

Altium Limited

Appendix 4D
Half-year report

1. Company details

Name of entity:	Altium Limited
ACN:	009 568 772
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

US\$'000

Continuing operations

Revenues from ordinary activities	down	3.8%	to	79,971
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	down	15.1%	to	27,005
Earnings Before Interest and Tax (EBIT)	down	21.0%	to	20,959
Profit after income tax expense (PAT)	down	12.1%	to	16,616

Discontinued operations

Profit after income tax expense (PAT)	-			3,093
Profit from ordinary activities after tax attributable to the owners of Altium Limited	down	14.6%	to	19,709
Profit for the half-year attributable to the owners of Altium Limited	down	14.6%	to	19,709

Dividends

On 17 August 2020, the Directors declared a final dividend of AU 19 cents per share for the year ended 30 June 2020. The dividend was paid on 24 September 2020 and amounted to US\$18.4 million.

The directors have declared an interim dividend of AU 19 cents per share (2019: AU 20 cents) for the half-year ended 31 December 2020. The dividend will be paid on 23 March 2021 based on a record date of 2 March 2021. This amounts to a total dividend of US\$19.2 million based on the total number of shares outstanding.

Comments

The profit for the Group after providing for income tax amounted to US\$19,709,000 (31 December 2019: US\$23,083,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	106.12	103.09

Net tangible assets per ordinary security includes balances related to held for sale operations.

4. Audit qualification or review

Details of audit/review dispute or qualification (if any):

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

5. Attachments

Details of attachments (if any):

The Interim Report of Altium Limited for the half-year ended 31 December 2020 is attached.

6. Signed



Aram Mirkazemi
Director and Chief Executive Officer
Sydney

Date: 15 February 2021



Altium Limited
ACN 009 568 772

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2020



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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Altium Limited (referred to hereafter as the 'Group' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

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

Samuel Weiss (Chairman)
Aram Mirkazemi
Raelene Murphy
Lynn Mickleburgh
Sergiy Kostynsky

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of the provision and sales of computer software for the design of electronic products. There were no significant changes in the nature of these activities during the half-year.

Review of operations

- Overview
- Financial Performance
- Business Operations and Organisation
- Products and Technology Driving Four Flywheels
- People and Performance
- Strategy and Outlook

Overview

After eight consecutive years of double-digit revenue growth, Altium experienced a decline in first half revenue for fiscal 2021 of 4% to US\$80 million compared with the same period one year earlier (pre-COVID). This uncharacteristic decline reflects the economic slowdown caused by extreme COVID conditions in the US and Europe, and a challenging environment for license compliance activities, post COVID in China. Boards and Systems revenue for the second quarter was stronger than first quarter revenue and that trend is continuing with early signs of growing momentum in the second half of fiscal 2021.



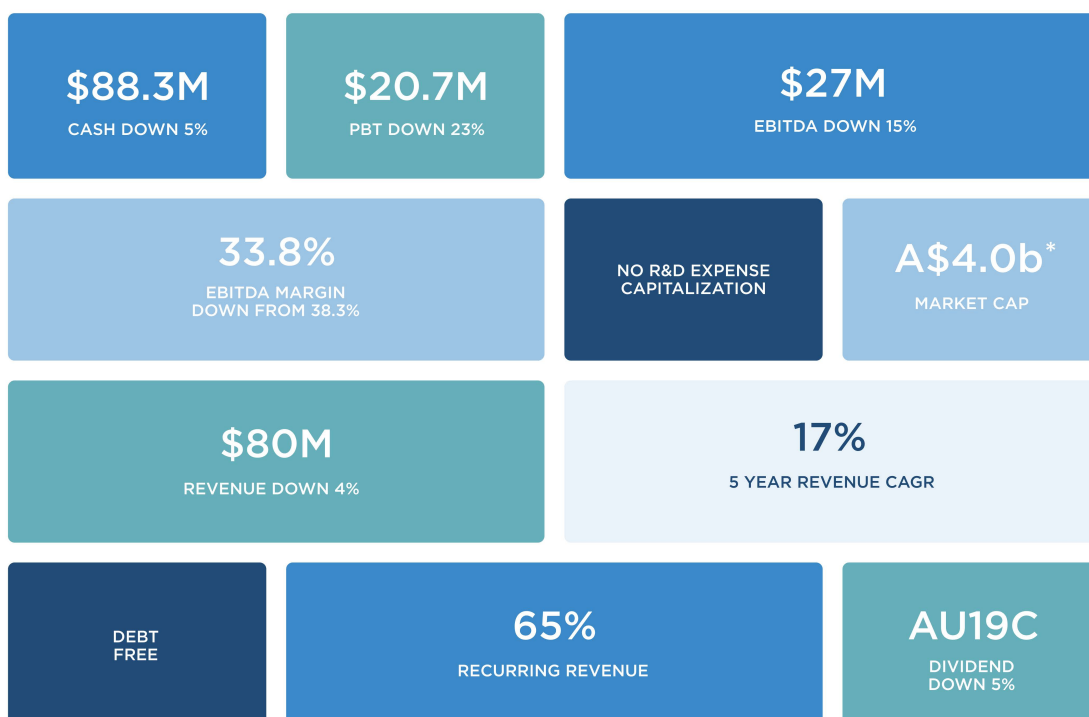
EBITDA margin was down to 33.8% (underlying EBITDA was 30.6%) from 38.3% (underlying 35.9%) in the same period last year. This reflects the decline in revenue for the half and the pre-COVID conditions for the base comparison period one year prior. Underlying EBITDA margin excludes the positive impact of the release of contingent consideration in relation to Gumstix.

The impact of COVID on Altium was primarily limited to new license sales in its Boards and Systems business, particularly in the Professional Channel where the cycle time of deals has lengthened, and license compliance activities in China. Tougher post-COVID economic conditions meant that license compliance sales were challenging at the low end of the market.

Altium's subscription business has been resilient with subscriptions up 12% over a twelve-month period to reach over 52,157 subscriptions. Altium also experienced a strong take-up of term-based licenses, which increased by 166% in the first half. While this resulted in a negative short-term revenue impact of over US\$1 million, it is a positive sign that customers are moving to the cloud.

