)	21.0	3.2
Interim dividend for the half year ended 31 December 2021 paid on 23 March 2022. There was no conduit foreign income component. (AU\$)	21.0	21.0

The Directors have declared a fully franked final dividend of AU26 cents per share for the year ended 30 June 2022. The dividend will be paid on 27 September 2022 based on a record date of 6 September 2022. This amounts to a total dividend of US\$23.9 million based on the number of shares outstanding.

Previous period

	AMOUNT PER SECURITY CENTS	FRANKED AMOUNT PER SECURITY CENTS
Final dividend for the year ended 30 June 2020 paid on 24 September 2020. There was no conduit foreign income component. (AU\$)	19.0	-
Interim dividend for the half year ended 31 December 2020 paid on 23 March 2021. There was no conduit foreign income component. (AU\$)	19.0	-

6. Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued.

7. Attachments

The Annual Report of Altium Limited for the year ended 30 June 2022 is attached.

8. Signed

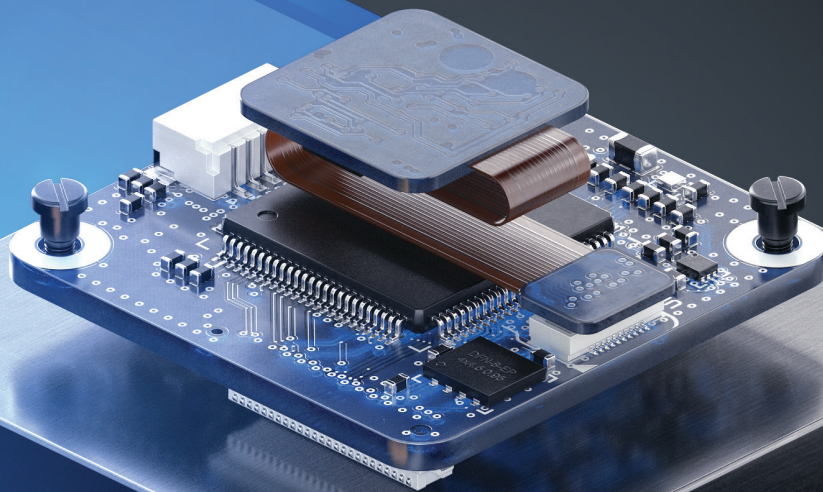


Aram Mirkazemi
Director and Chief Executive Officer

Sydney

Date: 22 August 2022

Altium[®]



Altium Limited
ACN 009 568 772

ANNUAL REPORT 2022

Financial Report

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Corporate Directory

NON-EXECUTIVE CHAIRMAN

**Samuel
Weiss**

CHIEF EXECUTIVE OFFICER

**Aram
Mirkazemi**

EXECUTIVE DIRECTOR

**Sergiy
Kostynsky**

NON-EXECUTIVE DIRECTOR

**Raelene
Murphy**

NON-EXECUTIVE DIRECTOR

**Lynn
Mickleburgh**

NON-EXECUTIVE DIRECTOR

**Simon
Kelly**

Annual general meeting

Thursday, 17 November 2022
9.30am AEDT

Company secretary

Natasha Davidson (BA LLB (HONS) LLM FGIA GAICD)

Registered office

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

Share register

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street, Sydney NSW 2000
Australia 1 300 850 505, Overseas +61 3 9415 4000

Auditor

KPMG
Level 38, Tower Three
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000 Australia
+61 2 9335 7000

Stock exchange listing

Altium Limited shares are listed on the
Australian Securities Exchange
(ASX code: ALU)

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 year ended 30 June 2022.

PRINCIPAL ACTIVITIES

During the financial year, the principal 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.

Dividends

Dividends paid during the financial year were as follows:

Final dividend for the year ended
30 June 2021 of AU 21 cents
(30 June 2020: AU 19 cents)



2022 ●
20.1 US\$'M
^10%

2021 ●
18.4 US\$'M

Interim dividend for the half year
ended 31 December 2021 of
AU 21 cents (31 December 2020:
AU 19 cents)



2022 ●
20.0 US\$'M
^4%

2021 ●
19.2 US\$'M

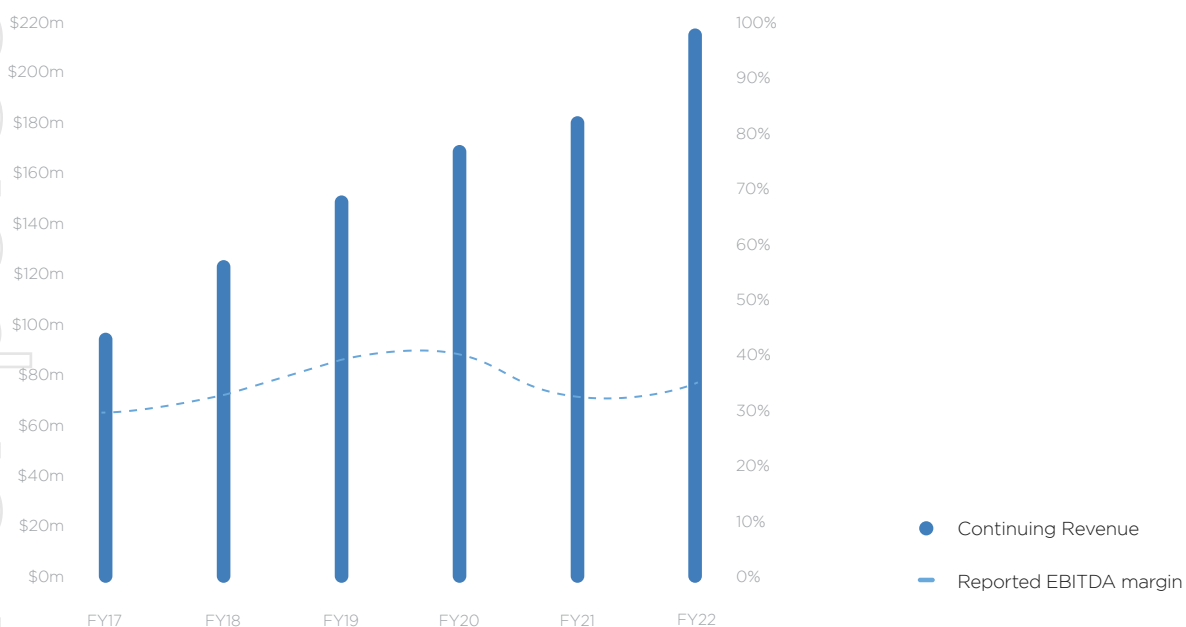
The Directors have declared a fully franked final dividend of AU26 cents per share for the year ended 30 June 2022. The dividend will be paid on 27 September 2022 with a record date of 6 September 2022. This amounts to a total dividend of US\$23.9 million based on the number of shares outstanding.

Review of operations

This update of Altium's operational performance in financial year 2022 will cover the following sections:

▼ OVERVIEW	▼ FINANCIAL PERFORMANCE	▼ BUSINESS OPERATIONS
▼ PRODUCTS AND TECHNOLOGY	▼ STRATEGY	▼ KEY RISKS

Overview





US\$220.8m

REVENUE

Altium achieved strong revenue growth of 22.5% to US\$220.8 million for the fiscal year 2022. Reported earnings before interest, tax, depreciation and amortisation (EBITDA) were US\$79.8 million, and the reported EBITDA margin was 36.2%. After excluding the US\$1.3m of costs related to Altium's support of its employees in Ukraine, the underlying EBITDA margin was 36.7% compared to the underlying EBITDA margin of 34.3% in the prior year.

Altium's recurring revenue grew to 75.4% of total revenue compared with 65.0% in the prior year. The increase in recurring revenue of 42.2% as compared to last year was supported by the PCB business growth, as the transition to time-based licenses accelerated, and Octopart achieved record results. As adoption of the cloud platform Altium 365 reduces churn in subscribers, the Group is on track to achieve its target of 95% recurring revenue, ex-China and developing countries by 2026.



TOTAL DOMINANCE IN

Mainstream
Engineering

✓
MONTHLY
SOFTWARE
UPDATES

✓
DIRECT
PRESENCE IN
MOST MARKETS

YEARS OF R&D

35+

SEATS
ON SUBSCRIPTION



56,912

^ 4,6%

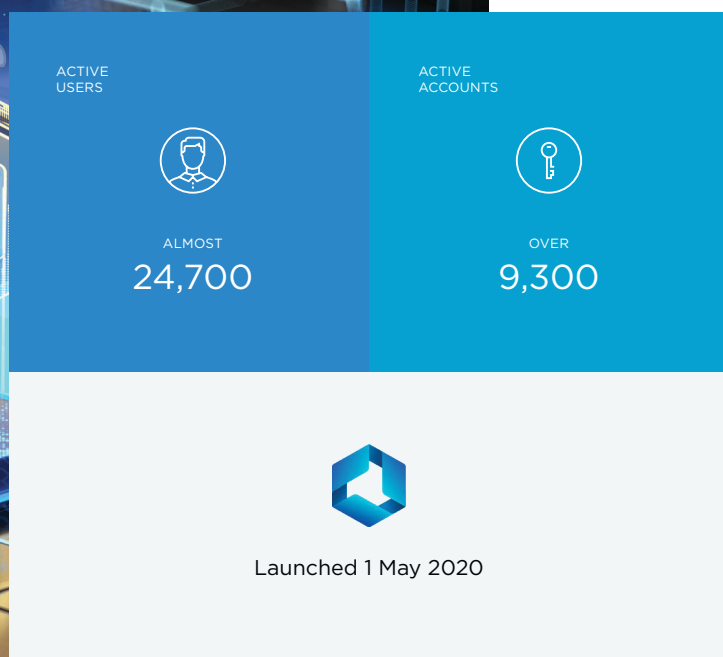
NUMBER OF
COMPANIES USING
ALTium DESIGNER

Over 30,000



Altium Designer Dominance

Altium Designer is the most widespread professional PCB design tool used by over 100,000 engineers worldwide.



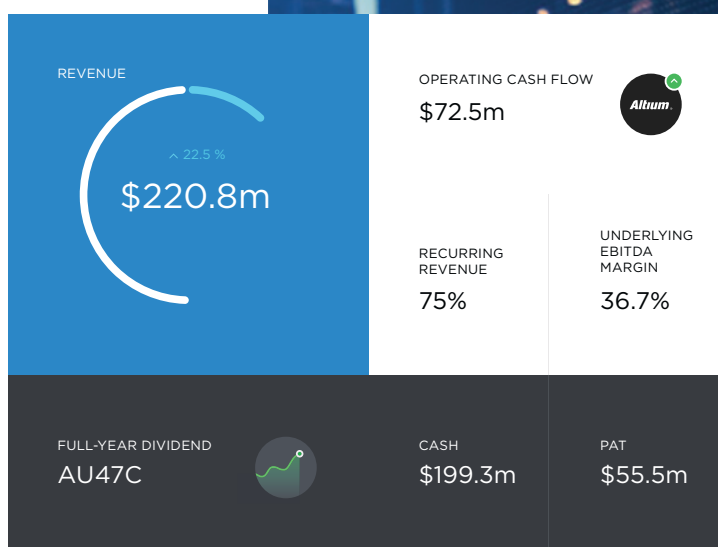
Altium 365 Adoption

The world's first digital platform for design and realisation of electronics hardware is in active use in thousands of electronics companies.

The adoption of Altium 365 has accelerated with almost 24,700 monthly active users (up from 19,700 since February 2022) and over 9,300 monthly active accounts (up from 7,700 in February 2022). A total of 23% of Altium seats on subscription have moved to the cloud with a further 30% in transition. This adoption has created strong interest in the Nexar platform, the Altium ecosystem for industry partners to access Altium 365.

Financial Performance

Altium is the fastest-growing EDA group in the world. Revenue has increased at a compound annual growth rate of 15.3% since fiscal year 2014, with double-digit revenue increases in every year except fiscal year 2021.



Key Financial Results

	CONSOLIDATED		
	30 JUNE 2022 US\$'000 ¹	30 JUNE 2021 US\$'000 ¹	CHANGE %
Revenue	220,812	180,223	22.5%
Operating expenses (excluding depreciation, amortisation, impairment and interest)	140,972	120,244	16.7%
EBITDA	79,840	59,979	33.1%
EBITDA margin	36.2%	33.3%	2.9%
Underlying EBITDA	81,132 ²	61,768 ³	31.3%
Underlying EBITDA margin	36.7%	34.3%	2.4%
Profit before income tax	67,859	47,662	42.4%
Income tax expense	12,371	12,390	0%
Profit after income tax	55,488	35,272	57.3%
EPS cents	42.23	26.89	57.0%

¹ Represent continuing business for both FY22 and FY21

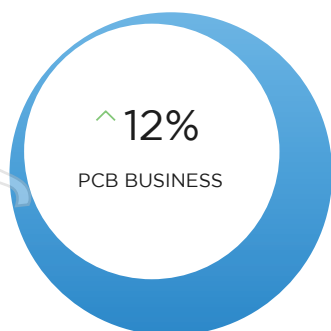
² FY22 Underlying EBITDA excludes US\$1.3 million of costs related to Altium support of its employees in Ukraine

³ FY21 Underlying EBITDA excludes:

- the impact of one-off costs associated with M&A of US\$2.3 million;
- the write-back of SolidWorks annual minimum contract payment of US\$1.4 million;
- the re-measurement of contingent consideration of US\$2.5 million;
- restructuring costs of US\$0.5 million

Revenue

	CONSOLIDATED		
	30 JUNE 2022 US\$'000	30 JUNE 2021 US\$'000	CHANGE %
Board and Systems (Altium Designer, CircuitStudio, SolidWorks PCB & Nexus)	169,290	150,890	12.2%
Americas	69,625	58,898	18.2%
EMEA	62,156	54,202	14.7%
China	21,191	23,589	-10.2%
Rest of World	16,318	14,201	14.9%
Octopart	49,968	26,963	85.3%
Manufacturing	1,562	2,370	-34.1%
Revenue – continuing operations	220,812	180,223	22.5%



The core PCB business grew by 12% for the year to US\$169.3 million. Double-digit revenue growth was achieved in all reporting regions, except China, which continued to suffer from the disruptive impact of COVID-19 lockdowns. Digital Sales and Enterprise Sales both performed solidly, with revenue from Nexus up 38% and revenue from Altium Designer up by 10% for the year. Altium is using its Digital Sales platform to drive volume and to expand reach.

List price levels have been increased, and discounts are at their lowest levels in many years (less than 10%). The realised price for Altium Designer seats sold was 22% higher than in the prior year.

The rate of change from perpetual license to term-based increased during the year which is positive for future recurring revenue. Term-based licenses grew by 52% to comprise a third of all new licenses sold.

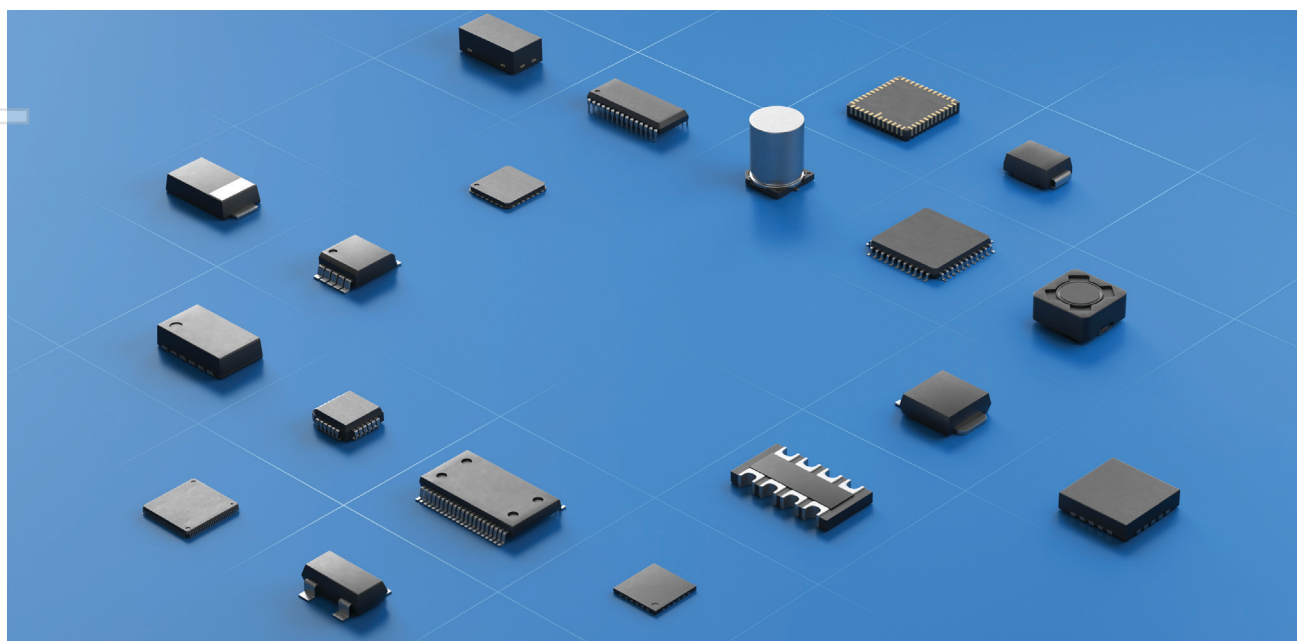
Altium's subscription business was solid for the year, with subscriptions up 4.6% since 30 June 2021 to over 56,900.

Nexus (which includes Concord Pro) returned to strong growth of 38% for the year to US\$20.3 million. NEXUS on cloud and on-premises capabilities are the focus for strategic partnerships with other software engineering firms to expand Altium's share of the higher end of the market.

Nexar, driven by Octopart, delivered a record performance for the year, growing revenue by 85% to US\$50.0 million. The record growth for Octopart for the year was underpinned by increased search activity for integrated circuits caused by the ongoing shortage in the semiconductor industry.

During the year, one of the leading Nexar customers restructured its contract with Octopart. Subsequently, Octopart introduced a new offer table placement dynamic, fundamentally altering the go-to-market approach for Altium search business and leading to higher realised costs per click (CPCs).

Growth in the Nexar API, which subsumed the Octopart API, is being supported by a new dedicated sales team that continues to evolve the business model. Today, API subscription prices are closely linked to the value created for a wide range of enterprise customers. While API revenue is not yet material, the growth rates hold promise to become an extremely sticky component of Altium search revenue.



OPERATING EXPENSES:

Altium achieved an underlying EBITDA margin of 36.7%, up from 34.3% in the prior year



36.7%
UNDERLYING
EBITDA

Altium reported EBITDA was US\$79.8 million and reported EBITDA margin was 36.2%. After excluding the US\$1.3m of costs related to Altium's support of its employees in Ukraine, underlying EBITDA margin was 36.7%. This is a significant increase on the underlying EBITDA margin of 34.3% in the prior year.

Profit before tax and profit after tax increased by 42.4% and 57.3% respectively.

Operating expenses grew by 17.8% on an underlying basis to US\$139.7 million.

Main contributors to the increased operating expenses as compared to the prior year are:

- Increased headcount, mainly in R&D to support the development of the cloud platform, and inflation adjustments with total employee benefits expense increasing by US\$10.6 million or 12.7%;
- Additional US\$2.5 million expense for Web advertising to accelerate Altium 365 adoption;
- US\$2.5 million higher spend on Amazon Web Services hosting fees for A365 infrastructure;
- Increase in share-based payment expenses of US\$2.5 million as a result of higher percentage achievement of performance hurdles;
- \$1 million increased travel cost following the reopening of the borders closed during the pandemic;
- \$1.6m of additional compliance costs associated with the ongoing income tax audit by the ATO.

