Consolidated Income Statement

for the year ended 31 March 2022

	Notes	2022 £m	2021 £m
Revenue	3,4	**1,185.3**	820.4
Cost of sales		**(232.5)**	(181.3)
Gross profit		**952.8**	639.1
Operating expenses			
Research & Development costs		**(343.3)**	(184.5)
Selling and distribution expenses		**(345.4)**	(226.8)
Administrative expenses		**(246.3)**	(193.0)
Net impairment loss on financial assets		**(6.7)**	(3.7)
Other (expense)/income	6	**(17.6)**	5.5
Total operating expenses		**(959.3)**	(602.5)
(Loss)/profit from operations	5	**(6.5)**	36.6
Finance revenue	7	**1.9**	0.6
Finance expense	8	**(14.0)**	(3.0)
(Loss)/profit before tax from continuing operations		**(18.6)**	34.2
Income tax expense	10(a)	**(44.0)**	(9.4)
(Loss)/profit for the year attributable to equity holders of the parent		**(62.6)**	24.8

(Loss)/profit from operations		**(6.5)**	36.6
Amortisation of intangible assets	15	**226.1**	95.7
Share-based payments	26	**27.4**	16.3
Exceptional items	6	**67.8**	77.8
Adjusted EBIT	2c	**314.8**	226.4

(Loss)/earnings per share (pence)			
• basic	12	**(20.78)**	11.35
• diluted	12	**(20.78)**	11.27

All activities relate to continuing activities.

The accompanying notes are an integral part of this Consolidated Income Statement.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2022

	Notes	2022 £m	2021 £m
(Loss)/profit for the year		**(62.6)**	24.8
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange gain arising on translation of foreign operations		**159.1**	20.7
Total of items that may be reclassified to profit or loss in subsequent periods		**159.1**	20.7
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial remeasurements on retirement benefits	25	**3.4**	(2.5)
Deferred tax on actuarial remeasurements on retirement benefits	10(a)	**(2.2)**	0.5
Deferred tax on losses and other timing differences	10(a)	**2.9**	–
Total of items that will not be reclassified to profit or loss in subsequent periods		**4.1**	(2.0)
Total comprehensive income for the year, net of tax		**100.6**	43.5

The accompanying notes are an integral part of this Consolidated Statement of Comprehensive Income.

Consolidated Balance Sheet

31 March 2022

	Notes	2022 £m	2021 £m
Non-current assets			
Goodwill	14	**4,004.6**	3,904.1
Other intangible assets	15	**1,472.5**	1,662.3
Property, plant and equipment	16	**44.7**	48.5
Right-of-use assets	22(b)	**95.1**	111.9
Deferred tax assets	24	**47.2**	21.4
Trade and other receivables	18	**8.4**	19.4
Customer acquisition costs		**6.3**	0.3
Investments	17	**0.4**	0.4
Retirement benefit surplus	25	**16.6**	13.1
		5,695.8	5,781.4
Current assets			
Trade and other receivables	18	**381.2**	318.0
Contract assets	3	**302.1**	215.6
Cash and cash equivalents	19	**279.3**	286.6
Restricted cash	19	**–**	7.3
Current tax assets		**12.1**	18.9
		974.7	846.4
Total assets		**6,670.5**	6,627.8
Equity			
Issued share capital	27(a)	**10.7**	10.7
Share premium	27(b)	**2,842.1**	3,842.1
Other reserves	27(c)	**1,370.4**	1,209.6
Retained earnings		**986.0**	130.3
Total equity		**5,209.2**	5,192.7
Current liabilities			
Trade and other payables	20	**224.0**	271.3
Contract liabilities	3	**328.2**	239.7
Lease liabilities	22(c)	**22.1**	22.9
Current tax liabilities		**33.8**	45.6
		608.1	579.5
Non-current liabilities			
Loans and borrowings	21	**684.5**	654.0
Lease liabilities	22(c)	**73.3**	88.9
Deferred tax liabilities	24	**71.2**	82.0
Other liabilities	20	**10.7**	18.2
Retirement benefit obligations	25	**13.5**	12.5
		853.2	855.6
Total equity and liabilities		**6,670.5**	6,627.8

The accompanying notes are an integral part of this Consolidated Balance Sheet.