Financial Strength

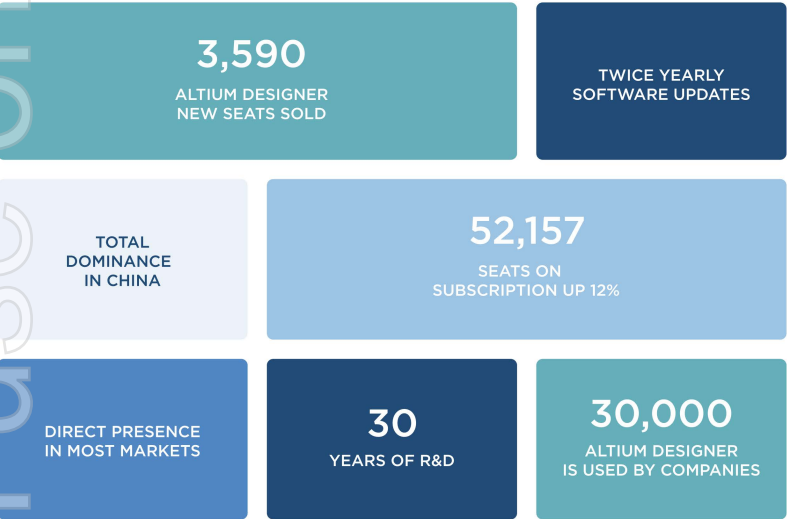
Altium is the fastest growing EDA company with 8 consecutive years of double-digit growth (prior to COVID) and expanding margin.



* Market cap at 12 February 2021

Altium Designer Dominance

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

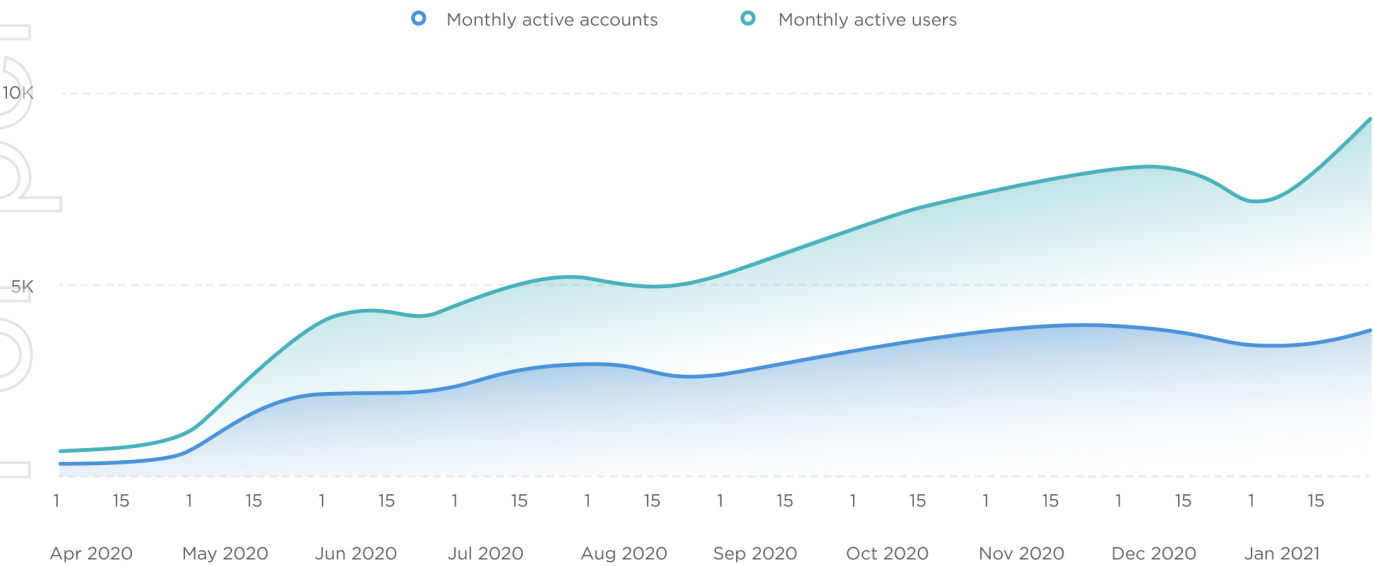


Altium 365 Adoption

The world's first digital platform for design and realization of electronics hardware gaining strong early adoption.



The Group's cloud platform Altium 365 gained further momentum over the half, with over 9,300 active monthly users and over 4,400 monthly active accounts. Altium also released Altium Designer 21 with a range of new capabilities targeting next generation rigid flex boards, length tuning support for high-speed designs, SPICE simulation and a deeper integration with Altium 365. This should positively impact demand in the second half.



During the half, Altium undertook a hard pivot to the cloud. Organisational changes, referred to as our "Netflix Moment," included the separation of our CAD software business from our Cloud business and the bifurcation of the Group's sales organisation into high volume (Digital Sales channel) and high touch (Professional Sales channel). Altium divested its TASKING business to concentrate on accelerating the adoption of the Group's cloud platform Altium 365 for dominance and industry transformation.

Altium's pivot to the cloud is at the heart of our pursuit of market dominance and industry transformation. The Group is forming a new business unit, NEXAR, to build and to expand the Altium 365 ecosystem beyond design to manufacturing which will result in direct monetization of a new set of users.

These business and organisational changes escalated momentum in a number of cloud focused initiatives and the Group went from one flywheel to four to drive future growth. The Group moved beyond its transactional sales flywheel (powered by annual software updates) that underpinned its journey to market leadership in fiscal 2020 to four flywheels for dominance and transformation. These flywheels are built around our new Digital Sales (Design Tools adoption), High-end Professional Sales (Design Platform adoption), Altium 365 (Cloud adoption) and NEXAR platform (Ecosystem adoption).

Financial Performance

	Consolidated		
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000	Change %
Board and Systems (Altium Designer, Circuit Studio, SolidWorks PCB)	62,112	65,377	(5%)
- Americas	23,290	25,801	(10%)
- EMEA	21,829	21,433	2%
- China	10,639	12,496	(15%)
- Rest of World	6,354	5,647	(13%)
NEXUS	6,048	7,027	(14%)
Octopart	10,800	9,045	19%
Manufacturing	1,011	1,675	(40%)
Revenue - continuing operations	79,971	83,124	(4%)
Tasking - discontinued operation	9,625	9,722	(1%)

Altium experienced a challenging first half in fiscal 2021, as extreme COVID conditions hit the US and Europe, and this affected the spending sentiment of Altium customers. Revenue declined by 4% to US\$80.0 million on a continuing operations basis and the EBITDA margin of 33.8% was down from 38.3% the same time last year. Profit after tax was down 12% to US\$16.6 million. COVID impact on sentiment made new license sales tougher to close which flowed through to sales and revenue. Altium went back to full price in September, after heavily discounting in the final quarter of fiscal 2020 at the peak of COVID in northern hemisphere markets. It took some time in the first quarter for customers to align on price.

Altium Designer new perpetual license seat sales were down by 15% to 3,590 for the half. On the positive side, Altium's subscription business was resilient, with 12% growth in its subscriber base in the last twelve months to reach 52,157 subscribers. Altium also increased term-based license volumes by 166%; while this had a negative short-term revenue impact of over US\$1.0 million for the half, it is a positive sign that customers are embracing the cloud naturally and this will flow through in recurring revenue in future years.

US revenue for the half was down by 10% to US\$23.3 million and EMEA revenue was down by 4% to €18.4 million. This was primarily as a result of more challenging conditions for closing new business, while renewals remained strong.