Operating cash flow was up by 17.4% to US\$72.5 million compared to the prior year. This was due to an increase in cash receipts from customers and a decrease in net cash taxes paid.

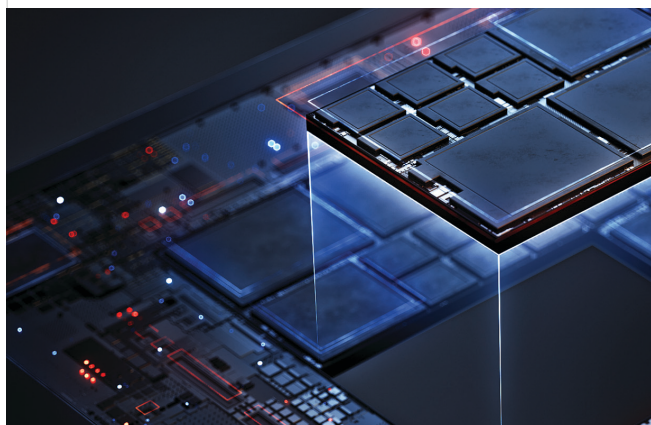
EPS from continuing operations increased by 57.0% to 42.23 cents reflecting strong revenue growth coupled with judicious management of operating expenses.

Business Operations and Organisation

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

▸ Design Software (BSD)

This is the Altium software business which provides PCB design solutions and indirectly enhances the value of Altium 365 through the subscriptions associated with PCB design tools.



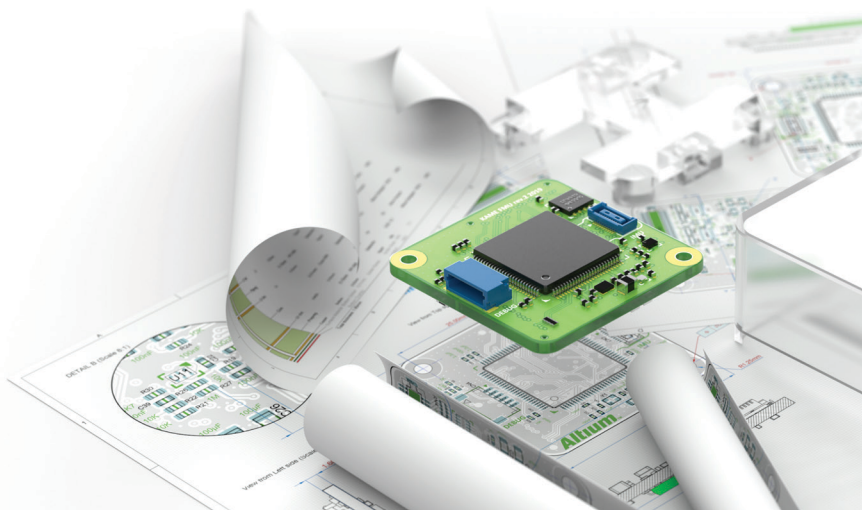
▸ Cloud Platform (Nexar)

This new business unit provides professionals and industry partners access to the vast ecosystem of electronic design and manufacturing users and customers. Nexar includes Octopart and manufacturing units Altimade and Upverter.

Altium has two engines of growth, Design Software (BSD) and Cloud Platform (Altium 365 and Nexar) for dominance and transformation and four flywheels to increase the rate of growth: cloud adoption, ecosystem adoption, design tools adoption and design platform 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.

Products and Technology

Altium has moved beyond a single flywheel that powered its market leadership journey in PCB design tools from a base of transactional sales and annual software releases to four flywheels for dominance of PCB design and transformation of electronics manufacturing.



Digital Sales and Design Tool Flywheel

ALTIUM DESIGNER



Altium Designer [AD] has a relentless focus to continue to improve and evolve existing capabilities, while in parallel investing in new areas that will enable Altium customers to be at the forefront of electronics innovation.

The introduction of reuse blocks provides a major productivity boost to users, while custom pad stacks now make it possible to tackle some of the most complex design challenges. Altium has added simulation capability to AD with a new SPICE engine as well as additions to power and signal integrity capabilities. Advanced work on Altium's routing engine will generate productivity improvements in high density, complex designs, ensuring Altium Designer remains the industry's first choice PCB tool.

As smart products increase in complexity, the Altium investment in multiboard design methodologies will make it easier than ever to create electronic systems consisting of multiple printed circuit boards, while the upcoming harness design capability will see the completion of a design environment that makes it easier than ever to develop such systems.

Altium has made major progress in its structural electronics capability, working closely with industry leaders to provide a design capability that until now has been effectively non-existent in the EDA world. With major verticals such as the automotive industry adopting this technology for a variety of purposes including human machine interfaces, Altium is poised to drive productivity and innovation for its customers in a way that is unrivaled by its competitors.

Professional Sales and Design Platform Flywheel

NEXUS



With NEXUS now available on Altium 365, Altium enterprise customers can take advantage of enterprise grade capabilities with the convenience that the cloud delivers. With several customers now having chosen NEXUS on Altium 365, Altium is making strong progress to deliver an agile enterprise solution that grows and scales with customers as their needs evolve.

The NEXUS customer base has grown, because investment in our core PCB design tool and data management capabilities have increased the value of our platform for them. They also benefit from the growing range of digital bridges from Nexar that connect to a variety of enterprise software solutions, PLM platforms, made easier than ever.

In combination with the Nexar integration platform, NEXUS will become an engineering platform for enterprise that will integrate to virtually any business system, from large vendor-based ERP and PLM systems to proprietary internal tooling, more easily and seamlessly than ever before. This will ensure NEXUS can support the workflows and processes of the modern enterprise while remaining easy to deploy and extremely cost effective.



Altium 365 and Cloud Adoption Flywheel

ALTIUM 365



Altium 365 is the world's leading platform for electronics PCB design and realisation. Customers who use it reap the rewards of the ongoing investment into a range of collaborative capabilities.

It is now easier than ever to compare different elements of a design in the browser, and with the recently launched lightweight tasks capabilities, teams around the world can digitise their design and review processes with big productivity gains. Complete digital threads capturing the what and why of a design help ensure "right first time", while providing traceability that ensures knowledge is never again lost to an email or siloed document.

There is no better platform to help guide and support companies through the unprecedented supply chain issues that show little sign of abating. Improvements in BOM and component management capabilities simplify the complex process of dealing with a volatile supply chain, with Octopart and IHS Markit integration providing invaluable information to help companies design with resilience.

Altitude, which was launched in January, provides a design to realisation experience directly on Altium 365 and has been used already by several customers to produce fully assembled printed circuit boards, with some having made repeat orders. The feedback has been very positive, with customers praising how it is "simply fantastic" and "a game changer".

Altium 365 achieved SOC2 Type I certification in 2022, a major milestone that demonstrates Altium's commitment to the security of its customers' data and their business.

Nexar and Ecosystem Adoption Flywheel

NEXAR



Nexar has evolved rapidly over the last year. The number of Nexar partners has increased and with that so has the availability of API connections. Nexar will accelerate the adoption of Altium 365 by delivering partner services and integrations through seamless, digitally connected user experiences.

Octopart had a record year and helped many customers navigate the electronics supply chain at a time of scarcity and limited component supply. The last six months saw the rollout of inventory history on the site, providing historical availability information on millions of parts over the previous one-year period. This powerful insight gives customers important information to help aid in decision making.

Octopart also launched a proprietary CAD marketplace, providing ECAD design assets for a range of different ECAD tool vendors from the industry's leading CAD model creation companies, including Ultra Librarian and SnapEDA. Additional investment into similar part comparisons, will allow Octopart to increase its lead in the support of millions of users through the supply chain crisis.

Nexar Spectra, the new brand for data-as-a-product and data-as-a-service offerings, was released with the launch of the Electronic Design and Delivery Index (EDDI) at the beginning of the calendar year. EDDI is built on a foundation of more than 300 billion historical data points, and it provides insights and intelligence to help organisations make more informed and strategic sourcing decisions. With further data products including Supply Chain Resilience (SCR) coming online, Spectra is set to equip organisations with the tools, services and data to make better supply chain decisions.

Strategy

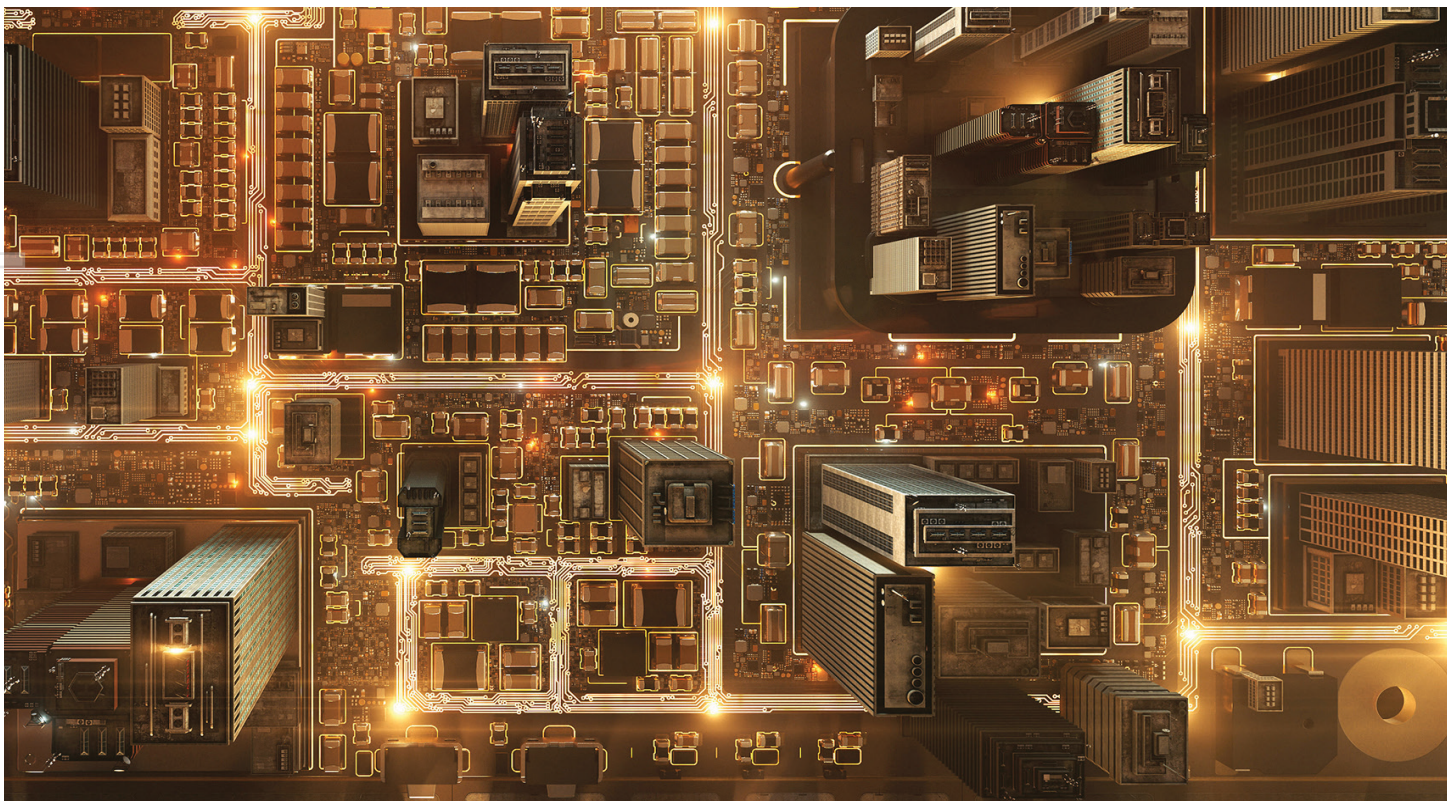
The Internet of Things [IOT] is making the fabric of the world around us smarter and more responsive, merging the digital and physical universes.

Steve Ranger

ZDNET, 3 Feb 2020

The IOT comprises billions of devices, each connected to the internet and through it to other devices and each device has a printed circuit board which powers its electronic functionality and each PCB not only needs to be designed using a tool such as Altium Designer, but it needs to be manufactured through a cumbersome process that involves the purchase of a custom-fabricated bareboard and individual components, shipping them to a board assembly company and the building there of the final PCB. Today this process is managed manually and with the extensive use of spreadsheets, site visits and emails.

The vision is for the Altium 365 cloud platform and its associated industry connector, Nexar, to digitise the entire PCB design, component sourcing and board manufacturing process from 'end-to-end.' We believe that it has the potential to transform PCB design and manufacturing so that it is consistent with the modern era of the IOT.



Altium is pursuing a strategy of dominance and industry transformation to achieve its vision. Each element of the strategy supports the other. Dominance in PCB design software business will increase uptake of the Cloud Platform. Equally, as the user base grows for Altium365, customers will increase their usage and reliance on Altium Designer. Altium will bring the business of engineering on to its cloud platform Altium 365 to connect design to the component supply chain and the board manufacturing industry. Four adoption programs are key to Altium's strategy:

- Adoption of Design Tools through a digital sales platform for Altium Designer
- Adoption of the Design Platform through professional sales of Nexus
- Adoption of Cloud collaboration through Altium 365
- Adoption of the Cloud Ecosystem through Nexar

During fiscal year 2023, Altium will continue to extend its digital sales platform and digital stores to mainstream customers, and utilise strategic partnerships to expand into the high-end of the market.

The benefits of Altium 365 include:

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

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 to product lifecycle management to computer aided engineering. The unique position of Altium in the engineering ecosystem as an independent and increasingly dominant electronics design tool provider imparts confidence to the Group that its strategy will achieve the goals set out for FY26.

Key Risks

Altium recognises and deals with a variety of financial and non-financial risks and has a framework in place to enable the Group to assess and manage risk on an ongoing basis. Neither the risks listed below, nor their mitigating actions are a comprehensive list.

RISK	DESCRIPTION OF RISK	RISK MITIGATION STRATEGY
Financial, Compliance and Regulatory risk	Altium is a global organisation operating in many countries around the world and is subject to multiple regulatory and compliance regimes. Altium's ability to manage relations with key regulatory agencies in all markets in which it operates is essential to the smooth operation of its business model. Additionally, Altium must maintain protocols to monitor and effectively stay ahead of any new or changing regulations to ensure continued compliance.	Altium has dedicated professionals, including specialist external advisors, who identify, monitor and mitigate risks within the Altium business globally, including compliance with specific accounting and regulatory reporting requirements, personal data privacy issues such as GDPR, tax and reporting in Australia and other markets, as well as export control requirements worldwide. Altium's compliance framework and protocols are reviewed on a regular basis by the Audit and Risk Management Committee, Management and the Board.

RISK	DESCRIPTION OF RISK	RISK MITIGATION STRATEGY
Pandemic and Economic Risk	The COVID-19 pandemic has had a widespread impact on the global economy. The associated volatility of market conditions has and may continue to affect areas of Altium's business, including financial performance, personnel and operations. A recession or other adverse economic factors could lead to slower or even negative growth in the PCB design software market and for Altium.	To take advantage of shifting market conditions, Altium will implement product mix changes this year, which should serve price-sensitive customers by providing a lower cost of entry to Altium products and a pathway to graduate to a full-featured toolset over time. Additionally, Altium has implemented a flexible model for workers worldwide that allows both remote and in-person operations. This year, Altium will support personnel in this new landscape by reducing office footprints in tier one cities and opening offices in tier two cities to provide office access to a larger percentage of the Group's workforce.
Political Instability Risk	As a global employer with teams in Ukraine and Russia, political instability in those regions has posed challenges in Altium team availability and for our collaborative work as a global team. Though it is difficult to anticipate how things will change in Ukraine and Russia, Altium's ability to respond and adapt will determine the level of impact they may have on the business.	In response to the current conflict in Ukraine, Altium is winding down business in Russia and has heightened monitoring to ensure it is compliant with numerous international regulations that were either in effect before the conflict or put in place after it. In support of team stability and safety, the migration of key staff and family from Ukraine and Russia has been undertaken. Furthermore, IT infrastructure in Kyiv, Ukraine, has been offloaded to other regions, and infrastructure in Russia has been decommissioned to provide further security and reduce risk from proximity to conflict zones.
New Product Adoption	As Altium continues to grow, new product adoption is central to achieving fiscal targets. Altium 365 is critical to the Group'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 Altium's Enterprise Sales group will be essential to achieve set targets.	To support the ease of purchase and adoption, Altium plans product mix changes. Holistic omnichannel sales and support being put in place allows for greater engagement with enterprise accounts. Focused leadership of and investment in the Enterprise Sales group will be provided to drive significant growth and results.

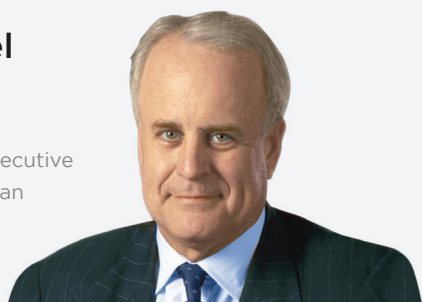
RISK	DESCRIPTION OF RISK	RISK MITIGATION STRATEGY
Security of Sensitive Information and Cyber Risk	Altium is at risk from cyber attacks or other digital intrusions on proprietary information, employee data and customer data. Altium could be impacted significantly by security breaches through theft, destruction or misappropriation or release of confidential digital (or other) data.	Altium segregates data and backups and monitors critical access to them and is committed to the highest standards of information security. Altium has SOC2 Type 1 compliance approval and is undergoing SOC2 Type 2 certification this year. In tandem with SOC2 compliance protocols, Altium has an internal review and continuous improvement process to ensure that it maintains a high level of cybersecurity focus and compliance. The Audit and Risk Management Committee has primary oversight responsibility and regularly briefs the Board on cybersecurity risk management.
Ability to Attract and Retain Key Personnel	The success of Altium is dependent on attracting and retaining key personnel and executives. There is a risk Altium may not be able to attract and retain key personnel due to competitor recruitment pressure, which could affect the near-term ability to achieve key strategic and operational goals.	Altium's high-performance culture and consistent drive for results and improvements in incentive compensation and retention and diversity programs enhance Altium's desirability as an employer of choice.
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 our strategy and deliver on commitments over both the short and long term is critical to future success.	Altium balances the achievement of long-term strategic objectives with the accomplishment of short-term commitments. Altium devotes significant time and resources to the development, monitoring and review of its strategic direction. The process includes dedicated strategy sessions at the board level, teams dedicated to programs critical to strategy, and robust dashboards to monitor and highlight progress and risks.

Board of Directors

Altium's team of experienced leaders combine deep knowledge and expertise within the Electronic Design Automation industry with responsible public company management.

Samuel Weiss

Non-executive
Chairman



Qualifications

AB, Harvard College MS, Columbia Business School FAICD

Experience

Sam 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. Sam is a highly experienced Company Chairman who has been instrumental in the growth and leadership of Altium Limited over fifteen years as the Group has generated shareholder value through superior technology and strategy, capital and financial controls, and strong corporate governance.

His experience in global markets helps to guide the Group to achieve its strategy to transform the electronics industry through the creation and adoption of an interactive digital platform for the design and manufacture of Printed Circuit Boards.