The financial statements were approved by the Board of Directors and authorised for issue on 7 June 2022. They were signed on its behalf by:

Philip Aiken
Chairman

Peter Herweck
Chief Executive Officer

Company number
2937296

Consolidated Statement of Changes in Shareholders' Equity

31 March 2022

					Other reserves						
	Notes	Share capital £m	Share premium £m	Merger reserve £m	Cumulative translation adjustments £m	Capital redemption reserve £m	Reverse acquisition reserve £m	Treasury shares £m	Total other reserves £m	Retained earnings £m	Total equity £m
At 1 April 2020		5.7	574.5	615.6	22.6	101.7	452.5	(12.1)	1,180.3	181.2	1,941.7
Profit for the year		–	–	–	–	–	–	–	–	24.8	24.8
Other comprehensive income/(loss)		–	–	–	20.7	–	–	–	20.7	(2.0)	18.7
Total comprehensive income		–	–	–	20.7	–	–	–	20.7	22.8	43.5
Issue of new shares		0.5	465.2	–	–	–	–	–	–	–	465.7
Rights issue		4.5	2,831.0	–	–	–	–	–	–	–	2,835.5
Transaction costs relating to issue of share capital		–	(28.6)	–	–	–	–	–	–	–	(28.6)
Share-based payments	26	–	–	–	–	–	–	–	–	16.3	16.3
Tax arising on share-based payments		–	–	–	–	–	–	–	–	2.1	2.1
Investment in own shares	27	–	–	–	–	–	–	(1.1)	(1.1)	–	(1.1)
Cost of employee benefit trust shares issued to employees	27	–	–	–	–	–	–	9.7	9.7	(9.7)	–
Equity dividends	11	–	–	–	–	–	–	–	–	(82.4)	(82.4)
At 31 March 2021		10.7	3,842.1	615.6	43.3	101.7	452.5	(3.5)	1,209.6	130.3	5,192.7
Loss for the year		–	–	–	–	–	–	–	–	(62.6)	(62.6)
Other comprehensive income		–	–	–	159.1	–	–	–	159.1	4.1	163.2
Total comprehensive income/(loss)		–	–	–	159.1	–	–	–	159.1	(58.5)	100.6
Share-based payments	26	–	–	–	–	–	–	–	–	27.4	27.4
Tax arising on share-based payments		–	–	–	–	–	–	–	–	(0.2)	(0.2)
Investment in own shares	27	–	–	–	–	–	–	(1.3)	(1.3)	–	(1.3)
Cost of employee benefit trust shares issued to employees	27	–	–	–	–	–	–	3.0	3.0	(3.0)	–
Equity dividends	11	–	–	–	–	–	–	–	–	(110.0)	(110.0)
Capital reduction	27	–	(1,000.0)	–	–	–	–	–	–	1,000.0	–
At 31 March 2022		**10.7**	**2,842.1**	**615.6**	**202.4**	**101.7**	**452.5**	**(1.8)**	**1,370.4**	**986.0**	**5,209.2**

The accompanying notes are an integral part of this Consolidated Statement of Changes in Shareholders' Equity. Details of other reserves are contained in note 27(c).

Consolidated Cash Flow Statement

for the year ended 31 March 2022

	Notes	2022 £m	2021 £m
Cash flows from operating activities			
(Loss)/profit for the year		(62.6)	24.8
Income tax expense	10(a)	44.0	9.4
Net finance expense	7,8	12.1	2.4
Amortisation of intangible assets	15	226.1	96.3
Depreciation of property, plant and equipment and right-of-use assets	16,22	36.6	28.2
Loss on disposal of property, plant and equipment	5	0.4	1.0
Impairment of intangible assets	6(d)	14.9	–
Gain on disposal of pension scheme	25	–	(0.3)
Loss on disposal of subsidiaries	6,13	2.8	–
Share-based payments	26	27.4	16.3
Difference between pension contributions paid and amounts charged to operating profit	25	(0.5)	0.3
Research & Development expenditure tax credit		(2.2)	(3.1)
Changes in working capital:			
Trade and other receivables		(53.6)	(5.5)
Contract assets		(78.3)	(70.8)
Customer acquisition costs		(5.4)	(0.3)
Trade and other payables		(45.5)	5.5
Contract liabilities		81.0	(13.0)
Cash generated from operating activities before tax		197.2	91.2
Income taxes paid		(59.8)	(32.8)
Net cash generated from operating activities		137.4	58.4
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(8.6)	(10.9)
Purchase of intangible assets	15	–	(0.5)
Payment on disposal of pension scheme		–	(0.3)
Acquisition of subsidiaries, net of cash acquired	13a	–	(3,029.5)
Adjustment to consideration on completion of business combination		6.2	–
Restricted cash from acquisition of business - held in escrow		–	(7.3)
Net payment for forward contracts under hedge accounting		–	(74.2)
Proceeds from sale of business, net of cash	13b	1.6	–
Interest received	7	1.9	0.3
Net cash generated/(used) in investing activities		1.1	(3,122.4)
Cash flows from financing activities			
Interest paid	8	(12.7)	(2.8)
Purchase of own shares	27(c)	(1.3)	(1.1)
Proceeds from borrowings, net of fees incurred	21	–	645.6
Payment of principal element of lease liability	22	(23.3)	(18.5)
Proceeds from rights issue	27	–	2,835.5
Transaction costs on issue of shares	27	–	(28.6)
Payment of facility arrangement fees		–	(2.0)
Dividends paid to shareholders of the parent	11	(110.0)	(82.4)
Net cash generated/(used) in financing activities		(147.3)	3,345.7
Net (decrease)/increase in cash and cash equivalents		(8.8)	281.7
Net foreign exchange difference		1.5	(109.6)
Opening cash and cash equivalents	19	286.6	114.5
Closing cash and cash equivalents	19	279.3	286.6