China experienced a challenging first half; revenue was down 15% year on year to US\$10.6 million caused by tough economic conditions, post COVID in the region, which impacted license compliance activities, particularly with smaller businesses. In China, there is no indication that business is being impacted by geopolitical concerns but rather by the tighter economic conditions in the region, where smaller businesses did not have funds to settle license compliance infringements. The mid-to-larger businesses have not shown signs of being affected, and those with more western connections, tend to comply fully when cited.

The Rest of World (including Australia, New Zealand, and Japan) grew revenue by 13% for the half to US\$6.4 million as the pandemic was relatively well contained in those regions.

Octopart delivered strong growth of 19% to US\$10.8 million as it benefited from the rebound in electronic manufacturing. This is a positive lead indicator for PCB design growth which should contribute to Altium Designer sales momentum in the second half.

NEXUS revenue for the half was down 14% to US\$6.0 million compared to US\$7.0 million. The first half of last year achieved 197% growth. This was largely as a result of the initial impact of COVID on the pipeline that was built for the half. The pipeline for NEXUS is solid for the second half. There was no customer churn and a significant US\$1.5 million three-year deal with TE Connectivity was secured during the period.

Altium maintained a diligent and fiscally conservative approach to its cost management. Operating expenses grew by 3% for the half to US\$53.0 million, on a continuing basis. New hiring was contained and primarily limited to R&D investment and during the half we aggressively recruited engineers in Russia and Ukraine to support our Cloud platform and CAD software products and their rapid development. The impact of investment in R&D totalled US\$1.5 million in expense for the half from a combination of hiring in the latter half of fiscal 2020 and the first half of fiscal 2021. Overall employee expenses increased by 9% to US\$38.4 million during the half. This increase was offset by a reduction in share based payment expense, which declined due to a reassessment of probabilities used to calculate the fair value of rights issued for future vesting dates.

Some cost savings were achieved as a result of COVID restrictions, such as travel and some office related expenses, however, these were somewhat offset by software and communication costs to support the workforce in remote working. There was also a positive impact from the forfeiture of contingent consideration related to the Gumstix acquisition after participants did not meet service period obligations. Additional costs were incurred during the period for D&O insurance premiums which have generally increased across the market as well as compliance costs associated with the ongoing income tax audit by the ATO.

EBITDA margin reduced to 33.8% for the half (from 38.3%), as a result of lower revenue. The Group also divested TASKING to focus future investment in Altium 365. Revenue and margin are expected to be higher in the second half, as changes to the sales organisation drive growth in the Digital and Professional Sales channels.

Operating cashflow reduced by 10% from US\$20.8 million to US\$18.7 million for the half. This included an increase in corporate tax payments for the half of US\$6.2 million, which was a combination of provisional amounts owed for fiscal 2021 as well as a catch up on payments deferred from fiscal 2020 as part of corporate relief provided in Australia and the United States.

Key Financial Results - Continuing Operations

	31 Dec 2020 US\$'000	31 Dec 2019 ¹ US\$'000	Change %
Revenue (excluding interest)	79,971	83,124	(4%)
Operating expenses (excluding depreciation, amortisation and interest)	52,966	51,320	3%
EBITDA	27,005	31,804	(15%)
EBITDA margin	33.8%	38.3%	
<i>EBITDA margin underlying²</i>	30.6%	35.9%	
Profit before income tax	20,698	26,849	(23%)
Income tax expense	4,082	7,944	
Profit after income tax	16,616	18,905	(12%)
EPS (cents)	12.67	14.46	
Rule of 50 ³	30%	58%	

¹ Results for the held for sale business have been excluded and prior year comparatives restated.

² Underlying EBITDA margin excludes the re-measurement of contingent consideration.

³ The combination of the percentage of revenue growth plus EBITDA margin is equal to 50 or greater.

Business Operations and Organisation

Fiscal 2020 marked the end of Altium's market leadership phase and fiscal 2021 is the beginning of Altium's journey of dominance and industry transformation. The launch of Altium 365 in May 2020 and its subsequent strong adoption is a point of transition and inflection which combined with our "Netflix moment" of organisational changes puts us firmly on the path to achieve our goal to transform the electronics industry.

A critical organisation change is the separation of our CAD software business from our emerging Cloud business. Altium now has two complementary engines of growth - CAD software for dominance and Altium 365 cloud platform for transformation.

Additionally, we divided our software sales teams into high volume (Digital Sales) and high touch (Professional Sales). This will increase our reach, our capacity to scale up and revenue per account.

During the half, Altium agreed to sell its TASKING business to allow the Group to have a concentrated focus on the expansion of the Altium 365 platform and to drive its adoption for transformation. The sale was completed on 5 February 2021 for US\$100 million in cash with a further US\$10 million conditional upon achieving revenue targets in fiscal 2021. Altium will utilize the sale proceeds from TASKING for future M&A activities which it is actively pursuing to expand and to complement the Altium 365 platform for both indirect and direct monetization opportunities.

From a strategic perspective, TASKING did not align with Altium's pursuit of dominance and transformation of the electronics industry. Moreover, from a business and operational perspective, TASKING is "old world" compiler technology. It supports the architecture of semiconductor manufacturer Infineon's Tricore-Aurix compilers only.

To grow its future market opportunity, TASKING would require investment and management mindshare and would need to support the architecture of other semiconductor producers, such as Freescale and Renesas.

With the strong adoption of Altium 365 and the separation of Altium's CAD software from its Cloud business, the Group has brought forward the creation of a new business unit, NEXAR, to build an ecosystem for the direct monetization of Altium 365.

Once the NEXAR ecosystem platform is fully functional, Altium will have two unique and complementary business units, namely:

- **Boards and Systems (BSD)** - This is Altium's traditional CAD software business which provides PCB design software solutions and indirectly monetizes Altium 365 by enhancing the value of the subscription associated with PCB design tools; and
- **NEXAR** - This is a new business unit which will provide professionals and industry partners access to the vast ecosystem of electronic design and manufacturing users and customers and, in the process, directly monetise their use of Altium 365. NEXAR includes Octopart, and manufacturing units (PCB:NG and Geppetto).

The focus for Altium is to now "rebuild momentum".

Products and Technology Driving Four Flywheels

Altium has moved beyond a single flywheel that powered its market leadership journey of transactional sales and annual software release to four flywheels for dominance and transformation. The flywheels and the products and technology that underpin them are described below.

Digital Sales Flywheel

The Digital Sales flywheel is to drive Design Tool adoption and volume by using *"man-out-of-the loop"* sales techniques including the new local Altium *"digital stores"* which over time will greatly reduce the direct interaction of sales representatives with customers. This is important to expand Altium's reach to have 100,000 seats on subscription by 2025. This flywheel needs to pick up revolutions relating to the Altium *"easy to"* value proposition; easy to engage and easy to buy.



Altium Designer is fundamental for the adoption of the flywheel for Digital Sales and Design Tools for dominance.