Expertise

Sam brings to Altium strong corporate governance experience with specific skills and background in technology, online products and services, consumer marketing, and doing business in global markets. He has a leading edge understanding of multi-channel brand management and go-to market strategy development and of Internet enabled businesses. Sam is well versed in the human capital, legal and financial intricacies of mergers and acquisitions, corporate restructuring and business integration and consolidation. He has boardroom expertise in remuneration policy and planning, as well as director level oversight of strategic planning, and organisational design and development.

Other current directorships

None

Former directorships (last 3 years)

Citadel Limited, 3PLearning Limited

Special responsibilities

Chairman of the Board, Member of the Audit and Risk Management Committee and the Human Resources Committee

Aram Mirkazemi

Executive Director,
Chief Executive
Officer



Qualifications

BE – Computer Systems Engineering

Experience

Aram has been a driving force at Altium since the early 1990s. Aram commenced his career with Altium as Director of Research and Development from 1991-1999. Following a successful IPO in 1999, Aram left Altium to explore his interest in web-based technology before returning to Altium in 2010 when he was appointed Head of Engineering, and later Chief Technology Officer. Aram was appointed as Chief Executive Officer in January 2014 and has been an Executive Director of the Board since 2012.

Expertise

Aram is at the forefront of the development of Altium's strategic direction and is responsible for leading the company's global business strategy. Aram has a deep understanding of the EDA industry, accumulated through many years of being at the frontline of CAD software development. He also has a strong track record in financial management and stakeholder engagement.

At the heart of his visionary approach to bring about a transformation to the electronics industry is Altium's strong financial performance and Altium's ability to strategically partner within the industry.

Under Aram's leadership tenure, Altium has become the fastest growing EDA company.

Other current directorships

None

Former directorships (last 3 years)

None

Special responsibilities

None

Sergiy Kostynsky

Executive Director,
President



Qualifications

Bachelor's degree in Applied Mathematics from the National Technical University of Ukraine

Experience

Sergiy has 20 years of extensive experience at a senior management level in CAD software development and web-based technology. Prior to rejoining Altium as VP Engineering in 2010, as part of the Morfik Technology acquisition, Sergiy served as Director, Product Development. Sergiy was also one of the founding members of the Dream Company, a Ukraine component development company which was acquired by Altium in 2001. He is outstanding in creating, directing and managing complex software engineering projects and products, and has been the driving force behind Altium research and development. Sergiy was appointed as an Executive Director on 1 January 2018.

Expertise

As President, Sergiy is responsible for driving optimal performance in all aspects of Altium's execution including all product and go-to-market domains. Sergiy has been the leader and architect of Altium's technology development that underpins the company's bid to achieve market dominance and transform the electronics industry. Under Sergiy's leadership, Altium's PCB design tools have become world class and the company's cloud platform Altium 365 is set to revolutionise the way that electronic products are designed and manufactured.

Other current directorships

None

Former directorships (last 3 years)

None

Special responsibilities

None

Raelene Murphy

Non-executive
Director



Qualifications

BBus, FCA, GAICD

Experience

Raelene was appointed to the Altium Board on 21 September 2016 and was Chair of the Audit and Risk Management Committee until 29 April 2022. Raelene is an experienced non-executive director with an emphasis in her portfolio on high growth companies.

During her executive career, Raelene has been a partner at a national accounting firm, held senior executive roles in finance with the Mars Group and as CEO of the Delta Group. Prior to becoming a full time Non-executive Director, she served as Managing Director of KordaMentha where she was a lead partner on the Federal Government strategic review of the NBN.

Expertise

Raelene is highly experienced in driving financial and operational performance as an executive, advisor and Non-executive director in a number of industry sectors in the private and public arena. In particular, Raelene's expertise has been in M&A and post-acquisition integration, two areas that are germane to the strategic plans of Altium.

Other current directorships

Bega Cheese Limited, Integral Diagnostics Limited, Elders Limited and Tabcorp Holdings Limited.

Former directorships (last 3 years)

Service Stream Limited
Clean Seas Seafood Ltd

Special responsibilities

Member of the Human Resources Committee and Member of the Audit and Risk Management Committee (Committee Chair to 29 April 2022).

Lynn Mickleburgh

Non-executive
Director



Qualifications

BSc (with Honours) in Mathematics, MBA in Business Management

Experience

Lynn joined the Altium Board as a Non-executive Director on 1 March 2017. Lynn brings experience from both Fortune 500 companies and high growth SMB in the technology sector. From 2015 – 2018 Lynn was Head of Business Optimisation at Atlassian Inc, with her prior experience including VP Finance at Citrix Systems and various global and operational leadership roles at Adobe Systems and Apple Inc.

Expertise

Lynn has many years' experience in transforming and scaling software companies and brings valuable skills to the Altium Board in B2B multi-channel commerce for SMB and Enterprise, and building agile, scalable business platforms for operational efficiency. Lynn's expertise includes emerging GTM business models, SAAS growth strategies, moving from perpetual to subscription, frictionless customer experiences; and leveraging people, process and technology to drive margin expansion. Lynn is also well versed in finance and accounting, corporate planning and reporting, data governance and M&A integrations.

Other current directorships

Appen Limited

Former directorships (last 3 years)

None

Special responsibilities

Chair of the Human Resources Committee and Member of the Audit and Risk Management Committee

Simon Kelly

Non-executive Director



Qualifications

BA (First Class Honours) in Economics and Accounting, CA (ANZ), FCA (ICAEW), MAICD

Experience

Simon was appointed to the Altium Board on 17 March 2022.

His diverse executive career includes 10 years with PwC in the UK and Australia and C level roles such as CEO, CFO, COO and CIO at a number of ASX listed companies including Ardent Leisure, Nine Entertainment Co., Aristocrat Leisure, Virgin Australia and Goodman Fielder. His career also includes leadership roles at a number of emerging high growth technology businesses.

Expertise

Simon has extensive international experience in overseeing and managing global business strategy, strategic and operational finance, growth, business transformation and technology. Simon also has a depth of experience in corporate governance, M&A business integration, debt and capital markets, human resource management and sustainability.

Other current directorships

MA Financial Group Limited

Former directorships (last 3 years)

None

Special responsibilities

Member of the Audit and Risk Management Committee (from 17 March 2022), Chair of the Audit and Risk Management Committee (from 29 April 2022) and Member of the Human Resources Committee (from 17 March 2022).

Natasha Davidson

Group General Counsel and Company Secretary



Qualifications

LLM, LLB (Hons), BA, GAICD, FGIA

Experience

Natasha joined Altium in June 2021.

She has 25 years' experience as an attorney practicing in mergers and acquisitions and capital management.

During her career, Natasha has fulfilled a number of executive roles including the Chief Commercial Officer and Chief Legal Officer at Ansarada, Group General Counsel and Company Secretary at WiseTech Global, and Senior Director of Investment Banking at ABN AMRO/RBS. She was also elected the President of the Australian Financial Markets Association Capital Raising Committee for a maximum term.

Expertise

Natasha is an M&A and capital markets expert and specialises in big data, growth and governance in the SaaS industry. She also has in-depth experience in human resource management and sustainability.

'Other current directorships' quoted above are current directorships for listed entities only and exclude directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years of listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretaries

Natasha Davidson

Alison Raffin - Ceased position 24 June 2022

Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	FULL BOARD		HUMAN RESOURCES COMMITTEE		AUDIT AND RISK MANAGEMENT COMMITTEE	
	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD
Samuel Weiss	9	9	4	4	7	7
Aram Mirkazemi	9	9	-	-	-	-
Sergiy Kostynsky	9	9	-	-	-	-
Raelene Murphy	8	9	4	4	7	7
Lynn Mickleburgh	9	9	4	4	7	7
Simon Kelly ¹	1	1	1	1	1	1

¹ Simon Kelly became a KMP upon his appointment as a Director on 17 March 2022.

Held: Represents the number of meetings held during the time the director held office or was a member of the relevant committee.

There was one Board sub-committee meeting convened during the period. All eligible sub-committee members being Samuel Weiss, Aram Mirkazemi and Raelene Murphy, attended this meeting.

Remuneration report

Letter from the Chair of the Human Resources Committee

Dear Fellow Shareholders,

On behalf of the Human Resources (HR) Committee, I am pleased to present the Altium Remuneration Report for the financial year ended 30 June 2022. Altium has a transformative vision for the electronics industry to change the way Printed Circuit Boards [PCB] are designed and manufactured.

In the Altium arena of high-tech software and Cloud development, and the competitive nature of that landscape, success is driven by talent. Talent is even more critical when pursuing a transformational growth agenda compared to a more modest growth strategy. Attracting and retaining world class executives is critical for the next phase of our journey toward transformation. This report describes how our compensation framework supports our transformative vision.

Today Altium operates a well-established software business and our best-known product, Altium Designer, is the clear global market leader. We achieved this leadership position after years of R&D investment and a singular focus on building market share in all market segments except Enterprise which we have entered only relatively recently. Two years ago, during COVID, we pivoted to accelerate our transformational agenda. We changed our leadership structure with the creation of the Office of the CEO led by Aram Mirkazemi primarily responsible for vision and strategy, and Office of the President, led by Sergiy Kostinsky and responsible for day-to-day operations and converting strategy into execution. We also launched Altium 365 and Nexar which together form a Cloud platform for collaboration in the design of PCBs as well as the sourcing of parts for them and the manufacturing of the boards once the design and part sourcing has been completed.

Early adoption of our Cloud platform has been better than we could have ever expected. We believe the next major period of growth for Altium will be to build upon the early success of our Cloud platform by making it the place for the “business of engineering”.

After the clear success of our Cloud platform has been recognised we will enter a period of accelerated growth which is the point that our vision to Transform the electronics industry will begin to take hold. Transformation, in our view, implies growth that is well above that expected from a typical Public Company and the remuneration to achieve it should be governed by gates and targets that will incentivise performance that is beyond expectations.

As outlined in my letter of last year we anticipate that much of the work to open up and accelerate new growth pathways that define “Transformation” will be driven largely by our Centurion group (Company Builders) and that the process of accelerating growth once these new pathways are open will be driven largely by Senators (Professional Operators).

At our 2018 AGM we announced our intention to establish the Altium Ownership Plan [AOP] to attract exceptional talent who will share in the success of Altium as next generation founders, and their reward will be proportional to the outcome rather than solely related to their effort.” We said at the time that “up to 5% of the Group’s issued share capital will be set aside for the Plan for this purpose.” Today we are closer to the implementation of the AOP.

We intend to use it as an LTI Level 2 Plan [LTTI] and to make equity awards to both Centurions and Senior Level Senators as incentive compensation that is directly related to their contribution to a significant increase in shareholder value that will be achieved if we are successful with our transformation objectives. During the current financial year, we expect to model the AOP and to communicate to you how we intend for it to work.

Altium 2022 Performance

The HR Committee and the Board view the performance of the Group through a number of distinct filters including both the immediate financial results of the current year as well

as to how the current year fits within the planned trajectory for the Group over a longer, often five-year, horizon. After spending the 2021 financial year setting ourselves up for the post coronavirus world, in fiscal year 2022 we are happy to report that we have returned the Company to a level of growth previously enjoyed before the pandemic.



Remuneration Outcomes in 2022

During the financial year ended 30 June 2022, the Board and HR Committee selected performance measures to support and encourage progress toward our long-term goals of achieving US\$500 million revenue and 100,000 subscribers. In line with our long-held emphasis on growth in both top line sales and earnings we set KMP hurdles for Revenue and underlying EBITDA margin both of which were achieved. Our third metric of "Adoption" was split into its components this year to better support our long-term transformational goals. Specifically, we split "Adoption" evenly between PCB Designer adoption and Altium 365 adoption. The target for PCB Designer adoption was not achieved and the target for Altium 365 adoption was achieved at the entry level of 80%.

2023 and Beyond

Except for work on the AOP, the HR Committee does not anticipate making material changes to the Altium remuneration framework in the 2023 financial year. We will continue to set ambitious performance hurdles that align to our transformational vision, the achievement of which will represent material progress towards our long-term goals.

Whilst the impact of the global COVID-19 pandemic has not yet abated, things are beginning to return to a level of 'normality' at Altium. We are grateful to all members of the Altium team in all of our offices around the world for their commitment during the pandemic not to let it get in the way of getting on with our ambition to transform the electronics industry. The spirit and enthusiasm that each of them bring to our work every day is infectious and on behalf of the Board I would like to thank each of them for it. Equally, we are grateful for the continued support of our shareholders.

We welcome your comments about this report and your suggestions about how we can improve it.

A handwritten signature in black ink, appearing to be 'LM', written in a cursive style.

Lynn Mickleburgh
HR Committee Chair

Remuneration Report

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Introduction

This remuneration report sets out the remuneration of Key Management Personnel (KMP) for the year ended 30 June 2022. The remuneration report is presented in US dollars, unless otherwise stated.

KMP is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors (Executive and Non-executive).

Key Management Personnel

Altium KMP in the year ending 30 June 2022 are listed below.

NAME	POSITION	TERM AS KMP
Chairman	KMP who is not an Executive	
Samuel Weiss	Non-executive Chairman	Full term
Non-Executive Directors	KMP who are not Executives	
Raelene Murphy	Non-executive Director	Full term
Lynn Mickleburgh	Non-executive Director	Full term
Simon Kelly	Non-executive Director	Commenced 17 March 2022
Executive Directors	Executive KMP	
Aram Mirkazemi	Chief Executive Officer (CEO)	Full term
Sergiy Kostynsky	President and Chief Technology Officer	Full term
Other KMP	Executive KMP	
Martin Ive	Chief Financial Officer (CFO)	Ceased 28 February 2022

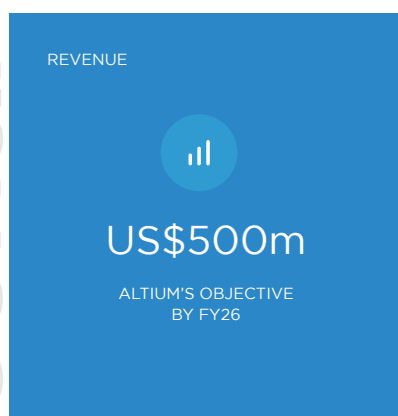
There have been no changes in KMP between the end of the reporting period and publication of the Annual Report.

Richard Leon is Interim CFO and is not considered a KMP.

Vision and Remuneration Principles

ALTIUM'S VISION:

To become the dominant provider of electronic design tools for the Printed Circuit Board design industry and to transform how electronics products are designed.



Remuneration principles:

To execute its vision Altium needs to:

- Attract, motivate and retain high-calibre Executives and employees who want to transform the electronics industry
- Align the creation of long-term shareholder value and achievement of ambitious Group goals in pursuit of its vision
- Provide market-specific competitive rewards, recognising most of the Executives are based in the USA, while balancing the expectations of Altium's shareholders
- Tailor reward to the unique requirements of the role and the employee's contribution to Altium's long-term success
- Ensure that the remuneration framework is sufficiently flexible to maintain compliance with local legislation in the various jurisdictions in which Altium operates
- Provide appropriate rewards, in line with Group and individual performance
- Have a highly engaged employee base with a unique employee experience

Executive remuneration framework and overview of incentive plans

Overview

All Executive KMP are Company Builders and are expected to exemplify extreme drive and an Altium First mindset, with a focus on long-term performance. Executive KMP are remunerated with a combination of Fixed and Long-Term Incentive Compensation (LTI). Aram Mirkazemi, CEO and Sergiy Kostynsky, President, are each substantial shareholders in Altium Limited and their LTI is paid in cash.

The following table provides a summary of the key elements of the remuneration framework for Executive KMP:

REMUNERATION TYPE	FEATURES	PURPOSE
Fixed annual remuneration (FAR)	<ul style="list-style-type: none"> Base salary plus benefits and statutory entitlements Reviewed regularly, with reference to the relevant market benchmarks 	Attract top talent in a competitive environment, considering the capability and experience of individual Executives
Long-term incentive (LTI) plan	<ul style="list-style-type: none"> Long-term performance-based plan Delivered as cash or performance rights, subject to Board discretion, which vest in future years subject to continued employment and achievement of performance targets Vesting for the financial year ended 2022 based on achievement of a combination of revenue, underlying EBITDA margin, subscriber and Altium 365 adoption targets and continued employment 	Encourage key employees to focus on the creation of enduring value for investors, whilst retaining them for the long-term

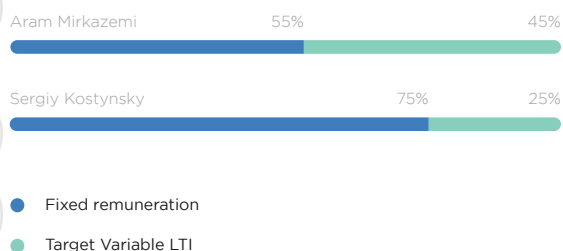
Changes to incentive plans:

For fiscal year 2021, LTI performance was assessed against three equally weighted performance metrics – Group revenue, margin, and PCB subscriber adoption. The fiscal year 2022 LTI performance for KMP was assessed against three equally weighted performance metrics Group Revenue, Margin and Adoption; however, the Adoption metric was split evenly between PCB subscriber adoption and A365 adoption.

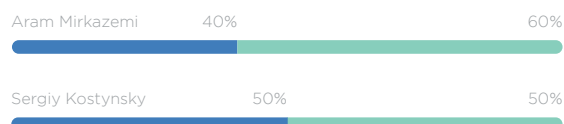
Remuneration mix

Incentive awards are set at 25%-45% of total remuneration in order to provide a meaningful incentive payment for the successful achievement of the Group goals. The target mix between variable and fixed remuneration for each Executive is as follows:

Financial year 2022



Financial year 2021



Fixed Annual Remuneration (FAR)

FAR is a combination of cash and benefits, including statutory entitlements. Retirement benefits are paid in line with local legislation and practice.

Approach to setting fixed annual remuneration

FAR for Executives is set with reference to:

- Local market compensation levels for comparable roles
- The individual Executive's skills, experience and contribution (current and potential)
- The size and complexity of the role

FAR is reviewed annually with reference to the Executive's relative performance within Altium. There are no guaranteed remuneration increases.

Variable remuneration

A summary of the LTI plans is set out below.

DESIGN ELEMENT

DESCRIPTION

Purpose

Encourages key employees to focus on the creation of enduring value for investors, whilst retaining them for the long-term.

Eligibility

Participants are invited to join the LTI plan every year based upon the recommendation of the CEO, the endorsement of the Human Resources Committee and with the approval of the Board. An invitation in one year does not commit the Group to invite participants in future years.

Target / Maximum

Target opportunity is calculated based on a percentage of the employee's FAR. The percentage is set based on an assessment of the employee's future potential impact and retention value.

Target LTI opportunity represents the maximum LTI opportunity.

Performance Metrics (and weightings)

LTI awards vest subject to continued employment as well as achievement against performance hurdles set each year by the Board.

Performance measures are selected with the intent to align with Altium's stated long-term corporate objectives. Hurdles are then selected to represent ambitious milestones towards achievement of those long-term objectives.

Performance hurdles are commercial in confidence and are disclosed on a retrospective basis once each tranche has been tested.

For the 2022 financial year tranche, the Board added a measure for Altium 365 Adoption which tracks the number of accounts actively using our new digital platform on the cloud. This is a key indicator to demonstrate progress towards industry transformation. This new measure is now part of the Adoption metric, which makes up 1/3 weighting of the LTI performance metrics.