The accompanying notes are an integral part of this Consolidated Cash Flow Statement.

Notes to the Consolidated Financial Statements

1. Corporate information

AVEVA Group plc is a public limited company incorporated and domiciled in the United Kingdom. The address of the registered office is High Cross, Madingley Road, Cambridge, CB3 0HB. AVEVA Group plc's shares are publicly traded on the Official List of the London Stock Exchange. The Parent Company financial statements of AVEVA Group plc are included on pages 188 to 193.

AVEVA sells industrial software for designing, building and operating large-scale industrial assets. AVEVA serves customers across a range of industries, from energy to pharmaceuticals, and mining to infrastructure.

2. Key accounting policies

Explained below are the key accounting policies of the AVEVA Group plc and all its subsidiaries (the Group). The full Statement of Group Accounting Policies is included on pages 194 to 199.

a. Basis of preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with International Accounting Standards (IASs) in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted IASs. The financial information has been prepared on the basis of all applicable IFRSs, including all IASs, Standing Interpretations Committee (SIC) interpretations and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) that are applicable to the financial period.

Except for the application of UK-adopted IASs, for which there are no material differences from IFRSs as issued by the IASB and adopted by the EU when applied to the Group, accounting policies have been applied consistently to all years presented unless otherwise stated.

The Group previously combined Selling and distribution expenses and Administrative expenses on the face of the Consolidated Income Statement within Selling & administrative expenses. These have been separated for the year ended 31 March 2022 due to their materiality.

The Group applies several new amendments to accounting standards, none of which have impacted the Consolidated Financial Statements.

The Consolidated Financial Statements are presented in pounds sterling (£) and all values are rounded to the nearest £0.1 million except when otherwise indicated.

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities and the Group's principal risks and uncertainties in the context of the current operating environment. This includes possible ongoing impacts upon the Group of the global Covid-19 pandemic and economic sanctions following the Russian invasion of Ukraine, and reviews of liquidity and covenant forecasts.

At 31 March 2022, the Group held external debt in the form of a £685.1 million (US$ 900.0 million) term loan, due for repayment in March 2024. The Group has access to a £250.0 million Revolving Credit Facility (RCF), of which nil was drawn down at 31 March 2022. This facility is due for renewal in February 2025, with a one-year extension option subject to lender approval. See note 21 for further details.

To support the going concern conclusion, the Group has developed several working capital financial models covering the period from the signing of the financial statements to 30 September 2023. The specific scenarios modelled are:

Scenario	Outcome
Base case	
Based upon the Group's most recent Board approved forecasts to 31 March 2027. These are the same forecasts used in the viability statement and VIU model used for impairment testing (see note 14).	The Group is not in breach of any financial covenants and is not required to draw down on the RCF. The Group is able to meet all forecasted obligations as they fall due.
Sensitised	
A severe downside scenario, including reducing revenue (10% from the base case), and introducing delays in cash collection (10% increase from the base case).	The Group is not in breach of any financial covenants and is not required to draw down on the RCF. The Group is able to meet all forecasted obligations as they fall due.
Reverse stress case	
A scenario created to model the circumstances required to breach the Group's credit facilities within the going concern period. This includes reducing revenue (18% decrease from the base case) and delays in cash collection (10 day increase in debtor days from the base case).	This resulted in a covenant breach at the end of the going concern period. Management believes the possibility of this combination of severe downsides arising to be remote, and that there are numerous mitigating actions which could be taken to avoid a covenant breach. The impact of these mitigating actions were not considered in the scenario modelling.