Altium Designer has strengthened its value proposition for customers through deeper integration with Altium 365 and an ever-expanding range of capabilities that this delivers. Users no longer have to wait for months between releases to get access to new capabilities, but instead get access to them as soon as they are ready. Altium Designer development has also benefited from the organisational changes and cloud native approaches that have been embraced by R&D through the development of Altium 365, including monthly release schedules, improved development tools and processes and more QA automation for faster release cycles.

Professional Sales Flywheel

The Professional Sales flywheel is to drive Design Platform adoption through scalable high-end sales. This flywheel needs to pick up revolutions for the Altium *"trust building"* proposition; high-end customers must rely on Altium's design platform.



NEXUS sits at the center of Altium's Professional Sales - Design Platform adoption flywheel for dominance.

NEXUS continues to gain traction within a wide range and size of industries and companies. Unique in the electronics industry, NEXUS provides out of the box configuration for agile enterprise customers, enabling it to be tailored to specific needs and requirements without expensive, non-scalable software customisations. At the heart of NEXUS is a business process management capability which provides configurability in the form of custom workflows. This makes integration with other tools and processes in the design flow much easier and faster than would ordinarily be possible, meaning it can be moulded and shaped for the needs and nuances of the customer's business.

The modular, service centric architectural approach that is taken with our data management and web-based technologies make it possible for us to build and leverage common foundational capabilities across different products and areas. For example, the powerful business process management and workflow capability will power some of the core capability in Altium 365 Enterprise, while NEXUS continues to benefit from the investment in design and component data management.

In addition to this, Altium continues to invest in off the shelf PLM connectivity making it easier than ever for customers to deploy NEXUS as a design platform within existing design and business environments.

Cloud Adoption Flywheel

The Cloud adoption flywheel is to convert Altium Designer seats from maintenance subscription to SaaS-like subscription. This flywheel needs to pick up revolutions relating to the Altium “CAD collaboration and going viral” proposition; the majority of Altium’s subscribers by 2025 will be on the cloud.



Altium 365 sits at the center of Altium’s Cloud adoption flywheel for industry transformation.

Altium 365, released in May 2020, is a first for the electronics industry. It is a cloud platform that digitally connects electronic design to the supply chain from parts sourcing to the manufacturing floor and has been created for all users from the mass mainstream engineering market to sophisticated enterprise accounts.

The adoption of Altium 365 is growing strongly; over 4,400 companies and more than 9,300 users actively utilise the platform. Altium has launched multi-levels of Altium Designer subscription plans for access to Altium 365. Standard plan offers entry level access to Altium 365 for collaboration (and is available to all active subscribers of Altium Designer). Pro plan is available for an additional \$1,000 to the standard subscription pricing and is designed for data management. Enterprise plan will be available in the second quarter of calendar 2021 and will provide process and workflow management.

Altium 365 is the platform on which Altium will evolve its subscription from maintenance-based to capability-based and SaaS-like.

To support the accelerated rate of adoption of Altium 365, Altium’s R&D capacity is growing with a stream of new talent choosing to join and contribute to Altium’s mission to transform electronics design and its realization. The Group’s capacity and capability in web development built on leading edge technologies has been strengthened, enabling it to accelerate the pace of development of the Altium immersive, browser native, CAD centric user experiences. Altium continues to invest heavily in its DevOps culture and capacity, ensuring 24/7 service reliability and availability.

The organisation design of the Altium R&D team is being reimagined with a shift to a federated architecture, enabling a faster pace of development through increased autonomy and independence while retaining high levels of quality and consistency. This enables the Group to scale at a faster pace than has been possible in the past, and adopt approaches that are best suited to solving specific problems, rather than a monolithic, one size fits all approach.

Altium has expanded the Group’s data and analytics capabilities with recent hires that create a first-class capability that is fundamental to drive adoption of Altium 365 and enhance the customer journey to create a tailored yet scalable experience for Altium customers and users alike. Substantially improved visibility into the day to day experiences of our users and the impact that the continuous stream of new product features has on their productivity will increase the effectiveness of our product development teams and help ensure that we focus on the most value creating opportunities.

Ecosystem Adoption Flywheel

The Ecosystem adoption flywheel requires NEXAR to be fully launched as a business unit and as an integration platform for Altium 365 to bring industry partners and users into the ecosystem network. This flywheel’s focus is on “expanding reach for partners and users” proposition; direct monetization of Altium 365 through manufacturing, apps and premium services.



NEXAR sits at the heart of Altium’s Ecosystem adoption flywheel for industry transformation.

NEXAR is the vehicle through which Altium will enable the broader electronics ecosystem of component parts and board manufacturing to connect to Altium 365 and its customer base, creating new value propositions for both existing and new customers. Altium’s newly formed NEXAR business unit combines people and resources from previously isolated business units in both manufacturing and parts supply including Gumstix, PCB:NG and Octopart.

In addition to a strong business development and sales capability, the NEXAR business unit will deliver a unified API (Application Programming Interface) suited for a countless number of use cases that will enable partners from across the ecosystem to build the next generation of user experiences by connecting their applications and platforms directly to Altium 365. This will enable partner services to be delivered in a more direct, cohesive way than is possible today, creating business centricity around Altium 365. A raft of recent talent acquisition by R&D injects more strength into the NEXAR business unit and positions it to deliver the technology required to support this capability.

NEXAR underpins the digitisation of the electronics industry and will replace the analogue, manual processes that continue to limit value creation today. NEXAR extends the Altium 365 technology foundation; it is being built on the same technologies that are used by large cloud native businesses such as Airbnb, GitHub and Shopify, and which are fundamental to the creation of APIs that will unite design, supply and manufacture. Subsuming the Octopart API, the NEXAR API will be an industry first and unparalleled in its ability to service the breadth and depth of needs of the electronics industry both for today and tomorrow.

Altitude is the new identity for PCB manufacturing at the Brooklyn, New York facility; although delayed due to lockdowns, the delivery and installation of critical production machinery has been completed. Altitude has benefitted from the unification of manufacturing operations capabilities between Gumstix and PCB:NG. With a single team responsible for PCB manufacturing, the Group is seeing improved capabilities across the board: delivery lead times to customers have been reduced, production efficiencies and certainty of outcome for customers have been achieved.

With true digital connectivity between Altium 365 and Altitude to automate the process of getting a design into manufacture, the next few weeks will see an expansion of that capability when Altium invites selected customers to participate in a pilot program to build boards at the click of a button.

Octopart

Octopart is a key part of Altium's Ecosystem adoption flywheel.

Octopart has improved search optimization and the customer experience and has created data enhancements for part models and part information.

Investment into data and analytics continues and will see new products emerge that deliver differentiated value for both users and customers. With an unparalleled view of the landscape across the electronic component market, new products and services will enable Octopart to provide users with insights and intelligence for making more informed product decisions.