WEIGHTING	METRIC	VESTING SCHEDULE	WHY MEASURE CHOSEN
One-third	Revenue	<ul style="list-style-type: none">0% of tranche vests if performance is less than Entry Level75% of tranche vests if performance equals Entry Level100% of tranche if performance is at least Target LevelStraight-line vesting for performance between Entry and Target Level	Supports achievement of Altium's stated corporate objective of achieving US\$500 million in annual revenue

Performance Metrics (and weightings)

One-third	Underlying EBITDA margin	<ul style="list-style-type: none"> 0% of tranche vests if performance is less than Entry Level 80% of tranche vests if performance equals Entry Level 100% of tranche if performance is at least Target Level Straight-line vesting for performance between Entry and Target Level 	Balances performance across the other two measures to ensure revenue growth and subscriber adoption do not come at the expense of profitability
One-third	Subscription adoption for PCB subscribers	<ul style="list-style-type: none"> 0% of tranche vests if performance is less than Entry Level 80% of tranche vests if performance equals Entry Level 100% of tranche if performance is at least Target Level Straight-line vesting for performance between Entry and Target Level 	Supports achievement of Altium's stated corporate objective of achieving 100,000 subscribers, which will drive recurring revenue growth and facilitate transformation of the electronics industry.
One-sixth			
One-sixth	Altium 365 Account Adoption	<ul style="list-style-type: none"> 0% of tranche vests if performance is less than Entry Level 80% of tranche vests if performance equals Entry Level 100% of tranche if performance is at least Target Level Straight-line vesting for performance between Entry and Target Level 	Supports achievement of Altium's transformation objective and measures the conversion of Altium Designer Seats from maintenance subscription to SaaS-like subscription

The Board believes the selected metrics best reflect the drivers of successful execution of Altium's strategy.

Calculation of the award

Calculation is based on the achievement of the performance metrics as measured by the audited annual results, management documentation and Board approval.

Award vehicle and vesting

Aram Mirkazemi and Sergiy Kostinsky are significant shareholders of Altium Limited shares and well above their minimum shareholding requirements. In light of this, the Non-executive Directors have resolved to pay all LTI entitlements to the Executive Directors in cash up to a maximum fixed cash value. Upon the performance conditions being satisfied the award will be paid in three approximately equal tranches following the end of the financial year subject only to employment testing after the first year.

For other Executive KMP, the award is delivered in performance rights which convert into fully paid ordinary shares in Altium at no cost to the recipient upon vesting. Any KMP who joins the LTI plan for the first time will receive an award of five tranches of performance rights that vest annually. After the first year of joining the plan, it is anticipated that each participant will receive an additional grant that will vest in five years' time subject to performance conditions outlined in a rolling five-year framework.

Termination and change of control provisions

Retirement, redundancy, leave by mutual agreement:

- LTI awards may remain "on foot" subject to Board discretion

Termination, resignation:

- All unvested awards are forfeited
- No entitlement to termination payments in the event of termination for misconduct

Changes / modifications

The Board has not modified the vesting outcome for awards tested in the financial year ended 2022

Discretion / malus

The Board recognises that formulaic performance hurdles are unable to account for all circumstances and might result in a nominal remuneration outcome that does not reflect true performance. As a result, the Board retains the right to exercise discretion to adjust outcomes up or down as warranted.

The LTI award is also subject to Board consideration of Good Leaver/Status as well as the employee's management of risk, involvement in any company reputational matters and malus consideration.

Minimum shareholding requirements

All KMP who participate in the LTI plan and all Non-executive Directors are required to reach, and then maintain a minimum shareholding requirement over a period of time.

The minimum shareholding requirement must be met within five years from the date of inclusion in the LTI plan or date of appointment for Non-executive Directors.

Participants are not permitted to sell or transfer shares if the minimum shareholding requirement is not met, with the exception of the need to sell to offset tax requirements, and subject to Board approval.

The minimum shareholding level is determined as a percentage of base remuneration (FAR). Details of current shareholdings for Executive KMP is set out below:

	MINIMUM SHAREHOLDING REQUIREMENT (% OF BASE REMUNERATION)	CURRENT SHAREHOLDING (% OF BASE REMUNERATION)	STATUS
Aram Mirkazemi	500%	35,219%	Meets
Sergiy Kostynsky	500%	8,889%	Meets

Link between Group performance and remuneration outcomes

The Altium Remuneration Framework is designed to align key employee remuneration to shareholder returns (in the form of capital appreciation and dividends). The table below shows the Group financial performance over the last five years.

Altium's remuneration strategy has evolved over time, and Altium believes that it is linked intrinsically to the success of the Group. Payout results for STI (which was discontinued effective 30 June 2020) and LTI have reflected the strong financial performance of the Group. STI and LTI hurdles have changed over time to better reflect what is most important during each phase to increase shareholder value and support Altium's long-term vision.

	2022 US\$'000	2021 US\$'000	2020 US\$'000	2019 US\$'000	2018 US\$'000
Revenue	220,812	191,103	189,124	171,819	140,176
EBITDA	79,840 ¹	67,186	75,634	62,721	44,869
Underlying EBITDA	81,132 ¹	68,975	72,829	62,910	49,828
Underlying EBITDA margin	36.7% ¹	34.3%	34.8%	36.6%	35.5%
EPS	42.23 ¹	81.56	23.60	40.57	28.86
Profit for the year	55,488 ¹	106,985	30,881	52,893	37,489
Dividend declared - AU cents	47	40	39	34	27
Share price at 30 June - AU\$	26.91	36.69	32.48	34.20	22.51
STI Achievement ²	N/A	N/A	0%	100% -150%	131%
STI performance hurdles ²	N/A	N/A	50% Revenue 50% EBITDA	70% Revenue 30% EBITDA	50% Revenue 50% EBITDA
Long-term cash and share scheme achievement	80.0%	43.2%	0%	100%	100%
LTI performance hurdles	33.4% Revenue 33.3% Underlying EBITDA Margin 16.5% Subscriber Adoption 16.5% Altium 365 Adoption	33.4% Revenue 33.3% Underlying EBITDA Margin 33.3% Subscriber Adoption	Revenue	50% Revenue 50% EPS	EPS

¹ Represent continuing business in fiscal year 2022.

² STI was discontinued effective 30 June 2020.

Actual remuneration received in the year ended 30 June 2022 (Non-IFRS disclosure)

The following table sets out the actual value of the remuneration received by Executive KMP members during the year.

The figures in this table are different from those shown in the statutory table which includes an accounting value for all unvested LTI grants during the year (some of which remain subject to the satisfaction of performance and service conditions and may not ultimately vest).

The table below shows the value of LTI performance rights that vested during the year as set out in Section 8. The value has been calculated using the share price at the date of vesting multiplied by the rights vested.

EXECUTIVE KMP	FINANCIAL YEAR	FIXED REMUNERATION				VARIABLE REMUNERATION		TOTAL US\$
		CASH SALARY US\$	NON-MONETARY BENEFITS ² US\$	ANNUAL LEAVE ³ US\$	POST EMPLOYMENT BENEFITS US\$	LONG-TERM CASH BONUS / LTI US\$	SHARE GRANT US\$	
Aram Mirkazemi	2022	500,000	52,775	-	-	441,333	-	994,108
	2021	500,000	48,575	15,440	-	444,625	-	1,008,640
Sergiy Kostynsky	2022	500,000	40,449	-	-	188,667	-	729,116
	2021	387,500	37,026	25,062	-	138,965	-	588,553
Martin Ive ¹	2022	249,078	2,493	(78,247)	247,931	78,897	91,116	591,268
	2021	256,263	2,556	36,744	24,443	-	-	320,006

¹ Martin Ive terminated as KMP on 28 February 2022, remuneration has been included up to that date.

² Non-monetary benefits include dental, medical and life insurance.

³ Annual leave is calculated as the movement in the balance sheet provision from the prior year to the current year.

2022 financial year incentive outcomes

For the year ended 30 June 2022, LTI performance for Executive KMP was assessed on Revenue, Underlying EBITDA Margin and Altium Subscriber Adoption goals.

PERFORMANCE METRIC	WEIGHTING	ENTRY (75% FOR REVENUE, 80% FOR EBITDA MARGIN, ALTUM 365 ADOPTION AND SUBSCRIBER ADOPTION)	TARGET (100%)	30 JUNE 2022 ACHIEVEMENT	30 JUNE 2022 WEIGHTED ACHIEVEMENT
Revenue	33.3%	US\$209 million	US\$217 million	100%	33.3%
Underlying EBITDA Margin	33.3%	34.0%	36.0%	100%	33.3%
Subscriber Adoption	16.5%	60,000	61,000	0%	0%
Altium 365 Adoption	16.5%	4,000	5,000	80%	13.3%

Remuneration governance

Altium has a robust remuneration governance structure, with a separate HR Committee to support the Board to oversee the Group's remuneration strategy, policies and practices.

Non-executive Directors attend all Board meetings and are invited to committee meetings where they are not members. Members of the HR Committee are fully across any issues or discussions arising during the Audit and Risk Management Committee meetings, and vice versa, enabling a comprehensive assessment of any relevant risk considerations in remuneration decision making.

Board

Oversees remuneration strategy, policies and practices

with advice and support of the:

HR Committee

- Advises the Board on remuneration strategy, policies and practices for the Board, the CEO and Executive team
- Comprised of three independent Non-executive Directors

to:

- Review and recommend to the Board changes to variable remuneration plans, including consideration of performance thresholds
- Review and recommend to the Board performance and remuneration outcomes for the CEO and Executive team (including incentive payments and awards/vesting)
- Review and recommend to the Board changes to NED fees
- Review and recommend to the Board the mandatory shareholding policy and its application
- Review and recommend to the Board any other policies it deems fit for the Board to consider

The Committee will have the appropriate resources to discharge its duties and responsibilities, including engaging counsel or other experts that it considers appropriate. This may include making requests to management or engaging external remuneration consultants to provide information and guidance.

Executive service agreements

Remuneration and other terms of employment for KMP are formalised in service agreements.

SERVICE AGREEMENT TERMS

Term of agreement	Open agreement with no fixed term
Notice	Aram Mirkazemi has 2 weeks notice and all other KMP are employed at will
Severance	Severance will be paid in accordance with local legislation
Termination payments	Termination payments made on departure

Non-executive Director remuneration

AU\$2.25m/year

NED FEE POOL

Non-executive Directors (NEDs) receive fixed remuneration by way of cash fees. No NED participates in any incentive plan.

NED fees reflect the demands made of, and the responsibilities and skills of the NEDs.

NED fees are recommended by the HR Committee and determined by the Board, within the maximum amount of cash salary approved by the shareholders from time to time. The maximum NED fee pool is AU\$2,250,000 per annum, which was last approved in a general meeting on 18 November 2021.

All NEDs have open agreements with no fixed term.

The following table outlines the base NED fees and committee fee policy as at 30 June 2022 and 30 June 2021. Fees are inclusive of statutory superannuation. The Chairman does not receive separate committee fees.

The current fees were set in 2016 and given the growth in the Group and, time and travel commitments required of Board members we expect to increase fees in fiscal year 2023.

BOARD / COMMITTEE	CHAIRMAN US\$	MEMBER US\$
Board	285,000	120,000
Audit and Risk Management Committee	18,750	11,250
HR Committee	18,750	11,250

Table outlining the statutory remuneration for NEDs in the year ended 30 June 2022 and 30 June 2021.

NON-EXECUTIVE DIRECTOR	FINANCIAL YEAR	BOARD AND COMMITTEE FEES US\$	OTHER FEES US\$	POST EMPLOYMENT BENEFITS US\$	BOARD AND COMMITTEE FEES US\$
Samuel Weiss	2022	259,091	-	25,909	285,000
	2021	260,274	-	24,726	285,000
Raelene Murphy	2022	148,750	-	-	148,750
	2021	150,000	-	-	150,000
Lynn Mickleburgh ¹	2022	150,000	-	-	150,000
	2021	150,000	50,000 ¹	-	200,000
Simon Kelly ²	2022	42,621	-	-	42,621

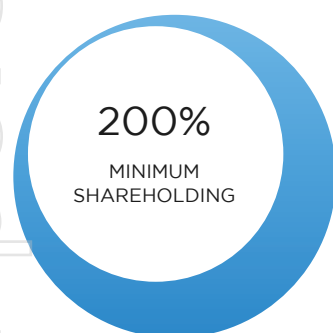
¹ Lynn Mickleburgh received a fee of US\$50,000 in FY21 to supervise the Due Diligence of an M&A transaction.

² Simon Kelly became a KMP upon his appointment as a Director on 17 March 2022.

Samuel Weiss, Raelene Murphy and Simon Kelly were paid in Australian dollars after conversion from US dollars at the prevailing exchange rate on the date of payment.

NED minimum shareholding requirements

Within five years of appointment, a NED is expected to hold a minimum shareholding of Altium shares equivalent to 200% of annual fees. The shares may be held personally, within a self-managed superfund or by a family trust.



	MINIMUM SHAREHOLDING REQUIREMENT (% OF BASE REMUNERATION)	CURRENT SHAREHOLDING (% OF BASE REMUNERATION)	STATUS
Samuel Weiss	200%	12,374%	Meets
Raelene Murphy	200%	140%	Does not meet ¹
Lynn Mickleburgh	200%	289%	Meets
Simon Kelly ²	N/A	177%	N/A

¹ Previously in compliance (250% at 31 December 2021) but movement in share price and currency have taken outside compliance with policy.

² Simon Kelly became a KMP upon his appointment as a Director on 17 March 2022.

Statutory disclosures

Statutory remuneration

The remuneration presented in the section below is in accordance with statutory requirements and accounting standards. This includes remuneration costs in relation to both the 2022 and 2021 financial years. The tables are different from the remuneration outcomes table in section 4, which show the remuneration received in the year rather than the accounting values determined in accordance with the Australian Accounting Standards.

Table outlining the statutory remuneration for Executive KMP in the years ended 30 June 2022 and 30 June 2021:

EXECUTIVE KMP	FINANCIAL YEAR	FIXED REMUNERATION				VARIABLE REMUNERATION		TOTAL US\$	PERFORMANCE RELATED REMUNERATION AS A PROPORTION OF TOTAL REMUNERATION
		CASH SALARY US\$	NON-MONETARY BENEFITS ² US\$	ANNUAL LEAVE ³ US\$	POST EMPLOYMENT BENEFITS US\$	EQUITY SETTLED LTI ⁴	CASH LTI US\$		
Aram Mirkazemi	2022	500,000	52,775	-	-	-	409,289	962,064	43%
	2021	500,000	48,575	15,440	-	-	272,545	836,560	33%
Sergiy Kostynsky	2022	500,000	40,449	-	-	-	268,964	809,413	33%
	2021	387,500	37,026	25,062	-	-	124,100	573,688	22%
Martin Ive ¹	2022	249,078	2,493	(78,247)	247,931	43,374	-	464,629	9%
	2021	256,263	2,556	36,744	24,443	(7,643)	-	312,363	N/A

¹ Martin Ive ceased as KMP on 28 February 2022, remuneration has been included up until that date.

² Non-monetary benefits include dental, medical and life insurance.

³ Annual leave is calculated as the movement in the balance sheet provision from the prior year to the current year.

⁴ Included in the equity-settled LTI is the reversal of the expense relating to the FY22 and FY23 tranche which are not anticipated to vest.

KMP Performance rights

The following table summarises performance rights granted and vested for the financial years 2022 and 2021 and provides a reconciliation of performance rights awarded under the LTI plan that are not yet vested. The maximum value of the unvested shares has been determined as the amount of the grant date fair value that is yet to be expensed.

NAME	FINANCIAL YEAR	BALANCE OF UNVESTED PERFORMANCE RIGHTS AT THE BEGINNING OF YEAR	AWARDED	VESTED	FORFEITED	OTHER	BALANCE OF UNVESTED PERFORMANCE RIGHTS AT THE END OF YEAR	PERCENT GRANTS VESTED %	PERCENT GRANTS FORFEITED %	MAXIMUM VALUE YET TO VEST US\$
Aram Mirkazemi	2022	-		-	-	-	-	N/A	0%	-
	2021	16,516		(16,516)	-	-	-	100%	0%	-
Sergiy Kostynsky	2022	-		-	-	-	-	N/A	0%	-
	2021	5,162		(5,162)	-	-	-	100%	0%	-
Martin Ive ¹	2022	12,317	4,156 ²	(3,610)	(12,863)	-	-	22%	78%	-
	2021	-		-	(2,386)	14,703	12,317	16%	0%	339,498

¹ Martin Ive ceased as KMP on 28 February 2022.

² Fair value at grant date was US\$21.92 with a vesting date of 30 September 2021.

Aram Mirkazemi and Sergiy Kostynsky are significant shareholders of Altium Limited and well above their minimum shareholding requirements. The Non-executive Directors of the Board have approved all LTI awards to the CEO and President to be paid in cash.

Values of performance rights over ordinary shares vested for KMP as part of compensation during the year ended 30 June 2022 are set out below:

NAME	YEAR GRANTED	NUMBER OF RIGHTS VESTED	VALUE OF RIGHTS VESTED AT VESTING DATE US\$
Martin Ive	2021	1,795	39,236
Martin Ive	2019	1,815	39,661

KMP shareholdings

The number of shares in the Group held during the financial year by KMP, including their personally related parties, is set out below:

	BALANCE AT THE BEGINNING OF THE YEAR	RECEIVED AS PART OF REMUNERATION	PURCHASE OF SHARES	OTHER	BALANCE AT THE END OF THE YEAR
Samuel Weiss	1,902,207	-	4,000	-	1,906,207
Raelene Murphy	11,291	-	-	-	11,291
Lynn Mickleburgh	23,400	-	-	-	23,400
Aram Mirkazemi	9,518,403	-	-	-	9,518,403
Sergiy Kostynsky	2,402,468	-	-	-	2,402,468
Simon Kelly ¹	-	-	4,081	-	4,081
Martin Ive ²	126,402	3,610	-	(99,008)	N/A

¹ Simon Kelly became a KMP upon his appointment as a Director on 17 March 2022.

² Martin Ive ceased as KMP on 28 February 2022, shareholdings have been included through that date.

Other transactions with key management personnel

There were no other transactions with KMP during the years ended 30 June 2022 and 30 June 2021.

Loans to directors and executives

There were no loans to KMP for the years ended 30 June 2022 and 30 June 2021.

Voting of shareholders at last year's annual general meeting

Altium received 90.63% of "yes" votes on its remuneration report for the 2021 financial year. The Group did not receive any specific comments at the AGM or during the year on its remuneration practices.

END OF REMUNERATION REPORT

Indemnification and insurance of officers

Altium Limited's constitution provides for the Group to indemnify, to the extent permitted by law, any current Director, Secretary or executive Officer of the Group against:

- any liability incurred by the person in that capacity (except a liability for legal costs);
- legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity; and
- legal costs incurred in good faith in obtaining legal advice on issues relevant to the performance of their functions and discharge of their duties as an Officer of the Company or a subsidiary, if that expenditure has been approved in accordance with the Group's policy.

During the year the Group paid a premium under a contract to insure the Directors and Officers of Altium Limited and its subsidiaries. The liabilities insured are legal costs and other expenses that may be incurred in defending any civil or criminal proceedings that may be brought against them in their capacity as Directors or Officers of the Group. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Proceedings on behalf of the company

No proceedings have been brought or intervened in on behalf of the Group with leave of the court under Section 237 of the Corporations Act 2001.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 25 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved in accordance with Altium's Non-Audit Services Policy to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Rounding

The Group 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.

Officers of the company who are former partners of KPMG

There are no officers of the Group who are former partners of KPMG.