Should extreme downside scenarios occur, there are several mitigating actions the Group could take to avoid covenant breaches to maintain liquidity headroom under existing debt facilities. These include cancellation or deferral of dividend payments and reductions in other discretionary spending costs.

The financial statements for the year ended 31 March 2022 have therefore been prepared under the going concern basis of accounting.

2. Key accounting policies continued

b. Revenue

The Group generates its revenue principally through the supply of:

- subscription;
- maintenance;
- perpetual licences; and
- services.

Revenue is recognised upon transfer of control of the promised software and/or services to customers. The Group enters into contracts which can include combinations of software licences, support and maintenance fees and other professional services, each of which is capable of being distinct and usually accounted for as separate performance obligations.

Where there are multiple performance obligations, revenue is measured at the value of the expected consideration received in exchange for the services, allocated by the relative stand-alone selling prices of each of the performance obligations, or estimate thereof.

Where a contract is subject to a modification and the purpose of the modification is to increase the licence term by an agreed number of annual periods and in some cases to expand the list of included software, an adjustment to revenue is made to revenue, on the date of the contract modification. The adjustment to revenue will incorporate the effects of both scenarios noted above and is accounted for as a mixture of termination and continuation. If the purpose of the modification is to provide the customer with distinct goods and/or services which are sold at a price reflecting their standalone selling price, the modification is accounted for as a separate contract. Where the purpose of a modification is to renew a customers' contract before the full period has lapsed, and the remaining goods and/or services are distinct to the goods and/or services provided prior to the date of the contract modification, the Group accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the purpose of the modification is to re-define the scope of a highly customer-specific project (relating to the implementation of the Group's software) to involve additional services and fees, this would constitute a contract modification and would be recognised as a continuation of the existing agreement. An adjustment will be made to revenue on a cumulative catch-up basis.

Subscription

The Group offers a number of non-cancellable, fixed-term subscription licensing models typically of between one month and seven years and include on-premises rentals and Software as a Service (SaaS).

On-premises rentals

Rentals consist of two separate components: a software licence; and support and maintenance, which are two distinct performance obligations. The software licence is a right to use licence which is recognised at a point in time when the contract is agreed, and the software is made available to the customer. The support and maintenance element is recognised on a straight-line basis over the rental period.

SaaS

SaaS subscriptions are agreements with customers to provide the right to access software. The software, maintenance and support, and hosting elements are not distinct performance obligations, and represent a combined service provided to the customer. Revenue is recognised as the service is provided to the customer on a straight-line basis over the subscription period.

Where software is licensed for use exclusively within the AVEVA Cloud, the software has been developed or has undergone redevelopment for optimisation within the AVEVA Cloud infrastructure. This optimisation and the performance of the software within the AVEVA Cloud forms a key element of the overall customer software solution. This means that the software and AVEVA Cloud hosting services are highly interrelated and as a result are not distinct performance obligations. The software and hosting services are therefore accounted for as one single performance obligation. The support and maintenance services within SaaS agreements are provided as part of the overall software as a service solution and have the same pattern of transfer to AVEVA's customers. On this basis, the support and maintenance services form part of the combined output to AVEVA's customers and as a result are included within the combined single performance obligation.

Maintenance

Revenue classified as maintenance includes annual fees as well as separate support and maintenance contracts. For both, revenue is recognised over time on a straight-line basis over the period of the contract, which is typically 12 months. Customers that have purchased an initial licence pay obligatory annual fees each year. Annual fees consist of the continuing right to use, and support and maintenance, which includes core product upgrades and enhancements, and remote support services. Users must continue to pay annual fees in order to maintain the right to use the software. Customers that have purchased a perpetual licence have the option to pay for support and maintenance.

Perpetual licences

Customers are charged an initial or perpetual licence fee for on-premises or hosted software which is usually limited by a set number of users or seats. Initial and perpetual licences provide the customer with the right to use the software and are distinct from other services. Revenue is recognised at a point in time when the contract is agreed, and the software is made available to the customer.