A range of embeddable experiences will see Octopart technology made available to the wider electronics ecosystem through NEXAR and will drive further adoption and engagement with Octopart applications and services in non-Altium web properties for some of the biggest industry players.

People and Performance

Altium's journey of dominance and transformation demands an extraordinary level of performance and effort for us to succeed. Our success entirely depends on the commitment and the dedication of our people and, in particular, our senior management and leadership. However, the dual nature of dominance and transformation requires two complementary but different forces to drive the Group to success. These two forces are characterized by two types of key employees: "Company Builders" and "Professional Operators".

Altium has introduced a "Power of Choice" remuneration model for its senior management team which, at its heart, recognises and values the two different types of employees "Company Builders" and "Professional Operators" and the unique transformational partnership required between the two to deliver long-term success. Our core proposition is that growth is driven through the creation and the conversion of intangible assets into tangible outcomes. Altium's journey of transformation through dominance requires the independent and complementary nature of values that are created by "Company Builders" and "Professional Operators" to be recognised and appropriately compensated.

Under the new framework, elite Company Builders will have the status of Centurions and elite Professional Operators will have the status as Senators. Both are critical to our success and need to work together to drive value creation and to deliver optimal performance.

A Centurion is expected to exemplify extreme drive and an Altium-First mindset. A Centurion is to be at the frontline of all battles and, through their sacrifices, talent and skills, are expected to lay the foundation for success. A Centurion bears this weighty expectation in mind each and every time that he or she is confronted with a new challenge at Altium as Altium's long-term success is dependent on Centurions winning the early battles.

A Senator is expected to exemplify professionalism and to bring his or her expertise and skills to help drive success at Altium. Senators are to bring their considerable experience and proficiencies to make judgement calls and to continually raise the quality of execution that will maximise and expand success for Altium. A Senator bears this weighty expectation in mind each and every time that he or she is confronted with a new challenge at Altium, as Altium's long-term success is dependent on Senators wise counsel and high-quality execution.

Under this "Power of Choice" remuneration model, a transformational partnership is achieved and sustained when Senators and Centurions earn and achieve more than they would if they were not in the partnership. Increasing the value of the enterprise is a common goal and at the center of the partnership for both Senators and Centurions.

Strategy and Outlook

REVENUE 80% RECURRING

\$500m

PERFORMANCE
MAN-OUT-OF-THE-LOOP

40% EBITDA

ADOPTION ON SUBSCRIPTION
AND MAJORITY ON THE CLOUD

100k Seats

Altium's strategy is to transform the electronics industry through dominance of the PCB design market. In this way, Altium has committed to aspirational 2025 targets of US\$500 million and 100,000 subscribers. Altium seeks to become the dominant provider of PCB design software tools to encourage and even compel secondary stakeholders to adopt its cloud platform Altium 365 that connects electronic design to the component supply chain to manufacturing to bring about transformation to the electronics industry.

Our hard pivot to the cloud is at the heart of this strategy of transformation through dominance. This has given rise to four flywheels, as described above, to deliver sustainable growth.

While there is emerging optimism as COVID vaccines are rolling out, Altium continues to view fiscal 2021 as a *pre-vaccine* year, for its flight path to 2025. In weighing stronger execution momentum expected for the second half (with the pivot to the cloud and organisational changes implemented) with lingering macroeconomic uncertainty the Group expects full year guidance to be at the lower end of the range, from US\$190 million to US\$195 million (ex-TASKING) in revenue and EBITDA margin in the range of 37% to 39%.

Altium remains committed to achieving its aspirational targets of US\$500 million in revenue by 2025 and 100,000 subscribers.

Significant changes in the state of affairs

On 11 December 2020, the Group entered into a definitive agreement to sell the TASKING business for \$110 million with the completion of the sale occurring on 5 February 2021 (refer to Note 7 for further details). Apart from the TASKING sale agreement there were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

Apart from the completion of the TASKING sale and the dividend declared, no other matter or circumstance has arisen since 31 December 2020 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.

Rounding of amounts

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

Auditor's independence declaration

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

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

On behalf of the directors



Samuel Weiss
Chairman

15 February 2021
Sydney



Aram Mirkazemi
Chief Executive Officer



Auditor's Independence Declaration

As lead auditor for the review of Altium Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Altium Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Louise King'.

Louise King
Partner
PricewaterhouseCoopers

Sydney
15 February 2021

PricewaterhouseCoopers, ABN 52 780 433 757

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Liability limited by a scheme approved under Professional Standards Legislation.

Altium Limited

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

	Note	Consolidated	
		31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
Continuing operations			
Revenue	4	79,971	83,124
Operating expenses			
Employee benefits expense		(38,368)	(35,319)
Depreciation and amortisation expense	5	(6,046)	(5,262)
Software and equipment expense		(3,180)	(2,496)
Marketing expense		(3,496)	(3,849)
Communication expense		(2,515)	(1,734)
Cost of sales		(1,962)	(1,989)
Professional advice expense		(1,756)	(1,439)
Share-based payments		(1,312)	(2,751)
Rental and occupancy expense		(863)	(687)
Travel expense		(179)	(2,354)
Re-measurement of contingent consideration		2,500	2,000
Other expenses		(1,835)	(702)
Operating profit		20,959	26,542
Finance revenue		107	592
Finance costs		(368)	(285)
Profit before income tax expense		20,698	26,849
Income tax expense	6	(4,082)	(7,944)
Profit after income tax expense from continuing operations		16,616	18,905
Discontinued operations			
Profit after income tax expense from discontinued operations	7	3,093	4,178
Profit after income tax expense for the half-year attributable to the owners of Altium Limited		19,709	23,083
Other comprehensive income for the half-year, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(443)	(516)
Total comprehensive income for the half-year attributable to the owners of Altium Limited		19,266	22,567
		Cents	Cents
Continuing operations			
Basic earnings per share	11	12.67	14.46
Diluted earnings per share	11	12.65	14.39
Total			
Basic earnings per share	11	15.03	17.65
Diluted earnings per share	11	15.01	17.58

Results for the held for sale business have been presented within discontinued operations (refer Note 7), with prior year comparatives restated. The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Altium Limited

Consolidated statement of financial position

	Note	Consolidated	
		31 Dec 2020 US\$'000	30 Jun 2020 US\$'000
Assets			
Current assets			
Cash and cash equivalents		88,318	93,083
Trade and other receivables		46,823	59,655
Inventories		1,855	1,737
Tax receivables		3,500	1,570
Other assets		5,652	4,148
Assets classified as held for sale	7	10,759	-
Total current assets		156,907	160,193
Non-current assets			
Trade and other receivables		3,878	3,343
Property, plant and equipment		7,104	7,555
Right-of-use assets		12,505	13,558
Intangible assets		48,664	49,690
Deferred tax assets		57,103	61,723
Total non-current assets		129,254	135,869
Total assets		286,161	296,062
Liabilities			
Current liabilities			
Trade and other payables		11,541	16,629
Lease liabilities		5,635	5,480
Tax liabilities		758	6,587
Provisions		2,719	2,792
Customer contract liabilities		45,302	50,193
Liabilities classified as held for sale	7	7,560	-
Total current liabilities		73,515	81,681
Non-current liabilities			
Lease liabilities		7,580	8,453
Deferred tax liability		8,206	8,820
Provisions	8	298	2,755
Customer contract liabilities		9,355	10,013
Other liabilities		6	7
Total non-current liabilities		25,445	30,048
Total liabilities		98,960	111,729
Net assets		187,201	184,333
Equity			
Contributed equity	9	127,699	126,851
Reserves		21,513	20,851
Retained profits		37,989	36,631
Total equity		187,201	184,333