Subsequent events

Since period end, the Directors have declared a fully franked final dividend of AU26 cents per share. The dividend will be paid on 27 September 2022. The dividend will be recognised in subsequent period financial statements.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Non-IFRS Financial Information

The Review of Operations attached to and forming part of this Directors' Report includes a number of non-International Financial Reporting Standards (IFRS) financial measures.

Non-IFRS financial measures are financial measures other than those defined or specified under all relevant accounting standards and may not be directly comparable with other companies' measures but are common practice in the industry in which the Group operates. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, or more important than, IFRS measures. Altium management and the Directors use these non-IFRS financial measures, including EBIT, EBITDA and Underlying EBITDA Margin to assess the performance of the business and make decisions on the allocation of resources.

Non-IFRS financial information is prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information, while not subject to audit or review, has been extracted from the financial report, which has been audited by Altium's external auditors.



Aram Mirkazemi
Director and Chief Executive Officer

22 August 2022

Corporate Governance

A copy of Altium's Corporate Governance Statement can be found on the Altium website at <https://www.altium.com/corporate-governance>.

Environmental Regulation

The operations of the Group are not subject to any particular or significant environmental regulations under a Federal, State or Territory law.

Approval of Directors' Report

This report is made in accordance with a resolution of Directors.



Samuel Weiss
Non-executive Chairman



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 audit of Altium Limited for the financial year ended 30 June 2022 there have been:

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

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli

Partner

Sydney

22 August 2022

Financial Report

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Altium Limited

Consolidated statement of profit or loss and other comprehensive income

		CONSOLIDATED	
	NOTE	2022 US\$'000	2021 US\$'000
Continuing operations			
Revenue	3	220,812	180,223
Operating expenses			
Employee benefits expense		(93,711)	(83,122)
Depreciation, amortisation and impairment expense	4	(11,967)	(11,911)
Marketing expense		(9,003)	(6,324)
Communication expense		(8,271)	(5,802)
Software and equipment expense		(7,939)	(7,295)
Professional advice expense		(6,150)	(5,594)
Share-based payments	30	(5,483)	(2,994)
Hardware materials expense		(2,992)	(2,043)
Insurance expense		(2,138)	(1,718)
Rental and occupancy expense		(1,436)	(1,931)
Re-measurement of contingent consideration		-	2,500
Other expenses		(3,849)	(5,921)
Total operating expenses		(152,939)	(132,155)
Operating profit		67,873	48,068
Finance income	2	690	260
Finance costs	4	(704)	(666)
Profit before income tax expense		67,859	47,662
Income tax expense	5	(12,371)	(12,390)
Profit after income tax expense from continuing operations		55,488	35,272
Discontinued operations			
(Loss) / profit after income tax expense from discontinued operations	6	(143)	71,713
Profit after income tax expense for the year attributable to the owners of Altium Limited		55,345	106,985
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	21	(1,756)	(1,282)
Total comprehensive income for the year attributable to the owners of Altium Limited		53,589	105,703
		CENTS	CENTS
Continuing operations			
Basic earnings per share	29	42.23	26.89
Diluted earnings per share	29	42.05	26.85
Group total			
Basic earnings per share	29	42.12	81.56
Diluted earnings per share	29	41.95	81.43

Results for the divested business in the prior year have been presented within discontinued operations (refer Note 6). 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

		CONSOLIDATED	
	NOTE	2022 US\$'000	2021 US\$'000
Assets			
Current assets			
Cash and cash equivalents	7	199,287	191,541
Trade and other receivables ¹	8	52,510	57,257
Contract assets ¹	3, 8	10,976	8,860
Inventories	9	1,161	1,850
Tax receivables		1,639	1,243
Prepayments		7,651	5,034
Other assets		657	-
Total current assets		273,881	265,785
Non-current assets			
Other receivables	10	1,629	1,512
Investments and other assets	11	3,274	3,034
Property, plant and equipment	12	3,822	5,956
Right-of-use assets	13	8,190	10,229
Intangible assets	14	43,926	47,179
Deferred tax assets	15	46,728	49,457
Total non-current assets		107,569	117,367
Total assets		381,450	383,152
Liabilities			
Current liabilities			
Trade and other payables	16	20,058	20,804
Lease liabilities	13	5,364	5,559
Tax liabilities ²		3,672	27,493
Provisions	17	3,837	3,061
Customer contract liabilities	3	56,449	52,431
Total current liabilities		89,380	109,348
Non-current liabilities			
Lease liabilities	13	4,088	5,493
Deferred tax liabilities	19	3,804	4,547
Provisions	18	476	373
Customer contract liabilities	3	8,835	7,487
Other liabilities		13	4
Total non-current liabilities		17,216	17,904
Total liabilities		106,596	127,252
Net assets		274,854	255,900
Equity			
Contributed equity	20	127,699	127,699
Reserves	21	25,869	22,142
Retained profits	21	121,286	106,059
Total equity		274,854	255,900

¹ In the prior year, contract assets of US\$8,860,000 were presented within 'Trade and other receivables'. In the current year, contract assets are presented separately. Comparative figures have been adjusted accordingly and have no impact on the Group's consolidated net working capital and consolidated net assets.

² Tax liabilities in the comparative period include tax payable related to the divestment of the TASKING business (refer to Note 6).

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

Altium Limited

Consolidated statement of changes in equity

CONSOLIDATED	NOTE	CONTRIBUTED EQUITY US\$'000	RESERVES US\$'000	RETAINED PROFITS US\$'000	TOTAL EQUITY US\$'000
Balance at 1 July 2020		126,851	20,851	36,631	184,333
Profit after income tax expense for the year		-	-	106,985	106,985
Exchange differences on translation of foreign operations, net of tax		-	(1,282)	-	(1,282)
Total comprehensive income for the year		-	(1,282)	106,985	105,703
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payment expense	21	-	2,573	-	2,573
Shares issued on acquisition of Upverter Inc, net of transaction costs	20	848	-	-	848
Dividends paid	22	-	-	(37,557)	(37,557)
Balance at 30 June 2021		127,699	22,142	106,059	255,900

CONSOLIDATED	NOTE	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 year		-	-	55,345	55,345
Exchange differences on translation of foreign operations, net of tax		-	(1,756)	-	(1,756)
Total comprehensive income for the year		-	(1,756)	55,345	53,589
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payment expense	21	-	5,483	-	5,483
Dividends paid	22	-	-	(40,118)	(40,118)
Balance at 30 June 2022		127,699	25,869	121,286	274,854

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

Altium Limited

Consolidated statement of cash flows

	NOTE	CONSOLIDATED	
		2022 US\$'000	2021 US\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of tax)		229,502	193,850
Payments to suppliers and employees (inclusive of tax)		(147,698)	(118,269)
Interest received		369	226
Interest and other finance costs paid		(489)	(657)
Net income taxes paid		(9,193)	(13,414)
Net cash from operating activities	28	72,491	61,736
Cash flows from investing activities			
Payments of contingent and deferred considerations		-	(50)
Payments for investments	11	-	(3,000)
Payments for property, plant and equipment	12	(1,040)	(1,662)
Payments for intangible assets	14	(425)	(839)
Proceeds from sale of TASKING, net of cash disposed, transaction costs and tax paid	6	(15,841)	85,813
Net cash (used in) / from investing activities		(17,306)	80,262
Cash flows from financing activities			
Dividends paid	22	(40,118)	(37,557)
Repayment of principal component of lease liabilities	28	(5,707)	(5,524)
Net cash used in financing activities		(45,825)	(43,081)
Net increase in cash and cash equivalents		9,360	98,917
Cash and cash equivalents at the beginning of the financial year		191,541	93,083
Effects of exchange rate changes on cash and cash equivalents held		(1,614)	(459)
Cash and cash equivalents at the end of the financial year	7	199,287	191,541

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

NOTE 1

Overview

General information

The financial report covers Altium Limited ('company' or 'parent entity') as a consolidated entity consisting of Altium Limited and the entities it controlled, together referred to in these financial statements as the 'Group'. The financial report is presented in US dollars.

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 statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 22 August 2022. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, the Group has ensured that its corporate reporting is timely, complete and available globally at minimum cost to the company. 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 the Group's reporting, please email investor.relations@altium.com.

Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amended Accounting Standards and Interpretations

The Group has adopted 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 year ended 30 June 2022. There are no new or amended standards and interpretations that are expected to have a significant impact on the Group's consolidated financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Altium Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of the Group also comply with the International Financial Reporting Standards (IFRS) and Interpretations (IFRICs) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, share-based payments which are measured at fair value in accordance with AASB 2 Share-based Payment, and assets classified as held for sale which are measured at the lower of carrying amount and fair value less costs to sell.

Comparative information

Comparative information is reclassified where appropriate to enhance comparability.

Functional currency

The consolidated financial statements are presented in US dollars which is Altium Limited's functional and presentation currency.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Altium Limited as at 30 June 2022 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Employee Share Trust

The Group has formed a trust to administer the Group's employee share scheme which is managed by CPU Share Plans Pty Limited. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

Shares held by the Altium Limited Employee Share and Option Plan Trust Deed are disclosed as treasury shares and included in contributed equity.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into US dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into US dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold a proportionate share of such exchange difference is reclassified to profit and loss, as part of the gain or loss on sale where applicable.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in a normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in a normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Goods and Services Tax (GST or VAT) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated tax, unless the tax incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of tax receivable or payable. The net amount of tax recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The tax components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of associated tax recoverable from, or payable to, the tax authority.

Rounding of amounts

The Group 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.

NOTE 2

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").

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:

REPORTABLE SEGMENTS

PRINCIPAL ACTIVITIES

Board and Systems

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

Nexar

Includes the results from Octopart, Upverter and other products sold through the manufacturing business.

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 both the year ended 30 June 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 Team.

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 30 JUNE 2022	BOARD AND SYSTEMS US\$'000	NEXAR US\$'000	CORPORATE / UNALLOCATED US\$'000	TOTAL US\$'000
Segment sales ¹	187,208	51,419	-	238,627
Net adjustment for deferred revenue recognition ²	(17,926)	111	-	(17,815)
Total revenue	169,282	51,530	-	220,812
EBITDA	90,074	30,266	(40,500)⁴	79,840
Underlying EBITDA	90,074	30,266	(39,208)⁴	81,132
Depreciation, amortisation and impairment			(11,967)	(11,967)
Net finance costs ³			(14)	(14)
Profit before income tax expense				67,859
Income tax expense				(12,371)
Profit after income tax from continuing operations				55,488
Loss after income tax from discontinued operations				(143)
Profit after income tax expense for the year attributable to the owners of Altium Limited				55,345

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE 30 JUNE 2021	BOARD AND SYSTEMS US\$'000	NEXAR US\$'000	CORPORATE / UNALLOCATED US\$'000	TOTAL US\$'000
Segment sales ¹	163,606	29,361	-	192,967
Net adjustment for deferred revenue recognition ²	(12,716)	(28)	-	(12,744)
Total revenue	150,890	29,333	-	180,223
EBITDA	81,588	11,314	(32,923)⁴	59,979
Underlying EBITDA	81,588	11,314	(31,134)⁴	61,768
Depreciation and amortisation			(11,911)	(11,911)
Net finance costs ³			(406)	(406)
Profit before income tax expense				47,662
Income tax expense				(12,390)
Profit after income tax from continuing operations				35,272
Profit after income tax from discontinued operations				71,713
Profit after income tax expense for the year attributable to the owners of Altium Limited				106,985

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 year.

³ Net finance costs includes interest income of US\$450,000 (2021: US\$226,000), accrued dividends of US\$240,000 (2021: US\$34,000) and finance costs of US\$704,000 (2021: US\$666,000).

⁴ Costs included in Corporate / Unallocated relate to head office employee and other overhead costs.

Geographical information

30 JUNE 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 ¹	121,159	67,538	21,188	10,927	-	220,812
Assets²						
Segment asset	65,301	41,162	18,507	14,508	193,605	333,083
<i>Unallocated assets:</i>						
Deferred tax asset						46,728
Income 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>						
Provision for income tax						3,672
Deferred tax liability						3,804
Lease liabilities						9,452
Total liabilities						106,596
30 JUNE 2021 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 ¹	88,849	58,132	23,614	9,628	-	180,223
Assets²						
Segment assets	60,064	41,645	19,382	12,155	199,206	332,452
<i>Unallocated assets:</i>						
Deferred tax asset						49,457
Income tax receivables						1,243
Total assets						383,152
Liabilities						
Segment liabilities	32,127	31,516	5,735	9,071	5,711	84,160
<i>Unallocated liabilities:</i>						
Provision for income tax						27,493
Deferred tax liability						4,547
Lease liabilities						11,052
Total liabilities						127,252

¹ Revenue from external customers attributed to the Group's country of domicile, Australia, amounts to US\$7,944,000 for the year ended 30 June 2022 (30 June 2021: US\$6,855,000). Revenue from external customers in countries other than Australia amounts to US\$212,868,000 (30 June 2021: US\$173,368,000).

² Non-current assets excluding financial instruments and deferred tax assets held in the Group's country of domicile, Australia, amount to US\$685,000 (30 June 2021: US\$1,076,000). Non-current assets excluding financial instruments and deferred tax assets held in countries other than Australia amount to US\$55,254,000 (30 June 2021: US\$62,287,000).

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

NOTE 3

Revenue

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
From continuing operations		
Software license revenue	85,237	78,045
Subscription and maintenance revenue	80,432	69,759
Search advertising revenue	49,821	26,820
Service revenue	3,475	2,842
Hardware revenue	1,560	2,370
Other revenue	287	387
Revenue	220,812	180,223

Timing of revenue recognition

CONSOLIDATED - 2022	BOARDS AND SYSTEMS US\$'000	NEXAR US\$'000	TOTAL US\$'000
At a point in time	84,744	51,379	136,123
Over time	84,689	-	84,689
	169,433	51,379	220,812

CONSOLIDATED - 2021	BOARDS AND SYSTEMS US\$'000 (AS ADJUSTED) ¹	NEXAR US\$'000	TOTAL US\$'000 (AS ADJUSTED) ¹
At a point in time	77,993	29,333	107,326
Over time	72,897	-	72,897
	150,890	29,333	180,223

¹ An amount of US\$17,148,000 has been reallocated from 'over time' to 'at a point in time' as it relates to the software license component of term-based contracts to enhance comparability.

Customer contract assets

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Contract assets	10,976	8,860
Total contract assets	10,976	8,860

All contract assets are considered current and fully recoverable. Refer to Note 8 for more details.

Customer contract liabilities

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Deferred subscription and maintenance revenue	56,145	46,713
Other deferred revenue	304	5,718
Current customer contract liabilities	56,449	52,431
Non-current customer contract liabilities	8,835	7,487
Total customer contract liabilities	65,284	59,918

Revenue recognised in the reporting year that was included in the contract liability balance at the beginning of the year amounted to US\$52,400,000 (2021: US\$46,603,000).

Transaction price allocated to remaining performance obligations

Remaining performance obligations represents the total contractual commitments for which services will be performed. Remaining performance obligations include deferred revenue, which primarily consists of billings or payments received in advance of revenue recognition and unbilled receivables that have not yet been recognised in the financial statements.

The transaction price allocated to remaining performance obligations is approximately US\$79.6 million as of 30 June 2022. Approximately 78% of the remaining performance obligations are expected to be recognised over the next 12 months with the remainder recognised thereafter.

	FY2023	FY2024	FY2025	FY2026	FY2027	TOTAL
Value of remaining performance obligations	61,852	11,246	5,297	779	420	79,594
Total	61,852	11,246	5,297	779	420	79,594
	78%	14%	7%	1%	0%	100%

Accounting policy for revenue recognition

This standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – either over time or at a point in time – depending on when performance obligations are satisfied.

The Group has one performance obligation for each of the revenue streams listed below and has applied the following revenue recognition methods:

- **Software licenses:** Revenue is recognised at a point in time when access to the license has been granted to the user.
- **Subscription and maintenance:** Revenue is deferred and is subsequently recognised as revenue over the period in which the subscription service is provided. As the billing structure for customers is often bundled with software licenses and billed on activation, an allocation methodology is applied based on stand-alone selling prices to calculate the portion of revenue to be deferred.
- **Search advertising:** Revenue is recognised at a point in time on a price-per-click basis, this is when a user engages with the search result on the website by clicking on it.
- **Services revenue:** Revenue from providing services is recognised over the period in which the services are rendered. Services include training and/or implementation services.
- **Hardware revenue:** Revenue is recognised when control of the goods has been transferred to the customer.
- **Other revenue:** Includes royalties related to IP which are recognised at a point in time when the subsequent sales occur.

The timing of revenue recognition, customer billings and cash collections results in trade receivables, unbilled receivables (contract assets) and deferred revenue (contract liabilities) recognised on the Group's Consolidated statement of financial position.

Generally, the Group invoices customers as service is provided in accordance with the agreed-upon contract terms. At times, billing occurs after the revenue recognition, resulting in contract assets (unbilled receivables). For certain customer contracts, the Group receives advance payments before revenue is recognised, resulting in contract liabilities (deferred revenue).

For incremental costs incurred in obtaining a contract, such as sales commissions, the Group has chosen to apply the practical expedient available under the standard to immediately expense incremental costs incurred in obtaining a contract, such as sales commissions, for sales of subscriptions under 12 months.

Incremental costs incurred in obtaining a contract are capitalised for sales of subscriptions over 12 months and amortised over the term of the contract.

Critical accounting judgements, estimates and assumptions

The Group's contracts with customers often include promises to transfer software licenses, maintenance and services, including professional services, technical support services and rights to unspecified updates to a customer. These contracts require the Group to apply judgment in identifying and evaluating any terms and conditions in contracts which may impact revenue recognition. Determining whether licenses and services are distinct performance obligations that should be accounted for separately, or not distinct and thus accounted for together, requires significant judgment. The Group has concluded that the licenses and associated services including maintenance are distinct from each other.

Judgement is required to determine the stand-alone selling prices (SSP) for each distinct performance obligation. The Group rarely licenses or sells products on a standalone basis, so the Group is required to estimate the SSP for each performance obligation. SSP is determined by considering multiple factors including, but not limited to, prices the Group charges for similar offerings when sold separately, market conditions, competitive landscape and pricing practices. Priority is placed on market observable pricing where available.

NOTE 4

Expenses

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Profit before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Property, plant and equipment	2,700	3,067
Right-of-use assets	5,419	5,474
Total depreciation	8,119	8,541
<i>Amortisation</i>		
Customer relationships	1,335	1,335
Software	1,193	962
Intellectual property	1,069	1,073
Total amortisation	3,597	3,370
<i>Impairment</i>		
Property, plant and equipment	237	-
Intellectual property	14	-
Total impairment	251	-
Total depreciation, amortisation and impairment	11,967	11,911

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
<i>Included in professional advice expense</i>		
Costs associated with acquisitions ¹	51	2,317
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	448	626
Loss on recognition of net investment in sublease	213	-
Unwinding of the discount on provisions	2	11
Other interest charges	41	29
Finance costs expensed	704	666
<i>Post-employment benefits</i>		
Post-employment benefits: defined contribution	3,413	2,683
<i>Research and development costs expensed</i>		
Research and development costs incurred	25,486	22,150

¹ Acquisition costs in the comparative period included costs associated with a significant, unsuccessful transaction of US\$2,260,000. Acquisition costs associated with the TASKING divestment are included in discontinued operations (refer Note 6).

Finance costs

All finance costs are expensed in the period in which they are incurred.

Research and development costs

Expenditure on research activities, undertaken with the prospect of obtaining new technical knowledge and understanding, is recognised in the statement of profit or loss and other comprehensive income as an expense when it is incurred.