Services

Services consist primarily of consultancy, implementation services and training. Revenue from these services is recognised as the services are performed by reference to the costs incurred as a proportion of the total estimated costs of the service project.

If an arrangement includes both licence and service elements, an assessment is made as to whether the licence element is distinct in the context of the contract, based on whether the services provided significantly modifies or customises the base product. Where it is concluded that a licence is distinct, the licence element is recognised as a separate performance obligation. In all other cases, revenue from both licence and service elements is recognised over time.

c. Non-GAAP measures

The Group presents multiple non-GAAP measures throughout this Annual Report. They are not defined by IFRSs and therefore may not be directly comparable with similarly titled measures of other companies. They are not intended to be a substitute for, or superior to, GAAP measures. Additional information for all non-GAAP measures, including definitions, rationale for their presentation, and reconciliations from the closest IFRS measure is provided in the Non-GAAP Measures section on pages 203 to 214.

The main non-GAAP presentations are adjusted and pro forma results.

Adjusted results

The business is managed and measured on a day-to-day basis using adjusted results. To arrive at adjusted results, certain adjustments are made for normalised and exceptional items that are individually significant and which could affect the understanding of the performance for the year and the comparability between periods.

Adjusted earnings before interest and tax (EBIT) is presented on the face of the Consolidated Income Statement and is reconciled to profit from operations as required to be presented under the applicable accounting standards. The Directors believe that this alternative measure of profit provides a reliable and consistent measure of the Group's underlying performance.

Adjusted earnings per share is calculated having adjusted profit after tax for the normalised and exceptional items, their tax effect, the deferred revenue haircut arising due to the fair valuing of OSIsoft's contract liabilities on acquisition, and the tax effect of the deferred revenue haircut.

Normalised items

These are recurring items which management considers could affect the underlying results of the Group.

These items relate to:

- amortisation of intangible assets;
- share-based payment charges; and
- tax step up due to intangible assets recognised on acquisition of OSIsoft, LLC.

Other types of recurring items may arise; however, no others were identified in either the current or prior year. Recurring items are adjusted each year irrespective of materiality to ensure consistent treatment.

Management considers these items to not reflect the underlying performance of the Group.

In the year ended 31 March 2022, the following changes have been made to the definition of normalised items:

- inclusion of the impact of the tax step up arising on the acquisition of OSIsoft;
- removal of the impact of fair value adjustments on financial derivatives; and
- inclusion of the impact of amortisation of other software.

Further commentary and explanation of these changes is provided in the Non-GAAP Measures section on pages 203 to 214.

Notes to the Consolidated Financial Statements continued

c. Non-GAAP measures continued

Exceptional items

These are items which are non-recurring and are identified by virtue of either their size or their nature. These items can include, but are not restricted to, the costs of significant restructuring exercises, fees associated with business combinations and costs incurred in integrating acquired companies. Exceptional items are discussed further in note 6.

Management considers these significant, non-recurring-items to be inherently not reflective of the future or underlying performance of the Group.

Pro forma results

For the year ended 31 March 2022, pro forma results are the Group's adjusted results with an additional adjustment to add back the deferred revenue haircut arising due to the fair valuing of OSIsoft's contract liabilities on acquisition. Pro forma results do not form part of the financial statements and are unaudited.

For the year ended 31 March 2021, pro forma results are the Group's adjusted results adjusted for the deferred revenue haircut, with the addition of pre-acquisition OSIsoft results for the period. It is assumed no synergies or trading between the groups occurred, and that the term loan used to finance the acquisition was entered into on 1 April 2020.

These are presented to increase year-on-year comparability, given the significant impact of the OSIsoft acquisition upon the Group's results.

d. Significant accounting judgements

Determination of lease term for contracts with renewal or termination option

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease where it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, where it is reasonably certain not to be exercised.

As part of the acquisition of OSIsoft in the year ended 31 March 2021, the Group entered into several lease contracts that include extension and/or termination options. Judgement is applied in evaluating whether it is reasonably certain that the Group will exercise the option to renew or terminate the lease. Relevant factors that may create an economic incentive to exercise either the renewal or termination option are considered. After the commencement date, the lease term is reassessed when there is a significant event or change in circumstances that is within the Group's control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Allocation of goodwill to cash generating units

The Group recognised £2,562.4 million of goodwill on completion of the acquisition of OSIsoft, LLC. This was unallocated at 31 March 2021 and was required to be allocated to the cash generating units (CGUs) expected to benefit from the synergies of the business combination by 31 March 2022.