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

Altium Limited

Consolidated statement of changes in equity for the half-year

Consolidated	Contributed Equity US\$'000	Reserves US\$'000	Retained Profit US\$'000	Total equity US\$'000
Balance at 1 July 2019	126,058	19,079	39,421	184,558
Adjustment for change in accounting policy	-	-	(38)	(38)
Balance at 1 July 2019 - restated	126,058	19,079	39,383	184,520
Profit after income tax expense for the half-year	-	-	23,083	23,083
Other comprehensive income for the half-year, net of tax	-	(516)	-	(516)
Total comprehensive income for the half-year	-	(516)	23,083	22,567
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	851	-	851
Shares issued on acquisition of Upverter Inc, net of transaction costs	793	-	-	793
Dividends paid (note 10)	-	-	(16,050)	(16,050)
Balance at 31 December 2019	126,851	19,414	46,416	192,681

Consolidated	Contributed Equity US\$'000	Reserves US\$'000	Retained Profit 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 half-year	-	-	19,709	19,709
Other comprehensive income for the half-year, net of tax	-	(443)	-	(443)
Total comprehensive income for the half-year	-	(443)	19,709	19,266
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	1,105	-	1,105
Shares issued on acquisition of Upverter Inc, net of transaction costs	848	-	-	848
Dividends paid (note 10)	-	-	(18,351)	(18,351)
Balance at 31 December 2020	127,699	21,513	37,989	187,201

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

Altium Limited

Consolidated statement of cash flows for the half-year

	Note	Consolidated	
		31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of tax)		91,132	95,325
Payments to suppliers and employees (inclusive of tax)		(62,253)	(71,440)
		28,879	23,885
Interest received		107	592
Interest and other finance costs paid		(360)	-
Net income taxes paid		(9,921)	(3,686)
Net cash from operating activities		18,705	20,791
Cash flows from investing activities			
Payments on contingent and deferred considerations		(50)	(3)
Payments for property, plant and equipment		(1,327)	(1,733)
Payments for intangibles		(588)	(262)
Net cash used in investing activities		(1,965)	(1,998)
Cash flows from financing activities			
Dividends paid	10	(18,351)	(16,050)
Repayment of principal component of lease liabilities		(2,828)	(2,720)
Net cash used in financing activities		(21,179)	(18,770)
Net (decrease) / increase in cash and cash equivalents		(4,439)	23
Cash and cash equivalents at the beginning of the financial half-year		93,083	80,531
Effects of exchange rate changes on cash and cash equivalents		(149)	112
Cash and cash equivalents at the end of the financial half-year		88,495	80,666

Cash flows of discontinued operations are included in the current and comparative periods (refer Note 7). The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. General information

The financial report covers Altium Limited as a consolidated entity consisting of Altium Limited and its controlled entities. The financial report is presented in US dollars, which is Altium Limited's presentation and functional currency.

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

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

Suite 6.03, Level 6,
Tower B, The Zenith,
821 Pacific Highway,
Chatswood, NSW 2067
Australia

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

The financial report was authorised for issue, in accordance with a resolution of directors, on 15 February 2021. The directors have the power to amend and reissue the financial report.

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

On 11 December 2020, the Group entered into a definitive agreement to sell the TASKING business, with the completion of the sale occurring on 5 February 2021. As at 31 December 2020, the TASKING business is classified as held for sale. Prior year comparatives have been restated in the statement of profit or loss and other comprehensive income, and the corresponding notes. The assets and liabilities of TASKING have been classified as held for sale in the statement of financial position. Refer to Note 7 for further details.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

The Group has reviewed all new accounting standards and interpretations issued by the Australian Accounting Standards Board ('AASB') and determined none of these standards and interpretations materially impact the Group during the half year period and therefore have not been adopted.

Note 3. Operating segments

Description of segments

Management has determined the operating segments based on the reports used by the Board and Executive Team to make strategic decisions and review operational performance.

The Board and Executive Team consider 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 three operating segments:

Reportable Segments	Principal Activities
Board and Systems	Includes results from the PCB business for the Americas, EMEA, China and Asia- Pacific, Altium Nexus as well as other products sold through partner channels and the manufacturing business.
Electronic Parts, Search and Discovery business	Includes the results from Octopart and Upverter.
Microcontrollers and Embedded Systems	Includes results from the TASKING business. Per Note 7, the TASKING business has been classified as held for sale and is therefore included in discontinued operations.

The Board and Executive Team continue to consider the financial position of the business from a geographical perspective and as such the assets and liabilities of the Group are presented by geographical region for the half year ended 31 December 2020 and the comparative period.

Segment performance is evaluated based on earnings before interest expense, tax expense, depreciation and amortisation (EBITDA). Segment sales represent invoiced sales. These are subsequently adjusted for the deferred component which is recognised over the service period to arrive at revenue. Revenue is management's key metric in understanding the results by segment.

On 5 October 2020, the Group announced its intention to restructure Altium's leadership and organisation structure to support the Group's growing strategic focus towards the cloud platform. Under the new organisational structure, Altium's go-to-market and product focus will be divided between Cloud and Software, each with its own leadership and organisational roadmap. Whilst progress has been made implementing the new leadership and organisational structure during the period ended 31 December 2020, this organisational change is not expected to be finalised and fully implemented until the second half of financial year 2021. As such, management's determination of operating segments remains unchanged for the period ended 31 December 2020.

Intersegment transactions

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

Intersegment receivables, payables and loans

Intersegment loans are initially recognised based on 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.