Direct expenditure on development activities are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The costs incurred for the development of computer software are expensed until the point that technological feasibility has been established, which for the Group's products, is typically reached shortly before the release of such products and as a result, the Group has not capitalised any research and development costs.

Defined contribution plans

The Group operates a number of defined contribution plans for qualifying employees. The assets of these plans are held in separately administered trusts or insurance policies. The Group is required to contribute specified percentages of payroll costs to the retirement benefit plans to fund benefits in accordance with local regulations and practices. Payments to defined contribution retirement plans are charged as an expense as they fall due.

NOTE 5**Income tax expense**

	NOTE	CONSOLIDATED	
		2022 US\$'000	2021 US\$'000
<i>Income tax expense</i>			
Current tax		12,592	5,260
Deferred tax		1,923	6,128
Adjustment recognised for prior periods		(2,144)	1,002
Aggregate income tax expense		12,371	12,390
<i>Deferred tax included in income tax expense comprises:</i>			
Change in deferred tax assets	15	3,252	7,499
Change in deferred tax liabilities	19	(1,329)	(1,371)
Deferred tax		1,923	6,128

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
<i>Reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense from continuing operations	67,859	47,662
Tax at the statutory tax rate of 30%	20,358	14,299
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Share-based payments	1,645	717
Re-measurement of contingent consideration	-	(750)
Other items	(33)	394
	21,970	14,660
Adjustment recognised for prior periods	(2,144)	1,002
Difference in overseas tax rates	(7,965)	(5,074)
Previously unrecognised temporary differences	180	(54)
Re-measurement of deferred tax assets and liabilities	1,114	2,150
R&D credits	(942)	(710)
Foreign exchange differences	158	416
Income tax expense	12,371	12,390

Amounts recognised in other comprehensive income

2022	CONSOLIDATED		
	BEFORE TAX US\$'000	TAX EXPENSE US\$'000	AFTER TAX US\$'000
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(1,756)	-	(1,756)

2021	CONSOLIDATED		
	BEFORE TAX US\$'000	TAX EXPENSE US\$'000	AFTER TAX US\$'000
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	(1,282)	-	(1,282)

During the 2019 financial year, the Group 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 audit has been outlined in Note 31.

Critical accounting judgements, estimates and assumptions

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Accounting judgements, estimates and assumptions utilised in relation to deferred tax asset balances is detailed further in Note 15. Refer to Note 31 for further detail regarding the status of the ATO audit in progress.

Accounting policy for income tax

The income tax expense or credit for the period is tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax asset and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to tax authorities at the tax rates and tax laws enacted or substantively enacted by the balance sheet date.

There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for uncertain tax positions in accordance with IFRS interpretation IFRIC 23. Where the final tax outcome of these matters is different from the amounts provided, such differences will impact the current and deferred tax provisions in the period in which such an outcome is obtained (refer Note 15 and Note 31 for further detail).

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available to utilise them.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation

Altium Limited and its wholly-owned Australian controlled entities formed a tax consolidated group in previous years. As a consequence, these entities are taxed as a single entity and any deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Under tax consolidation, the head entity, Altium Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts using the "separate taxpayer within a group" method. Individual entities adjust for transactions and events impacted by tax consolidation.

In addition to its own transactions, Altium Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have entered into a tax funding agreement under which there is full compensation for Altium Limited assuming these tax assets/obligations.

NOTE 6

Discontinued operations

On 11 December 2020, the Group entered into a definitive agreement to sell the TASKING business for US\$110 million, with the completion of the sale occurring on 5 February 2021. As a consequence, the year ended 30 June 2021 results of TASKING have been presented in discontinued operations. The transaction was settled in cash with US\$100.0 million received upfront in fiscal 2021 and the remaining US\$10.0 million received in the first half of fiscal 2022.

Financial information for discontinued operations is summarised below:

	CONSOLIDATED	
	30 JUNE 2022 US\$'000	30 JUNE 2021 US\$'000
Revenue	-	10,880
Expenses ¹	(177)	(4,004)
Finance costs	-	(2)
Total expenses	(177)	(4,006)
Gain on divestment before income tax expense	-	99,678
(Loss) / profit before income tax expense	(177)	106,552
Income tax benefit / (expense)	34	(34,839)
(Loss) / profit after income tax expense	(143)	71,713
Cash flows of discontinued operations ²		
Net cash inflows from operating activities	-	6,167
Net cash outflows from investing activities	-	(25)
Net cash outflows from financing activities	-	(65)
Net (decrease) / increase in cash generated by discontinued operations		6,077

¹ Expenses during the year ended 30 June 2022 included separation costs associated with the divestment of the TASKING business.

² Cash flows of discontinued operations in the comparative period include cash flows up until the date of the TASKING divestment of 5 February 2021.

² Expenses during the year ended 30 June 2022 included separation costs associated with the divestment of the TASKING business.

Cash proceeds from divestment, net of separation costs and tax paid

	CONSOLIDATED	
	30 JUNE 2022 US\$'000	30 JUNE 2021 US\$'000
Cash proceeds received from the sale of the TASKING business	10,000	100,000
Less: transaction and separation costs paid	(466)	(5,186)
Less: cash held by TASKING at date of disposal	-	(2,444)
Less: tax paid related to the sale of TASKING	(25,375)	(6,557)
Net cash outflows from divestment, net of separation costs and tax paid	(15,841)	85,813

NOTE 7

Current assets - cash and cash equivalents

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Cash at bank	146,229	137,184
Deposits at call	53,058	54,357
	199,287	191,541

The value of bank guarantees at 30 June 2022 amounted to US\$400,789 (2021:US\$435,988).

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less or that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTE 8

Current assets – trade and other receivables

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Trade receivables ¹	52,922	47,313
Less: Allowance for expected credit loss	(961)	(648)
	51,961	46,665
Other receivables ²	549	10,592
	52,510	57,257

¹ In the prior year, contract assets of US\$8,860,000 were presented in 'Trade and other receivables'. In the current year, contract assets are presented separately. Comparative figures have been adjusted accordingly and have no impact on the Group's consolidated net working capital.

² Other receivables as at 30 June 2021 included the US\$10,000,000 additional consideration in relation to TASKING, which was received during the year ended 30 June 2022 (refer Note 6).

Allowance for expected credit losses

The ageing of the doubtful receivables provided for above are as follows:

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
0 to 6 months overdue	326	103
Over 6 months overdue	635	545
	961	648

Movements in the allowance for expected credit loss are as follows:

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Opening balance	648	610
Additional provisions recognised	546	1,611
Receivables written off during the year as uncollectable ¹	(233)	(1,573)
Closing balance	961	648

¹ Receivables written off during the year ended 30 June 2021 included the write back of the SolidWorks minimum contractual amount for US\$1,442,780 due to the termination of the agreement with SolidWorks.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

On that basis, the loss allowance as at 30 June 2022 and 2021 was determined as follows for trade receivables:

30 JUNE 2022	CURRENT US\$'000	MORE THAN 30 DAYS PAST DUE US\$'000	MORE THAN 60 DAYS PAST DUE US\$'000	MORE THAN 90 DAYS PAST DUE US\$'000	TOTAL US\$'000
Expected loss rate	0.09%	0.23%	0.43%	11.69%	
Gross carrying amount - trade receivables	41,238	1,872	2,129	7,683	52,922
Contract assets (Note 3)	10,976	-	-	-	10,976
Loss allowance	49	4	9	899	961

30 JUNE 2021	CURRENT US\$'000	MORE THAN 30 DAYS PAST DUE US\$'000	MORE THAN 60 DAYS PAST DUE US\$'000	MORE THAN 90 DAYS PAST DUE US\$'000	TOTAL US\$'000
Expected loss rate	0.09%	0.17%	0.21%	10.75%	
Gross carrying amount - trade receivables	38,997	1,803	931	5,582	47,313
Contract assets (Note 3)	8,860	-	-	-	8,860
Loss allowance	43	3	2	600	648

Collectability of trade receivables and contract assets is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables or contract assets is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable or contract asset may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables and contract assets are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables generally have 30 to 90-day terms.

Expected credit loss

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified based on risk profile of customer industry, product type, total outstanding balance and credit terms provided to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

NOTE 9

Current assets - inventories

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Raw materials	2,638	1,512
Finished goods	-	527
Work in progress	-	33
Inventory provision for obsolescence ¹	(1,477)	(222)

¹ Inventory provision for obsolescence at 30 June 2022 represents a write-down of inventory to net realisable value.

Accounting policy for inventories

Inventories on hand are valued using standard costing. The value of inventory is determined using the material and material overhead standard costs of each inventory item and is held at the lower of the standard cost estimate and net realisable value.

NOTE 10

Non-current assets - other receivables

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Other receivables	1,629	1,512
	1,629	1,512

NOTE 11

Non-current assets – investment and other assets

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Investment in unlisted convertible preference shares	3,000	3,000
Accrued dividend on unlisted convertible preference shares	274	34
	3,274	3,034

In May 2021, the Group acquired 3,047,021 Series B convertible preference shares in MacroFab Inc at a cost of US\$3.0 million. MacroFab Inc provides a cloud platform service for electronics manufacturing.

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 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 preference shares are convertible as of the record date prior to the voting.

Accrued dividends on the shares have been recognised within finance income in Note 2.

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 30 June 2022, the fair value of the investment was determined based on the issue price of shares by MacroFab during the year with the rights similar to the Series B preference shares held by the Group and adjusted for observed market conditions.

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

NOTE 12

Non-current assets - property, plant and equipment

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Leasehold improvements - at cost	6,468	6,578
Less: accumulated depreciation	(4,393)	(3,616)
Leasehold improvements - carrying amount	2,075	2,962
Plant and equipment - at cost	5,796	6,595
Less: accumulated depreciation	(4,049)	(3,603)
Plant and equipment - carrying amount	1,747	2,992
Plant and equipment under lease	-	8
Less: accumulated depreciation	-	(6)
Plant and equipment under lease - carrying amount	-	2
	3,822	5,956

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

CONSOLIDATED	LEASEHOLD IMPROVEMENTS US\$'000	PLANT & EQUIPMENT US\$'000	TOTAL US\$'000
Balance at 1 July 2020	3,949	3,606	7,555
Additions	620	1,042	1,662
Exchange differences	(192)	266	74
Discontinued operations	(43)	(225)	(268)
Depreciation expense	(1,372)	(1,695)	(3,067)
Balance at 30 June 2021	2,962	2,994	5,956
Additions	235	805	1,040
Transfer to other assets	-	(372)	(372)
Depreciation expense	(1,294)	(1,406)	(2,700)
Impairment expense	-	(237)	(237)
Exchange differences	172	(37)	135
Balance at 30 June 2022	2,075	1,747	3,822

Accounting policy for property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Plant and equipment are depreciated and leasehold improvements are amortised over their estimated useful lives using the straight-line method. Assets held under finance lease are depreciated over their expected useful lives as owned assets or, where shorter, the term of the relevant lease.

The expected useful lives of the assets are as follows:

- Leasehold improvements: 3-10 years
- Plant equipment: 7-10 years
- Office equipment: 3-5 years
- Computer hardware: 2-5 years

The residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date or when there is an indication that they have changed.

A carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

NOTE 13

Non-current assets - right-of-use assets and lease liabilities

The statement of financial position shows the following amounts relating to right-of-use assets and lease liabilities:

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Right-of-use asset		
Buildings	8,190	10,229
Lease liabilities		
Current	5,364	5,559
Non-current	4,088	5,493
	9,452	11,052

Reconciliations of the written down values of the right-of-use assets at the beginning and end of the current and previous financial year are set out below:

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Opening balance	10,229	13,558
Additions	3,807	2,295
Disposals	-	(60)
Reclassification to other assets	(413)	-
Depreciation expense	(5,419)	(5,474)
Discontinued operations	-	(248)
Loss on recognition of net investment in sublease	(213)	-
Exchange differences	199	158
Closing balance	8,190	10,229

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to right-of-use assets and lease liabilities:

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Depreciation of right-of-use assets	5,419	5,474
Interest expense	448	626
Expense relating to short-term or low-value leases	51	491

The total cash outflow for leases in financial year ended 30 June 2022 was US\$6,310,000 (2021: US\$6,168,000).

Accounting policy for right-of-use assets and lease liabilities

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Measurement of the right-of-use asset and lease liability:

The Group primarily leases various office and floor space. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost.

Assets and liabilities arising from a lease are initially measured at present value of remaining future lease payments. Lease liabilities include the net present value of fixed lease payments less any incentives receivable.

Lease payments are discounted using the incremental borrowing rate calculated by geographic region. The incremental borrowing rate is the rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group is required to remeasure the lease liability and make an adjustment to the right-of-use asset if the lease term is modified, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate. The remeasurement of the lease liability is also applied against the right-of-use asset.

The Group assesses the recoverability of the right-of-use assets on a biannual basis. If the carrying amount is greater than the estimated recoverable amount, the right-of-use asset is written down immediately to its recoverable amount.

NOTE 14

Non-current assets - intangible assets

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Goodwill - at cost	29,507	29,507
Intellectual property - at cost	9,987	10,375
Less: accumulated amortisation	(5,092)	(4,330)
Intellectual property - carrying amount	4,895	6,045
Customer relationships - at cost	16,333	16,333
Less: accumulated amortisation	(8,450)	(7,115)
Customer relationships - carrying amount	7,883	9,218
Software intangibles - at cost	3,635	4,725
Less: accumulated amortisation	(1,994)	(2,316)
Software intangibles - carrying amount	1,641	2,409
	43,926	47,179

CONSOLIDATED	GOODWILL US\$'000	INTELLECTUAL PROPERTY US\$'000	CUSTOMER RELATIONSHIPS US\$'000	SOFTWARE INTANGIBLES US\$'000	TOTAL US\$'000
Balance at 1 July 2020	29,507	7,100	10,553	2,530	49,690
Additions	-	-	-	839	839
Amortisation expense	-	(1,073)	(1,335)	(962)	(3,370)
Exchange differences	-	18	-	2	20
Balance at 30 June 2021	29,507	6,045	9,218	2,409	47,179
Additions	-	-	-	425	425
Amortisation expense	-	(1,069)	(1,335)	(1,193)	(3,597)
Impairment	-	(14)	-	-	(14)
Transfer to other assets	-	(50)	-	-	(50)
Exchange differences	-	(17)	-	-	(17)
Balance at 30 June 2022	29,507	4,895	7,883	1,641	43,926

The expected useful lives of the intangible assets are as follows:

- Software intangibles: 2 - 10 years
- Customer relationships: 10 - 15 years
- Intellectual property: 5 - 10 years

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified within each reportable segment for impairment assessment testing purposes. The Group performs an impairment assessment annually to ensure that goodwill balances are not carried at amounts that are in excess of their recoverable amounts. This assessment may be undertaken more frequently if events or changes indicate that goodwill may be impaired.

A CGU-level summary of the goodwill allocation is presented below.

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Goodwill		
Board & Systems - Americas	4,159	4,159
Board & Systems - EMEA	2,331	2,331
Nexar	23,017	23,017
Total	29,507	29,507

The recoverable amount of the Group's intangible assets has been assessed based on value-in-use calculations. The value in use is calculated using a discounted cash flow methodology covering a four-year period plus terminal value.

Cash flow forecasts

Cash flow forecasts are post-tax and based on the most recent financial projections approved by the Board of Directors. Financial projections are based on assumptions that represent management's best estimates.

Revenue growth rates

Revenue growth rates used are based on management's latest four-year plan. An annual growth rate of 5% was used for the Board & Systems - Americas and Board & Systems - EMEA CGUs, with a 10% annual growth rate used for the Nexar CGU for years ending 30 June 2023 to 30 June 2026.

Terminal value

The terminal value calculated after year four is determined using the perpetual growth model, having regard to the weighted average cost of capital (WACC) and terminal growth factor appropriate to each CGU. The terminal growth rate used in the financial projections was 2%.

Discount rates

Discount rates used are WACC and include a premium for market risks appropriate to each country in which the CGU operates.

WACCs averaged Board & Systems - Americas 9.1% (pre-tax rate 9.1%), Board & Systems - EMEA 9.7% (pre-tax rate 9.8%) and Nexar 9.9% (pre-tax rate 9.9%). In 2021, the WACCs were in the range of 8.5% to 9.5%.

Sensitivity

Any reasonable change to the above key assumptions would not cause the carrying value of any of the remaining CGU to exceed its recoverable amount.

Critical accounting judgements, estimates and assumptions

Useful life for intangibles

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the most significant categories of intangible assets is as follows:

Accounting policy for intangible assets

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 to 10 years.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 to 15 years.

Software intangibles

Software intangibles arise from costs associated with the direct development and implementation on an internal project on new and existing software utilised by the Group which demonstrates the technical feasibility of providing future economic benefits and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2 to 10 years.

Intellectual property

The useful life is determined by management at the time the intellectual property is acquired and brought into use and is regularly reviewed for appropriateness. For intellectual property, the useful life represents management's view of the expected term over which the Group will receive benefits from the intellectual property. The life is based on historical experience with similar products as well as anticipation of future events which may impact their life such as changes in technology. Historically changes in useful lives have not resulted in material changes to the Group's amortisation charge.

On the acquisition of Gumstix, the identifiable intangible assets included intellectual property. The fair value of these assets is determined by the historical cost method on salary and expenses related to the input in developing the intellectual property.

Customer relationships

The estimated useful life principally reflects management's view of the average economic life of the customer base and is assessed by reference to customer churn rates. An increase in churn rates may lead to a reduction in the estimated useful life and an increase in the amortisation charge. Historically changes to the estimated useful lives have not had a significant impact on the Group's results and financial position.

Software intangibles

The useful life is determined by management's view of the expected future performance of the assets and its relationship to the existing software license and subscription period purchased. Historically changes to the estimated useful lives have not had a significant impact on the Group's results and financial position.

NOTE 15

Non-current assets - deferred tax assets

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Intellectual property	39,935	45,488
Provisions	1,884	1,120
Lease liabilities	1,846	2,206
Customer contract liabilities	958	731
Employee benefits	787	939
Property, plant and equipment	114	100
Tax losses	2,655	1,112
Tax credits	319	229
Foreign currency translation	276	472
Deferred tax asset	48,774	52,397
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,046)	(2,940)
Net deferred tax asset	46,728	49,457
Amount expected to be recovered within 12 months	10,246	8,790
Amount expected to be recovered after more than 12 months	38,528	43,607
	48,774	52,397

	NOTE	CONSOLIDATED	
		2022 US\$'000	2021 US\$'000
<i>Movements:</i>			
Opening balance		52,397	61,723
Charged to profit or loss	5	(3,252)	(7,499)
Divestment		-	(1,967)
Translation differences		(371)	140
Closing balance		48,774	52,397

Critical accounting judgements, estimates and assumptions

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Calculation of future taxable amounts involve the use of assumptions and management judgments.

A deferred tax asset can only be recorded for the portion of a potential benefit where utilisation is considered probable. The assessment of future taxable amounts involves the use of assumptions and management judgments. The Group has fully recognised a deferred tax asset of US\$39.9 million in relation to intangible assets previously transferred to USA. This deferred tax asset has been calculated based on future forecast profits and a blended tax rate which factors in the proportion of foreign and domestic income derived. It is considered probable that there will be future taxable income in the USA to fully realise these temporary differences.

In the event the enacted rates, the Foreign Derived Intangible Income ('FDII') legislation or current transfer pricing arrangement change in the forecast period, this may impact the timing and magnitude of the deferred tax balance realised.