Judgement was required in determining that the existing CGUs of Americas, Asia Pacific and EMEA are still the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The basis for this conclusion was the ongoing integration of the OSIsoft business into the existing AVEVA regional structure and management's monitoring of the business on a regional level.

Judgement was also required in the allocation of goodwill to these CGUs. The increase in cumulative return as a result of the OSIsoft acquisition was calculated by CGU. This was determined as being the incremental return by CGU of the year ended 31 March 2022 VIU model used for impairment testing purposes over the year ended 31 March 2021 VIU model. Goodwill was then allocated proportionate to a CGU's share of the overall increase in cumulative return. See note 14 for the results of this allocation.

e. Significant accounting estimates

Revenue recognition

The assessments and estimates used by the Group for revenue recognition could have a significant impact on the amount and timing of revenue recognised.

Revenue from sales of software licences when these are combined with the delivery of significant implementation or customisation services is recognised in line with the delivery of the services to the customer. This policy involves the assessment of which customer projects include significant customisation or implementation and also an assessment of the stage of completion of such projects.

The fair value estimate of the element of a customer rental fee attributable to customer support and maintenance is reviewed periodically. Management used judgement in calculating this estimate by using a combination of historical data, cost to the business of providing services, and annual fees as a proportion of initials. On average, the element attributable to the standard level of customer support and maintenance as a proportion of the initial software delivery is 17%.

Impairment of assets

Goodwill arising on acquisition is allocated to CGUs expected to benefit from the combination's synergies and represents the lowest level at which goodwill is monitored for internal management purposes and generates cash flows which are independent of other CGUs. The recoverable amount of the CGU to which goodwill has been allocated is tested for impairment annually or when events or changes in circumstance indicate that it might be impaired. The carrying values of property, plant and equipment, right-of-use assets and intangible assets other than goodwill are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or CGUs are written down to their recoverable amount. The recoverable amount is the greater of net selling price and VIU. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognised in the income statement in the administrative expenses line item. Further details about the assumptions used and sensitivity analysis performed in the impairment review are set out in note 14.

Provision for impairment of financial assets

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Loss allowances are calculated using historical account payment profiles and the corresponding historical credit losses experienced and adjusted for forward-looking factors specific to the debtor and the economic environment.

In the year ended 31 March 2021, management assessed available forward-looking information by considering the risk factors most likely to impact customers in light of the Covid-19 pandemic. Trade receivables were grouped based on industry and type of customer, and a further overlay applied to the risk matrix for specific higher risk industries. This was reassessed in the year ended 31 March 2022, based upon historical information since the beginning of the pandemic. It was determined that there was no evidence that collectability was impaired, and the forward-looking provision was reversed.

Following the enforcement of international sanctions, management assessed the collectability of trade receivables and contract assets held by entities within Russia. See note 6 for further details.

e. Significant accounting estimates continued

Provisions for the impairment of receivables have also been made on a customer-specific basis. The determination of the appropriate level of provision involves an estimate of the potential risk of default or non-payment by the Group's customers. In making this assessment, management considers a number of factors, including:

- the financial strength of the customers;
- the level of default that the Group has suffered in the past;
- the age of the receivable outstanding; and
- the Group's trading experience with that customer.

Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Therefore, the significant estimates made relating to the provision for impairment of trade receivables are also applicable to impairment of contract assets.

The provision for impairment of trade receivables at 31 March 2022 was £14.5 million (2021: £7.9 million) and contract assets was £2.0 million (2021: £7.7 million). Details of the provision for impairment of receivables are contained in note 18.

To measure the expected credit losses, trade receivables and contract assets are grouped together based on shared risk characteristics. An increase of 100bps in all ECL rates would increase the provision for impairment of trade receivables by £3.3 million (2021: £2.5 million) and contract assets by £3.6 million (2021: £1.7 million). A decrease of 100bps across all ECL rates would reduce the provision for impairment of trade receivables by £0.7 million (2021: £1.5 million) and contract assets by £0.5 million (2021: £1.6 million).