Operating segment information

Consolidated statement of financial performance 31 December 2020	Boards and Systems US\$'000	Electronic Parts, Search and Discovery Business US\$'000	Corporate US\$'000	Total US\$'000
Segment sales	69,307	10,739	-	80,046
Net adjustment for deferred revenue recognition	(136)	61	-	(75)
Interest income	-	-	107	107
Total revenue	69,171	10,800	107	80,078
EBITDA	32,263	6,473	(11,731)	27,005
Depreciation and amortisation				(6,046)
Net interest				(261)
Profit before income tax expense				20,698
Income tax expense				(4,082)
Profit after income tax from continuing operations				16,616
Profit after income tax from discontinued operations				3,093
Profit after income tax expense for the half-year attributable to the owners of Altium Limited				19,709

Consolidated statement of financial performance 31 December 2019	Boards and Systems US\$'000	Electronic Parts, Search and Discovery Business US\$'000	Corporate US\$'000	Total US\$'000
Segment sales	74,901	9,045	-	83,946
Net adjustment for deferred revenue recognition	(822)	-	-	(822)
Interest income	-	-	592	592
Total revenue	74,079	9,045	592	83,716
EBITDA	39,166	5,704	(13,066)	31,804
Depreciation and amortisation				(5,262)
Net interest				307
Profit before income tax expense				26,849
Income tax expense				(7,944)
Profit after income tax from continuing operations				18,905
Profit after income tax from discontinued operations				4,178
Profit after income tax expense for the half-year attributable to the owners of Altium Limited				23,083

Geographical information

Segment assets and liabilities include balances related to held for sale operations.

31 December 2020 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	39,151	25,588	10,663	4,569	107	80,078
Assets						
Segment assets	52,521	40,977	17,864	23,417	91,948	226,727
<i>Unallocated assets:</i>						
Deferred tax asset						58,868
Income tax receivables						3,553
Total assets						289,148
Liabilities						
Segment liabilities	28,489	32,360	5,458	9,186	4,033	79,526
<i>Unallocated liabilities:</i>						
Provision for income tax						758
Deferred tax liability						8,236
Lease liabilities and borrowings						13,427
Total liabilities						101,947

Consolidated statement of financial position	Americas US\$'000	EMEA US\$'000	China US\$'000	Asia Pacific US\$'000	Corporate US\$'000	Total US\$'000
31 December 2019						
Revenue	40,628	26,143	12,533	3,820	592	83,716
30 June 2020						
Assets						
Segment assets	52,702	37,150	17,915	22,943	102,059	232,769
<i>Unallocated assets:</i>						
Deferred tax asset						61,723
Income tax receivables						1,570
Total assets						296,062
Liabilities						
Segment liabilities	33,659	30,636	4,757	10,729	2,595	82,376
<i>Unallocated liabilities:</i>						
Provision for income tax						6,587
Deferred tax liability						8,820
Lease liabilities and borrowings						13,946
Total liabilities						111,729

Note 4. Revenue

	Consolidated	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
From continuing operations		
Software license revenue	34,021	38,325
Subscription and maintenance revenue	33,237	31,328
Search revenue	10,737	8,971
Service revenue	1,141	1,799
Other revenue	835	2,701
Revenue from continuing operations	79,971	83,124

Note 5. Expenses

	Consolidated	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
Profit before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Right-of-use assets	2,775	2,387
Property, plant and equipment	1,635	1,341
Total depreciation	4,410	3,728
<i>Amortisation</i>		
Customer relationships	667	668
Software	431	333
Intellectual property	538	533
Total amortisation	1,636	1,534
Total depreciation and amortisation	6,046	5,262

Note 6. Income tax expense

	Consolidated	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
<i>Income tax expense</i>		
Current tax	1,789	3,437
Deferred tax - origination and reversal of temporary differences	2,353	4,886
Adjustment recognised for prior periods	(60)	(379)
Aggregate income tax expense	4,082	7,944

	Consolidated	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	3,018	1,464
(Decrease) / increase in deferred tax liabilities	(665)	3,422
Deferred tax - origination and reversal of temporary differences	2,353	4,886
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense from continuing operations	20,698	26,849
Tax at the statutory tax rate of 30%	6,209	8,054
<i>Tax effect amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Share-based payments	394	375
Non-deductible - earnout	(744)	(587)
Other items	277	131
	6,136	7,973
Adjustment recognised for prior periods	(60)	(379)
Difference in overseas tax rates	(1,248)	64
Change in tax rate	(610)	-
Temporary differences not recognised now recognised	(43)	436
R&D credits	(93)	(150)
Income tax expense	4,082	7,944

During the 2019 financial year, Altium was selected for a risk review followed by an audit by the Australian Tax Office (ATO), which is part of a program of work conducted by the ATO 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. As of today, it is not possible to estimate if there is a financial effect of this audit.

Note 7. 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. The transaction was settled in cash with US\$100 million received up front and a further US\$10 million potentially to be received, conditional upon achieving revenue targets in fiscal 2021.

Consequently, the assets and liabilities of the TASKING business have been classified held for sale at 31 December 2020. The associated earnings, for the current and comparative periods, have been classified as discontinued operations in the consolidated statement of profit or loss and other comprehensive income and all related note disclosures.

The profit on sale is unable to be reliably estimated due to a number of contract elements and tax considerations still being assessed for this calculation.

Financial information for discontinued operations is summarised below:

	Consolidated	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
Revenue	9,625	9,722
Expenses	(6,090)	(4,801)
Finance costs	(2)	(2)
Total expenses	(6,092)	(4,803)
Profit before income tax expense	3,533	4,919
Income tax expense	(440)	(741)
Profit after income tax expense	3,093	4,178

Expenses during the period ended 31 December 2020 included US\$1.2 million of professional fees associated with the planned divestment of the TASKING business.

	Consolidated
	31 Dec 2020 US\$'000
Assets and liabilities of discontinued operations classified as held of sale	
<i>Assets</i>	
Cash and cash equivalents	177
Trade and other receivables	8,212
Property, plant and equipment	217
Right-of-use assets	200
Deferred tax assets	1,765
Other assets	188
Total assets	10,759

	31 Dec 2020 US\$'000
<i>Liabilities</i>	
Trade and other payables	422
Lease liabilities	202
Provisions	251
Customer contract liabilities	6,655
Other liabilities	30
Total liabilities	7,560
Net assets	3,199

At 31 December 2020, the Group performed a review of impairment indicators and determined held for sale assets were not impaired.

	Consolidated	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
Cash flows of discontinued operations		
Net cash inflows from operating activities	3,891	7,646
Net cash outflows from investing activities	(14)	(5)
Net cash outflows from financing activities	(63)	(47)
Net increase in cash generated by discontinued operations	3,814	7,594

Note 8. Non-current liabilities - provisions

	Consolidated	
	31 Dec 2020 US\$'000	30 Jun 2020 US\$'000
Employee benefits	63	42
Contingent consideration	-	2,491
Lease make good	235	222
	298	2,755

Contingent consideration

The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability. During the period ended 31 December 2020, the performance based contingent consideration related to the acquisition of Gumstix Inc was released due to the forfeiture of these entitlements by the relevant parties.