NOTE 16

Current liabilities - trade and other payables

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Trade payables	3,282	6,224
Employee liabilities	8,739	6,881
Accrued expenses	4,190	3,249
Other payables	3,847	4,450
	20,058	20,804

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 17

Current liabilities - provisions

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Employee benefits	3,837	2,937
Service warranties	-	124
	3,837	3,061

Accounting policy for provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability.

The increase in the provision resulting from the passage of time is recognised as a finance cost.

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Bonus plans

The expected cost of bonus payments is recognised when there is a legal or constructive obligation to make such payments as a result of past performance and the obligation can be measured reliably.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

NOTE 18

Non-current liabilities - provisions

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Lease make good	423	301
Employee benefits	53	72
	476	373

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

CONSOLIDATED - 2022	LEASE MAKE GOOD US\$'000
Carrying amount at the start of the year	301
Additional provision recognised	140
Unwinding of discount	3
Exchange differences	(21)
Carrying amount at the end of the year	423

Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Critical accounting judgements, estimates and assumptions

Contingent consideration is based on future financial targets and other performance metrics of acquired businesses as a result contingent consideration is uncertain both in whether it will be paid and in its total amount.

NOTE 19

Non-current liabilities - deferred tax liabilities

		CONSOLIDATED	
	NOTE	2022 US\$'000	2021 US\$'000
<i>Deferred tax liability comprises temporary differences attributable to:</i>			
Intangible assets		3,763	4,453
Right-of-use assets		1,613	2,043
Property, plant and equipment		369	811
Other receivables		103	93
Foreign currency revaluations		2	87
Deferred tax liability		5,850	7,487
Set-off of deferred tax assets pursuant to set-off provisions		(2,046)	(2,940)
Net deferred tax liability		3,804	4,547
Amount expected to be settled within 12 months		4,654	2,127
Amount expected to be settled after more than 12 months		1,196	5,360
		5,850	7,487
<i>Movements:</i>			
Opening balance		7,487	8,820
Credited to profit or loss	5	(1,329)	(1,371)
Translation differences		(308)	38
Closing balance		5,850	7,487

NOTE 20

Equity - contributed equity

	CONSOLIDATED			
	2022 SHARES	2021 SHARES	2022 US\$'000	2021 US\$'000
Ordinary shares - fully paid	131,469,072	131,228,194	127,699	127,699

Movements in ordinary share capital

DETAILS	DATE	SHARES	ISSUE PRICE AU\$	US\$'000
Balance	30 June 2020	130,965,775		126,851
Shares issued - Upverter acquisition	25 August 2020	138,256	8.49	848
Shares issued - Employee Performance Rights	25 August 2020	124,163	-	-
Balance	30 June 2021	131,228,194		127,699
Shares issued - Employee Performance Rights	28 September 2021	240,878	-	-
Balance	30 June 2022	131,469,072		127,699

Movements in treasury shares

DETAILS	DATE	SHARES
Balance	30 June 2020	51,356
Add: Shares issued		124,163
Less: Shares transferred to employees		(175,519)
Balance	30 June 2021	-
Balance	30 June 2022	-

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 21

Equity – reserves and retained profits

	NOTE	RESERVES			RETAINED PROFITS US\$'000
		FOREIGN CURRENCY TRANSLATION US\$'000	EQUITY COMPENSATION US\$'000	TOTAL US\$'000	
Balance at 30 June 2020		(958)	21,809	20,851	36,631
Foreign currency translation		(1,282)	-	(1,282)	-
Share-based payments			2,573	2,573	-
Profit after income tax expense for the year		-	-	-	106,985
Dividends paid	22	-	-	-	(37,557)
Balance at 30 June 2021		(2,240)	24,382	22,142	106,059
Foreign currency translation		(1,756)	-	(1,756)	-
Share-based payments		-	5,483	5,483	-
Profit after income tax expense for the year		-	-	-	55,345
Dividends paid	22	-	-	-	(40,118)
Balance at 30 June 2022		(3,996)	29,865	25,869	121,286

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to US dollars.

Equity compensation reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

NOTE 22

Equity - dividends

Dividends paid during the financial year were as follows:

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Final dividend for the year ended 30 June 2021 of AU 21 cents (2020: AU 19 cents)	20,143	18,351
Interim dividend for the half year ended 31 December 2021 of AU 21 cents (2020: AU 19 cents)	19,975	19,206
	40,118	37,557

The Directors have declared a fully franked final dividend of AU26 cents per share for the year ended 30 June 2022. The dividend will be paid on 27 September 2022 with a record date of 6 September 2022. This amounts to a total dividend of US\$23.9 million based on the number of shares outstanding. The franking credits available for future periods are US\$3.2 million (30 June 2021: US\$2.0 million).

Accounting policy for dividends

Dividends are recognised when declared and are no longer at the discretion of the Group.

NOTE 23

Financial risk management

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by senior finance executives ('finance'). Risk management includes identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units.

Capital risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Foreign currency revenues are partially hedged by foreign currency denominated expenses. The Group does not have additional hedges against this risk.

The carrying amount of the Group's significant foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	ASSETS		LIABILITIES	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
CONSOLIDATED				
Australian dollars	1,582	943	(625)	(2,330)
Euros	431	821	(4,279)	(45)
	2,013	1,764	(4,904)	(2,375)

The following tables summarise the sensitivity of financial instruments held at statement of financial position date by the Group to the movement in exchange rate of the US dollar to the Australian dollar and Euro, with all other variables held constant. The 10% sensitivity is based on reasonably possible changes, over a financial year.

Sensitivity to foreign currency risk on financial instruments is as follows:

	US\$ STRENGTHENED			US\$ WEAKENED		
	% CHANGE	INCREASE / (DECREASE) TO PROFIT AFTER TAX	INCREASE / (DECREASE) TO EQUITY	% CHANGE	INCREASE / (DECREASE) TO PROFIT AFTER TAX	INCREASE / (DECREASE) TO EQUITY
CONSOLIDATED - 2022						
Australian dollars	10%	(61)	-	(10%)	68	-
Euros	10%	245	-	(10%)	(299)	-
		184	-		(231)	-

	US\$ STRENGTHENED			US\$ WEAKENED		
	% CHANGE	INCREASE / (DECREASE) TO PROFIT AFTER TAX	INCREASE / (DECREASE) TO EQUITY	% CHANGE	INCREASE / (DECREASE) TO PROFIT AFTER TAX	INCREASE / (DECREASE) TO EQUITY
CONSOLIDATED - 2021						
Australian dollars	10%	88	-	(10%)	(108)	-
Euros	10%	(49)	-	(10%)	60	-
		39	-		(48)	-

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

Interest rate risk is the risk that the Group's financial position will be adversely affected by movements in interest rates.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity.

As at the reporting date, the Group had the following financial instruments exposed to interest rate risk at reporting date:

CONSOLIDATED	2022		2021	
	WEIGHTED AVERAGE INTEREST RATE %	BALANCE US\$'000	WEIGHTED AVERAGE INTEREST RATE %	BALANCE US\$'000
Cash	0.25%	170,233	0.20%	168,671
Lease liabilities	4.9%	(9,452)	4.45%	(11,052)
Net exposure to cash flow interest rate risk		160,781		157,619

The following tables summarise the sensitivity of the fair value of financial instruments held at statement of financial position date in the Group, following a movement of 50 to 100 basis points, with all other variables held constant, and based on reasonably possible changes over a financial year.

The sensitivity to movements in interest rates is as follows:

CONSOLIDATED - 2022	BASIS POINTS INCREASE			BASIS POINTS DECREASE		
	BASIS POINTS CHANGE	EFFECT ON PROFIT AFTER TAX	EFFECT ON EQUITY	BASIS POINTS CHANGE	EFFECT ON PROFIT AFTER TAX	EFFECT ON EQUITY
Net exposure	100	1,125	-	(50)	(563)	-

CONSOLIDATED - 2021	BASIS POINTS INCREASE			BASIS POINTS DECREASE		
	BASIS POINTS CHANGE	EFFECT ON PROFIT AFTER TAX	EFFECT ON EQUITY	BASIS POINTS CHANGE	EFFECT ON PROFIT AFTER TAX	EFFECT ON EQUITY
Net exposure	100	1,103	-	(50)	(552)	-

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

The Group manages its credit risk on trade debtors by ensuring that sales of products and services are made to customers with an appropriate credit history. New customers are subject to credit verification procedures and ongoing customer performance is monitored on a regular basis. The Group has no significant concentrations of credit risk.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Cash transactions are limited to high credit quality financial institutions.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

CONSOLIDATED - 2022	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS US\$'000	BETWEEN 1 AND 2 YEARS US\$'000	BETWEEN 2 AND 5 YEARS US\$'000	REMAINING CONTRACTUAL MATURITIES US\$'000
Non-derivatives					
<i>Non-interest bearing</i>					
Payables	-	16,211	-	-	16,211
<i>Interest-bearing - fixed rate</i>					
Lease liability	4.9%	5,308	2,886	1,813	10,007
Total non-derivatives		21,519	2,886	1,813	26,218

CONSOLIDATED - 2021	WEIGHTED AVERAGE INTEREST RATE %	1 YEAR OR LESS US\$'000	BETWEEN 1 AND 2 YEARS US\$'000	BETWEEN 2 AND 5 YEARS US\$'000	REMAINING CONTRACTUAL MATURITIES US\$'000
Non-derivatives					
<i>Non-interest bearing</i>					
Payables	-	20,461	-	-	20,461
<i>Interest-bearing - fixed rate</i>					
Lease liability	4.45%	5,486	3,829	2,445	11,760
Total non-derivatives		25,947	3,829	2,445	32,221

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 24

Key management personnel disclosures

Directors

The following persons were directors of Altium Limited during the financial year:

Samuel Weiss	Non-executive Chairman
Aram Mirkazemi	Chief Executive Officer
Sergiy Kostynsky	President and Chief Technology Officer
Raelene Murphy	Non-executive Director
Lynn Mickleburgh	Non-executive Director
Simon Kelly (commenced 17 March 2022)	Non-executive Director

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

Martin Ive (ceased as KMP on 28 February 2022)	Chief Financial Officer
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Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	CONSOLIDATED	
	2022 US\$	2021 US\$
Short-term employee benefits	2,764,247	2,218,652
Post-employment benefits	54,856	53,179
Share-based payments	43,374	356,458
	2,862,477	2,628,289

Remuneration of Director-related entities

There were no transactions and balances with related entities of Directors employed by any company in the Group during the years ended 30 June 2022 and 2021.

NOTE 25

Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG Australia, the auditor of the company, and its network firms:

	CONSOLIDATED	
	2022 US\$	2021 US\$
Audit and audit related services¹		
Audit or review of the financial statements	400,000	481,610
	400,000	481,610
Other services¹		
Other assurance services ²	97,900	-
Accounting advisory services	41,312	-
Independent whistleblower service	6,783	-
Taxation services ³	-	983,142
Total auditor remuneration	545,995	1,464,752

¹ Audit and audit related services were provided by KPMG Australia during the year (2021: PricewaterhouseCoopers Australia). Other services were provided by KPMG Australia and KPMG network firms during the year (2021: PricewaterhouseCoopers Australia and PricewaterhouseCoopers network firms).

² Other assurance services include SOC2 Report;

³ Taxation services in prior year include:

- tax consulting and advice services related to the provision of compliance support relating to the ATO audit in the amount of US\$157,786;
- tax consulting and advice services related to the divestment of the TASKING business and other acquisition related activities in the amount of US\$781,204;
- tax compliance services, including review of company income tax return in the amount of US\$32,717;
- tax consulting and advice services related primarily to support the Group with restructuring in the USA and compliance with aspects of US tax reform including FDII in the amount of US\$11,435.

NOTE 26

Related party transactions

Parent entity

Altium Limited is the parent entity.

Key management personnel

Disclosures relating to Key Management Personnel are set out in Note 24 and the Remuneration Report included in the Directors' Report.

Transactions with related parties

Transactions with related parties relate to compensation of Key Management Personnel disclosed in Note 24.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Altium Limited

Notes to the consolidated financial statements

NAME	PRINCIPAL PLACE OF BUSINESS /COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2022 %	2021 %
Altium BV	Netherlands	100.00%	100.00%
Altium Holdings Canada Limited Inc.	Canada	100.00%	100.00%
Altium Europe GmbH	Germany	100.00%	100.00%
Altium Inc.	USA	100.00%	100.00%
Altium Information Technology (Shanghai) Co. Ltd	China	100.00%	100.00%
Altium Insurance Inc.	USA	100.00%	100.00%
Altium IP Co Pty Ltd	Australia	100.00%	100.00%
Altium IP Hold Co Pty Ltd	Australia	100.00%	100.00%
Altium Japan KK	Japan	100.00%	100.00%
Altium LLC	USA	100.00%	100.00%
Altium Netherlands BV	Netherlands	100.00%	100.00%
Altium Poland Sp.z.o.o	Poland	100.00%	100.00%
Altium Software India Private Limited	India	100.00%	100.00%
Altium Sweden AB	Sweden	100.00%	100.00%
Altium UK Limited	United Kingdom	100.00%	100.00%
Altium Vietnam Company Limited	Vietnam	100.00%	100.00%
Ciiva GmbH	Switzerland	100.00%	100.00%
Gumstix Inc.	USA	100.00%	100.00%
Gumstix Research (Canada) Ltd	Canada	100.00%	100.00%
Morfik Technologies Pty Ltd	Australia	100.00%	100.00%
Octopart Inc.	USA	100.00%	100.00%
PCB:NG Inc.	USA	100.00%	100.00%
Perception Software Inc.	USA	100.00%	100.00%
Protel AG	Switzerland	100.00%	100.00%
Tasking US LLC	USA	100.00%	100.00%

NOTE 27

Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	PARENT	
	2022 US\$'000	2021 US\$'000
Profit after income tax	31,083	14,705
Total comprehensive income	31,083	14,705

Statement of financial position

	PARENT	
	2022 US\$'000	2021 US\$'000
Total current assets	98,230	97,165
Total assets	359,570	356,920
Total current liabilities	73,982	67,690
Total liabilities	74,360	68,284
<i>Equity</i>		
Contributed equity	127,699	127,699
Equity reserves	2,741	2,614
Equity compensation reserve	29,864	24,382
Retained profits	124,906	133,941
Total equity	285,210	288,636

Summarised financial data of Altium Limited

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements except for investments and receivables from subsidiaries. In the parent entity financial information, investments in subsidiaries are accounted for at cost and receivables from subsidiaries are held at amortised cost. Where appropriate, receivables from subsidiaries have been adjusted for expected credit losses. Dividends received from investments in subsidiaries are recognised as revenue.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Altium Limited has provided financial guarantees in respect of credit card facilities and office leases amounting to US\$291,344 (2021: US\$326,827).

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in the relevant notes to the financial statements.

NOTE 28

Notes to the consolidated statement of cash flows

Reconciliation of profit after income tax to net cash from operating activities

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Profit after income tax expense for the year	55,345	106,985
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	11,967	12,045
Loss on recognition of net investment in sublease	213	-
Share-based payment expense	5,483	2,573
Unrealised foreign exchange differences	(1,517)	781
Net gain on divestment	-	(95,685)
Release of Gumstix contingent consideration	-	2,491
<i>Change in operating assets and liabilities:</i>		
(Increase) / decrease in trade and other receivables and contract assets	(7,462)	922
Decrease / (increase) in inventories	689	(18)
Decrease in net deferred tax assets and liabilities	1,986	7,993
Increase in net income tax payable	1,158	21,233
Increase in customer contract liabilities	5,366	3,369
Increase in other operating assets	(2,556)	(701)
Increase in trade and other payables	931	5,333
Increase / (decrease) in other liabilities and provisions	888	(5,585)
Net cash from operating activities	72,491	61,736

Reconciliation of liabilities arising from financing activities

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
<i>Lease liabilities - current and non-current</i>		
Opening balance	11,052	13,933
Payment of lease liabilities (cash)	(5,707)	(5,524)
Interest expense (cash)	(489)	(657)
Additions to lease liabilities (non-cash)	3,630	2,331
Interest expense (non-cash)	489	657
Exchange differences	477	312
Closing balance	9,452	11,052

NOTE 29

Earnings per share

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
<i>Earnings per share - continuing operations</i>		
Profit after income tax attributable to the owners of Altium Limited	55,488	35,272
	CENTS	CENTS
Basic earnings per share	42.23	26.89
Diluted earnings per share	42.05	26.85

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
<i>Earnings per share - discontinued operations</i>		
(Loss) / profit after income tax attributable to the owners of Altium Limited	(143)	71,713
	CENTS	CENTS
Basic (loss) / earnings per share	(0.11)	54.67
Diluted (loss) / earnings per share	(0.11)	54.58

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
<i>Earnings per share - attributable to the owners of Altium Limited</i>		
Profit after income tax attributable to the owners of Altium Limited	55,345	106,985
	CENTS	CENTS
Basic earnings per share	42.12	81.56
Diluted earnings per share	41.95	81.43
	NUMBER	NUMBER
<i>Weighted average number of ordinary shares during the period</i>		
Used in the calculation of basic earnings per share	131,409,677	131,177,168
<i>Adjustments for calculation of diluted earnings per share:</i>		
Employee performance share rights	532,981	213,564
Weighted average number of ordinary shares used in calculating diluted earnings per share	131,942,658	131,390,732

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Altium Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 30

Share-based payments

Benefits are provided to employees of the Group in the form of share-based payments, where employees render services in exchange for equity shares. The Remuneration report sets out details relating to the Group's share plans on pages 22 to 40.

Performance rights plan

Equity long term incentive plan

During the year ended 30 June 2021, the Group introduced a "Power of Choice" remuneration ("2021 Incentive Plan") model for its senior management team, recognising two different types of employees "Company Builders" and "Professional Operators" and the transformational partnership required between the two to deliver long-term success and value for shareholders.

The 2021 Incentive Plan is designed to encourage participating employees through both their individual and collective effort and contribution to have an impact on current success whilst creating value for the future.

The Group introduced the 2021 Incentive Plan to better align performance hurdles to reflect the Group's focus on meeting the long-term corporate objectives, including achieving US\$500 million in revenue and 100,000 subscribers. The plan was communicated to employees in March 2021 and final details of the plan were approved by the Board in August 2021. At present, the Group does not anticipate that the performance conditions applicable to the 2019 Incentive Plan for the financial years ending 2022 and 2023 will be achieved.

The award is delivered in Performance Rights which convert into fully paid ordinary shares in Altium at no cost to the recipient upon vesting. Any participant who joins the 2021 Incentive Plan for the first time will receive an award of five tranches of performance rights that vest annually. After the first year of joining the plan, it is anticipated each participant will receive an additional grant that will vest in five years' time subject to performance conditions outlined in a five-year framework.

Vesting for Professional Operators is subject to continued service only whereas vesting for Company Builders is subject to performance hurdles and continued service.

For the year ended 30 June 2022, the 2021 Incentive Plan was tested against performance hurdles set by the Board (for the Company Builders only) and continued employment (for both Company Builders and Professional Operators).

The performance hurdles for 30 June 2022 were Revenue, EBITDA Margin, Subscription Adoption for PCB users and Altium 365 Adoption. Outcomes for plan participants were measured based on 1-4 performance hurdles, with the number of hurdles dependent on the seniority of the participant. During the year ended 30 June 2022, achievement of the 2021 Incentive Plan performance hurdles ranged from 50% to 100%.