Note 9. Equity - Contributed equity

	Consolidated			
	31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 US\$'000	30 Jun 2020 US\$'000
Ordinary shares - fully paid	131,228,194	130,965,775	127,699	126,851

Movements in ordinary share capital

Details	Date	Shares	Issue price AU\$	US\$'000
Balance	1 July 2020	130,965,775		126,851
Share issued - Upverter acquisition	25 August 2020	138,256	AU\$8.49	848
Share issued - Employee Performance Rights	25 August 2020	124,163		-
Balance	31 December 2020	131,228,194		127,699

Movements in treasury shares

Details	Date	Shares
Balance	1 July 2020	51,356
Add: Shares issued	25 August 2020	124,163
Less: Shares transferred to employees	31 August 2020	(175,519)
Balance	31 December 2020	-

Note 10. Equity - dividends

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

	Consolidated	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
Final dividend for the year ended 30 June 2020 of AU 19 cents (30 June 2019 : AU 18 cents)	18,351	16,050

The directors have declared an interim dividend of AU 19 cents per share (2019: AU 20 cents) for the half-year ended 31 December 2020. The dividend will be paid on 23 March 2021 based on a record date of 2 March 2021. This amounts to a total dividend of US\$19.2 million based on the total number of shares outstanding.

Note 11. Earnings per share

	Consolidated	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
<i>Earnings per share - continuing operations</i>		
Profit after income tax attributable to the owners of Altium Limited	16,616	18,905
	Cents	Cents
Basic earnings per share	12.67	14.46
Diluted earnings per share	12.65	14.39

	Consolidated	
	31 Dec 2020 US\$'000	31 Dec 2019 US\$'000
<i>Earnings per share - discontinued operations</i>		
Profit after income tax attributable to the owners of Altium Limited	3,093	4,178
	Cents	Cents
Basic earnings per share	2.36	3.19
Diluted earnings per share	2.36	3.19

	Consolidated	
	31 Dec 2020 US\$'000	31 Dec 2019 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	19,709	23,083
	Cents	Cents
Basic earnings per share	15.03	17.65
Diluted earnings per share	15.01	17.58

	Number	Number
<i>Weighted average number of ordinary shares during the period</i>		
Used in the calculation of basic earnings per share	131,126,974	130,796,177
Adjustments for calculation of diluted earnings per share:		
Shares to be issued as part of a business combination	-	138,256
Employee performance share rights	213,564	349,962
Weighted average number of ordinary shares used in calculating diluted earnings per share	131,340,538	131,284,395

For the half year ending 31 December 2020 and 31 December 2019 treasury shares were included in the calculation of basic and diluted earnings per share.

Note 12. Events after the reporting period

On 11 December 2020, the Group entered into an agreement to sell the TASKING business for \$110 million, with the completion of the sale occurring on 5 February 2021 (refer to note 7 for further detail).

Apart from the completion of the TASKING sale and the dividend declared, there have been no other events that have occurred subsequent to 31 December 2020 and up to the date of this report that have a material impact on the Group's financial performance or position.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Samuel Weiss
Chairman



Aram Mirkazemi
Chief Executive Officer

15 February 2021
Sydney



Independent auditor's review report to the members of Altium Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Altium Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

PricewaterhouseCoopers, ABN 52 780 433 757

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Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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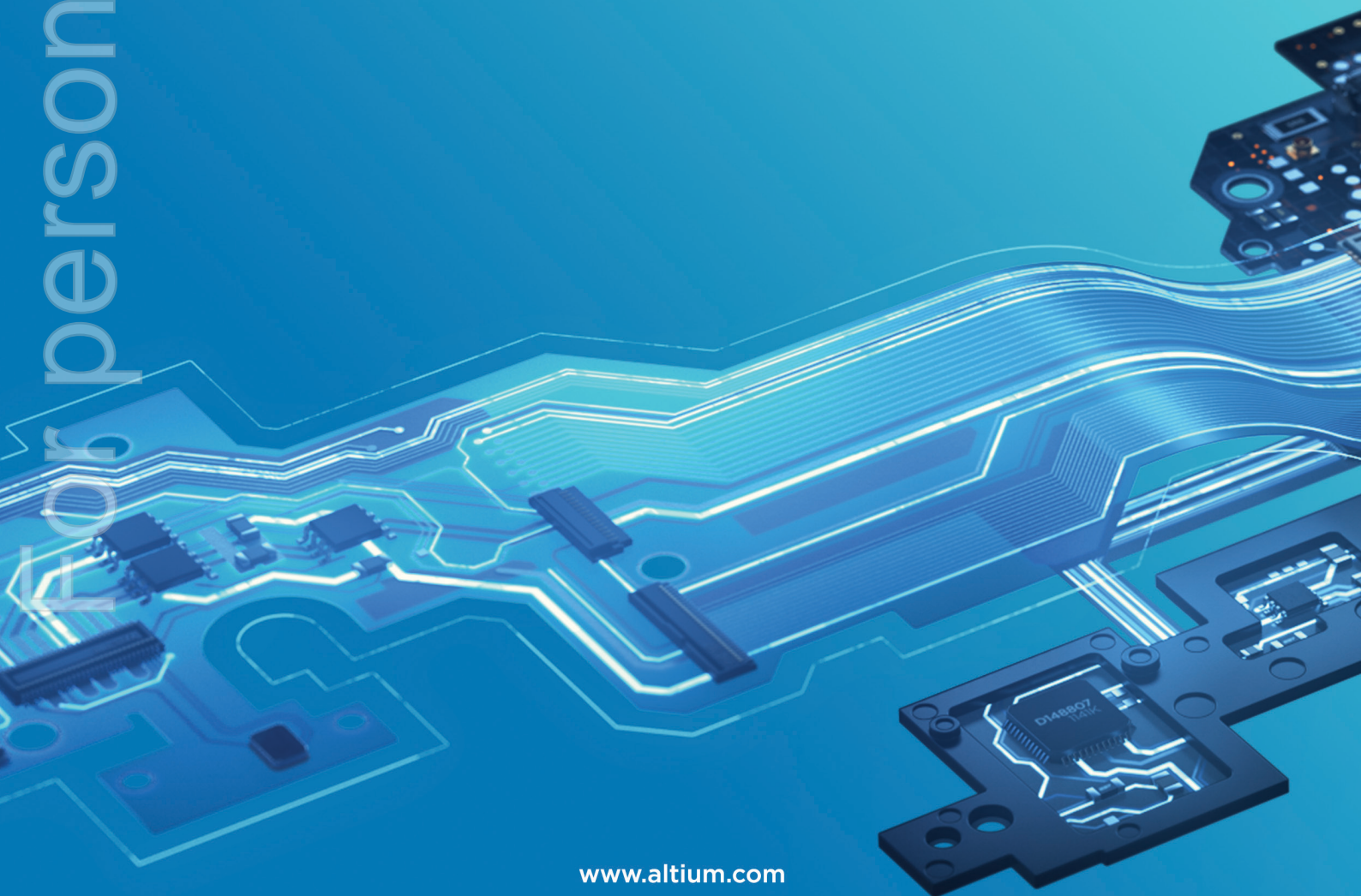
PricewaterhouseCoopers

A stylized, handwritten signature of 'Louise King' in black ink.

Louise King
Partner

Sydney
15 February 2021

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