2022

GRANT DATE	VESTING DATE	ESTIMATED FAIR VALUE	BALANCE AT THE START OF THE YEAR	AWARDED	VESTED	FORFEITED	REALLOCATED	BALANCE AT THE END OF THE YEAR
<i>Shares with performance hurdles</i>								
15/12/2018	31/08/2021	US\$27.56	37,471	-	(37,471)	-	-	-
15/12/2018	31/08/2022	US\$27.56	63,082	-	-	(63,082)	-	-
15/12/2018	31/08/2023	US\$27.56	94,618	-	-	-	-	94,618
15/02/2019	31/08/2021	US\$27.56	493	-	(493)	-	-	-
15/02/2019	31/08/2022	US\$27.56	1,218	-	-	(1,218)	-	-
15/02/2019	31/08/2023	US\$27.56	1,826	-	-	-	-	1,826
31/08/2019	31/08/2021	US\$27.56	1,279	-	(1,279)	-	-	-
31/08/2019	31/08/2022	US\$27.56	2,130	-	-	(2,130)	-	-
31/08/2019	31/08/2023	US\$27.56	3,195	-	-	-	-	3,195
1/03/2021	31/08/2021	US\$20.40	-	-	(51,581)	-	51,581	-
1/09/2021	30/09/2021	US\$21.92	-	24,786	(16,029)	(8,757)	-	-
1/09/2021	31/08/2022	US\$21.92	-	10,818	-	(10,818)	-	-
27/04/2022	31/08/2022	US\$23.11	-	99,596	-	(11,171)	-	88,425
<i>Shares with no performance hurdles</i>								
1/03/2021	31/08/2021	US\$20.40	150,375	-	(98,794)	-	(51,581)	-
1/03/2021	31/08/2022	US\$20.40	77,061	-	-	(5,758)	-	71,303
1/03/2021	31/08/2023	US\$20.40	72,208	-	-	(5,000)	-	67,208
1/09/2021	30/09/2021	US\$21.92	-	24,494	(24,494)	-	-	-
1/09/2021	31/08/2022	US\$21.92	-	29,720	-	(3,077)	-	26,643
1/09/2021	31/08/2023	US\$21.92	-	23,885	-	(3,077)	-	20,808
1/09/2021	31/08/2024	US\$21.92	-	78,729	-	(6,312)	-	72,417
1/09/2021	31/08/2025	US\$21.92	-	78,729	-	(6,312)	-	72,417
27/04/2022	31/08/2022	US\$23.11	-	4,188	-	-	-	4,188
27/04/2022	31/08/2023	US\$23.11	-	4,188	-	-	-	4,188
27/04/2022	31/08/2024	US\$23.11	-	4,188	-	-	-	4,188
27/04/2022	31/08/2025	US\$23.11	-	4,188	-	-	-	4,188
27/04/2022	31/08/2026	US\$23.11	-	4,188	-	-	-	4,188
30/06/2022	31/08/2026	US\$18.50	-	72,417	-	-	-	72,417
			504,956	464,114	(230,141)	(126,712)	-	612,217

2021

GRANT DATE	VESTING DATE	ESTIMATED FAIR VALUE	BALANCE AT THE START OF THE YEAR	AWARDED	VESTED	FORFEITED	REALLOCATED	BALANCE AT THE END OF THE YEAR
<i>Shares with performance hurdles</i>								
10/08/2017	31/08/2020	US\$8.55	40,681	-	(40,681)	-	-	-
08/11/2017	31/08/2020	US\$12.55	16,517	-	(16,517)	-	-	-
15/12/2018	31/08/2020	US\$15.74	140,000	-	(140,000)	-	-	-
15/12/2018	31/08/2021	US\$27.56	211,369	-	-	(79,248)	(94,650)	37,471
15/12/2018	31/08/2022	US\$27.56	123,775	-	-	(12,553)	(48,140)	63,082
15/12/2018	31/08/2023	US\$27.56	185,657	-	-	(18,831)	(72,208)	94,618
15/02/2019	31/08/2021	US\$27.56	2,232	-	-	(725)	(1,014)	493
15/02/2019	31/08/2022	US\$27.56	1,218	-	-	-	-	1,218
15/02/2019	31/08/2023	US\$27.56	1,826	-	-	-	-	1,826
31/08/2019	31/08/2021	US\$27.56	2,130	-	-	(851)	-	1,279
31/08/2019	31/08/2022	US\$27.56	2,130	-	-	-	-	2,130
31/08/2019	31/08/2023	US\$27.56	3,195	-	-	-	-	3,195
<i>Shares with no performance hurdles</i>								
01/03/2021	31/08/2021	US\$20.40	-	54,711	-	-	95,664	150,375
01/03/2021	31/08/2022	US\$20.40	-	28,921	-	-	48,140	77,061
01/03/2021	31/08/2023	US\$20.40	-	-	-	-	72,208	72,208
			730,730	83,632	(197,198)	(112,208)	-	504,956

Long-term cash bonus scheme

Aram Mirkazemi and Sergiy Kostynsky participate in a long-term cash bonus scheme dependent on the achievement of certain performance conditions. If the performance conditions are satisfied in the first year, the fixed cash bonus value will vest in three equal tranches over three years following the end of the financial year with no retesting of the performance metrics but subject to being an employee of the Group at each vesting date.

The cash bonus granted for the year ended 30 June 2022, was achieved at 70%. The amounts have been included in trade and other payables as at 30 June 2022.

Share Based Payment Expense

	CONSOLIDATED	
	2022 US\$'000	2021 US\$'000
Equity compensation reserves	5,483	2,573
Cash settled	-	421
Shares issued under the share and performance rights plan	5,483	2,994

The Altium Employee Share and Option Plan Trust is used to hold shares for share and performance rights plans. As at 30 June 2022 the trust held nil ordinary shares (2021: nil).

Accounting policy for share-based payments

Under the employee share scheme, shares are issued under the Altium Employee Share and Option Plan Trust to employees for no cash consideration. Shares may be held by the trust and not yet issued to employees at the end of the reporting period are shown as treasury shares in the financial statements.

Altium estimates the fair value of the shares awarded to employees when the service period commences and again at each reporting period until the shares are granted. The grant date is established when all conditions relating to the award are provided to the employees. The fair value of the shares at grant date is determined using the actual market price of the company's shares at the grant date. The expense is recognised as an expense over the relevant service period.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of rights that are exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

Critical accounting judgements, estimates and assumptions

The share-based payment expense is based on expected targets and related forecasts. At present, the Group does not anticipate that the performance conditions applicable to the 2019 Incentive Plan for the financial years ending 2022 and 2023 will be achieved.

NOTE 31

Contingent liabilities

In the ordinary course of business, the Group becomes involved in litigation. Provisions are made for known obligations where the existence of the liability is probable and can be reasonably quantified. Receivables are recognised where recoveries are virtually certain. As the outcomes of these matters remain uncertain, contingent liabilities exist for any potential amounts payable. Subsidiaries have contingent unsecured liabilities in respect of guarantees given relating to leases and other obligations totalling US\$400,789 (2021: US\$435,988).

As disclosed in Altium's 2021 Annual Report and 2022 Half-year Report, 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. In the 2021 Annual Report and 2022 Half-year Report, Altium disclosed a contingent tax liability (excluding interest and penalties) asserted by the ATO in respect of the audit years (2016-2018) ranged from AU\$21.1 million to AU\$157.8 million (US\$15.3 million to US\$114.4 million).

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 has withdrawn its principal anti-avoidance position and amended its secondary anti-avoidance position. In its position papers, the ATO asserts the tax liability in respect of the 2016 to 2018 tax years is a range from AU\$21.1 million to AU\$80.0 million (excluding penalties and interest). The contingent liability has been amended accordingly to reflect the final position papers of the ATO.

Altium continues to engage external legal advisers in relation to this matter, and confidential discussions are continuing with the ATO. Altium disagrees with the ATO's final position paper and intends to vigorously defend its position and if necessary, 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 30 June 2022.

NOTE 32

Events after the reporting period

Since period end, the Directors have declared a fully franked final dividend of AU26 cents per share. The dividend will be paid on 27 September 2022. The dividend will be recognised in subsequent period financial statements.

No other matter or circumstance has arisen since 30 June 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.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Board of Directors



Aram Mirkazemi
Director and Chief Executive Officer

22 August 2022
Sydney



Sam Weiss
Non-executive Chairman



Independent Auditor's Report

To the shareholders of Altium Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Altium Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 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 year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

The **Key Audit Matters** we identified are:

- Revenue recognition
- Contingent liability relating to the potential tax liability on the transfer of assets to the USA
- Calculation of deferred tax assets

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 3 to the financial report

The key audit matter

The Group recognised revenue of \$220.8 million for the year ended 30 June 2022.

Revenue is mainly derived from the licensing of software product and from related support and maintenance (subscription).

The Group's contracts with customers typically include commitments to transfer perpetual or term-based software licenses bundled with subscription services. The Group determined that software licenses are distinct performance obligation from subscription services. It is their policy that the corresponding revenues are recognised as the related performance obligations are satisfied.

Revenue recognition was a key audit matter due to:

- Its financial significance; and,
- the judgments and assumptions required by the Group in the determination of the relative stand-alone selling prices for each performance obligation in multiple element contracts.

How the matter was addressed in our audit

Our procedures included:

- We assessed the appropriateness of the Group's accounting policies related to revenue recognition against the requirements of the accounting standard and our understanding of the business and industry practice
- We evaluated the Group's stand-alone selling price allocation methodology for each significant revenue stream against the requirements of Australian Accounting Standards
- We tested the key underlying assumptions and data in the stand-alone selling price model using observable inputs, details of licensing arrangements and pricing practice
- We assessed the mathematical accuracy of the underlying calculations in standalone selling price model used
- For a sample of revenue recognised throughout the year:
 - We inspected key source documentation such as contracts and sales orders to check the existence of underlying customer contracts
 - We checked the accuracy of the revenue recognised to invoices and the agreed terms and conditions of the underlying contracts and to the Group's revenue recognition policy
- We evaluated the adequacy of disclosures in the financial report using our understanding obtained from our testing and against the requirements of Australian Accounting Standards

Contingent liability relating to the potential tax liability on the transfer of assets to the USA

Refer to Note 31 to the financial report

The key audit matter

Contingent liability relating to the potential tax liability on the transfer of assets to the USA is a key audit matter as applying IFRIC 23 *Uncertainty over Income Tax Treatments* and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (AASB 137) requires significant judgement.

Given our assessment of the uncertainty and potential significance of the contingent liability to the financial report combined with the judgement involved in assessing whether the Group's analysis of the matter result in a possible or probable obligation, the contingent liability in respect of the tax audit by the Australian Taxation Office (ATO) was considered a key audit matter.

We involved tax specialists to supplement our senior team members in assessing this key audit matter.

How the matter was addressed in our audit

Working with our tax specialists our procedures included:

- Examining the Group's evaluation of its position, and selected correspondence with the ATO including the Audit Finalisation Letter, the General Anti-Avoidance Rules ("GAAR") panel report and advice provided by Group's tax and legal advisors
- Reading minutes from relevant committees, attending audit and risk committee meetings where this topic was tabled, analysing consistency of sources
- Reconciling the range disclosed in respect of the years subject to the ATO audit to the ATO's Audit Finalisation Letter (excluding interest)
- Assessing the scope, competency, and objectivity of the Group's tax and legal advisors
- Evaluating the Group's conclusion for a contingent liability position versus giving rise to a liability by challenging the basis for potential loss as either "probable" or "possible".
- Enquiring with the Group's external lawyers regarding the matter, and considering the conclusions reached by the Group's external advisors.
- Enquiring of senior management, inhouse legal counsel and the Directors for updates through to the date of signing regarding the matter, the range of possible outcomes and associated estimation of financial outflows, analysing consistency
- Evaluating the adequacy of disclosures in the financial report using our understanding obtained from our testing and against the requirements of Australian Accounting Standards.

Calculation of deferred tax assets	
Refer to Note 15 to the financial report	
The key audit matter	How the matter was addressed in our audit
<p>The Group has recognised a net deferred tax asset of \$46.7 million as at 30 June 2022. This includes a temporary difference of \$39.9 million relating to the intellectual property transferred to the USA in prior years.</p> <p>It is the Group's policy to measure the deferred tax assets and liabilities of the US operations using forecasted blended tax rates factoring in the proportion of the forecasted foreign and domestic income resulting from the application of the US Foreign Derived Intangible Income (FDII) rules.</p> <p>The deferred tax assets was a key audit matter due to the quantum of the asset, the complexity of the US tax legislation specifically in relation to the application of the FDII rules, and the judgement required to assess whether there will be sufficient future taxable profits to utilise the tax benefits arising from the amortisation of the intellectual property over the remaining amortisation period.</p> <p>We involved tax specialists to supplement our senior team members in assessing this key audit matter.</p>	<p>Working with our tax specialist, our procedures included:</p> <ul style="list-style-type: none"> Assessed the Group's ability to claim deductions for the amortisation of the intellectual property for compliance with the US tax laws. Assessed the blended tax rate used based on the forecasted foreign and domestic income resulting from the application of FDII rules. This included: <ul style="list-style-type: none"> Assessed the Group's forecasted taxable profits over the relevant amortisation period for consistency with the Group's forecast. Compared prior forecasted profits to actual profits to assess the Group's ability to forecast future profits. Performed sensitivity analysis using a range of alternative growth rates assumption and alternative forecasted foreign versus domestic derived income to focus our further procedures. Evaluated the timing of future taxable profits and considered the consistency of the timeframes of expected recovery to our knowledge of the business, historical profitability, and its longer-term plans. Tested the mathematical accuracy of the underlying calculation of the deferred tax assets balance. Assessed the appropriateness of the disclosures in the financial report against Australian Accounting Standards.

Other Information

Other Information is financial and non-financial information in Altium's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Altium Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.


Our responsibilities

We have audited the Remuneration Report included in pages 25 to 40 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Caoimhe Tooili

Partner

Sydney

22 August 2022

Information for shareholders as at 31 July 2022

The shareholder information set out below was current as at 31 July 2022

a. Number of shareholders

As at 31 July 2022, there were 27,829 Altium Limited shareholders, holding 131,469,072 fully paid ordinary shares listed on the Australian Securities Exchange (ASX) under the ticker ALU.

b. Distribution of equity securities

Analysis of equity security holders by size of holding:

RANGE	ORDINARY FULLY PAID SHARES AS AT 31 JULY 2022		
	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 - 1,000	22,960	6,320,445	4.81
1,001 - 5,000	4,154	8,927,186	6.79
5,001 - 10,000	456	3,288,762	2.50
10,001 - 100,000	221	5,891,653	4.48
100,001 – and over	38	107,041,026	81.42
Total	27,829	131,469,072	100.00

Less than Marketable Parcel

There were 899 holders of a less than marketable parcel of \$500 of ordinary shares based on a closing price of \$31.17 on 31 July 2022.

c. Equity security holders as at 31 July 2022

Twenty largest quoted equity security holders

RANK	NAME	UNITS ORDINARY SHARES	% OF SHARE CAPITAL
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	41,130,431	31.29
2	JP MORGAN NOMINEES AUSTRALIA PTY LIMITED	22,963,291	17.47
3	CITICORP NOMINEES PTY LIMITED	12,543,539	9.54
4	MR ARAM MIRKAZEMI + MRS LAILANI MIRKAZEMI	6,713,000	5.11
5	NATIONAL NOMINEES LIMITED	4,519,779	3.44
6	BNP PARIBAS NOMS PTY LTD	3,746,123	2.85
7	MIRKAZEMI HOLDINGS PTY LTD	2,050,000	1.56
8	SERGEY & SLAVA PTY LTD	1,978,125	1.50
9	MUTUAL APPRECIATION SOCIETY PTY LTD	1,903,207	1.45
10	BNP PARIBAS NOMINEES PTY LTD	1,150,230	0.87
11	NETWEALTH INVESTMENTS LIMITED	755,037	0.57
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	749,570	0.57
13	MRS Nanci CATHERINE MOORE	540,000	0.41
14	CITICORP NOMINEES PTY LIMITED	530,178	0.40
15	ARAM MIRKAZEMI	525,543	0.40
16	MR SHAHRAM MIRKAZEMI	500,000	0.38
17	MILTON CORPORATION LTD	368,500	0.28
18	MR SERGIY KOSTYNSKY	358,343	0.27
19	MR CHARLES ROBERT DIRCK WITTENOOM	350,175	0.27
20	SANDHURST TRUSTEES LTD	349,565	0.27
Total		103,724,636	78.90

d. Unquoted equity securities

There are no unquoted equity securities.

e. Substantial shareholders as at 31 July 2022

The substantial holders in the company are set out below

RANK	NAME	NUMBER OF SHARES	% OF SHARE CAPITAL
1	BlackRock Group	11,942,462	9.10%
2	Pinnacle Investment Management Group Limited	11,407,539	8.68%
3	Mirkazemi Holdings Pty Ltd	9,663,000	7.36%
4	First Sentier Investors Holdings Pty Limited	8,904,891	6.77%
5	Mitsubishi UFJ Financial Group Inc	8,767,691	6.67%
6	Hyperion Asset Management Limited	6,726,847	5.12%

f. Issue approved under Item 7, s611 Corporations Act

Item 7 of s611 of the Corporations Act 2001 (Corporations Act) allows members to approve an acquisition of relevant interests in voting shares that would otherwise contravene the prohibitions in s606.

There have been no issues of securities approved for the purposes of Item 7 of section 611 of the Corporations Act which have not yet been completed.

g. Securities Purchase On-Market for an Employee Incentive Scheme

There were no securities purchased on-market: under or for the purposes of an employee incentive scheme; or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

h. Voting rights: Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll shall have one vote for each share represented

i. Share buy-back

There is no current on-market buy back.

j. Securities subject to voluntary escrow

There are currently no shares under escrow.

Note: Securities issued under an employee incentive scheme that have restrictions on their transfer under the terms of the scheme are not regarded as being subject to voluntary escrow.

k. Annual General Meeting

Date: Thursday, 17 November 2022

Format: Physical

I. Inquiries about your shareholding

Please contact our share registry, Computershare for all questions in relation to your shareholding, dividends, share transfers and monthly holding statements. Computershare has a website which provides shareholders with access to shareholder forms and answers to frequently asked questions. You are also able to update some of your shareholder information online.

Website:	www.investorcentre.com/au
Mailing address:	Computershare Investor Services Pty Limited, GPO Box 2975, Melbourne VIC 3001 Australia
Phone	(Aus) 1300 850 505 (Overseas) +61 (0)3 9415 4000

Computershare Office Addresses

Sydney	Level 3, 60 Carrington Street, Sydney, NSW, 2000
Melbourne	Yarra Falls, 452 Johnston Street, Abbotsford, VIC, 3067
Adelaide	Level 5, 115 Grenfell Street, Adelaide, SA, 5000
Brisbane	Level 1, 200 Mary Street, Brisbane QLD 4000

m. Inquiries about Altium Limited

Details of Altium Limited's Registered Office are as follows;

Address:	The Zenith, Tower B Level 6, 821 Pacific Highway Chatswood NSW 2067 Australia
PH:	+61 2 9474 7890
Email:	investor.relations@altium.com
Website:	www.altium.com
Company Secretary:	Natasha Davidson
Stock Exchange Listing:	Altium Limited is listed on the Australian Securities Exchange (ASX) under the ticker of ALU

n. Altium shareholder communications

Altium publishes information to its shareholders in the annual report and via releases to the ASX. Investor Information can be found on our website www.altium.com/en/altium/investor-relations

Key Altium Governance information can be found at:
<https://www.altium.com/corporate-governance>

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