Intangible assets

The combination with OSIsoft, LLC completed in the year ended 31 March 2021. This required the Group to recognise at fair value the identifiable intangible assets of OSIsoft, LLC. Valuation methods vary by type of intangible asset, and include income approaches (royalty savings method, excess earnings method, and with and without method) and cost approaches (replacement cost method). Income approaches require estimates of future cash flows, discount rates, royalty rates, and customer attrition rates. Cost approaches require estimates of average salary costs, the proportion of development that can be performed on- and offshore, and the total man-hours required to develop a replacement product.

Future results are impacted by the amortisation periods adopted and changes to the estimated useful lives would result in different effects on the income statement. If the estimated useful lives of the intangible assets recognised on acquisition of OSIsoft, LLC were reduced by one year, the annual amortisation would increase by US$27.1 million. If they were increased by one year, the annual amortisation would reduce by US$21.3 million.

Retirement benefits

The determination of the Group's surplus, obligations and expense for defined benefit pensions is dependent on the selection, by the Board of Directors, of assumptions used by the pension scheme actuary in calculating these amounts. The assumptions applied, together with sensitivity analysis, are described in note 25 and include, amongst others, the discount rate, the inflation rate, rates of increase in salaries and mortality rates. While the Directors consider that the assumptions are appropriate, significant differences in the actual experience or significant changes in assumptions may materially affect the reported amount of the Group's future pension surplus and obligations, actuarial gains and losses included in the Consolidated Statement of Comprehensive Income in future years and the future staff costs. In mitigation of significant changes in assumptions affecting the Group's future pension obligations, the pension scheme operates a liability-driven investment strategy, which means as inflation and interest rates change, the value of the asset portfolio will rise and fall, offsetting the impact on the net position. The carrying amount of retirement benefit surplus at 31 March 2022, net of obligations, was £3.1 million (2021: £0.6 million).

3. Revenue

An analysis of the Group's revenue is as follows:

Year ended 31 March 2022	Services transferred at a point in time £m	Services transferred over time £m	Total £m
On-premises rental	280.7	115.7	396.4
SaaS	–	27.8	27.8
Total subscription revenue	280.7	143.5	424.2
Maintenance	–	345.2	345.2
Perpetual licences	293.1	–	293.1
Services	–	122.8	122.8
	573.8	611.5	1,185.3

Year ended 31 March 2021	Services transferred at a point in time £m	Services transferred over time £m	Total £m
On-premises rental	236.1	100.2	336.3
SaaS	–	23.4	23.4
Total subscription revenue	236.1	123.6	359.7
Maintenance	–	197.7	197.7
Perpetual licences	141.6	–	141.6
Services	–	121.4	121.4
	377.7	442.7	820.4

Contract balances are as follows:

	2022 £m	2021 £m	2020 £m
Trade receivables (non-current)	0.2	0.7	2.0
Trade receivables (current)	287.3	245.3	181.2
Contract assets	302.1	215.6	142.4
Contract liabilities	328.2	239.7	177.0

Contract assets have increased year-on-year predominantly due to an increase in the number and value of multi-year subscription licenses (rentals). The structure of these contracts results in the cumulative revenue recognised in the initial years being higher than the invoiced total. Contract assets are stated net of a provision of £2.0 million (2021: £7.7 million). The provision has decreased year-on-year due to the reversal of an historical forward-looking provision made due to the uncertainty caused by the onset of the Covid-19 pandemic. As there is limited evidence that Covid-19 has harmed cash collection, management believes this is no longer required. This has been offset by a provision of £1.4 million relating to contract assets with counterparties based in Russia. See note 6 for further information.

Trade receivables increased year-on-year as a result of revenue growth in the last quarter of the year. Contract liabilities have increased primarily due to the impact of the reduction in prior year contract liabilities caused by the revenue haircut taken on acquisition of OSIsoft, LLC.

Revenue for the year ended 31 March 2022 includes £215.8 million (2021: £159.3 million) which was included in contract liabilities at the beginning of the year. Revenue of £3.1 million (2021: £3.1 million) recognised in the year ended 31 March 2022 related to performance obligations satisfied in previous years.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March is as follows:

	2022 £m	2021 £m
Within one year	487.8	425.8
More than one year	293.6	232.1

Notes to the Consolidated Financial Statements continued

4. Segment information

The Executive Leadership Team (ELT) monitors and appraises the business based on the performance of three geographic regions: Americas; Asia Pacific; and Europe, Middle East and Africa (EMEA). These three regions are the basis of the Group's primary operating segments reported in the financial statements. Performance is evaluated based on regional contribution using the same accounting policies as adopted for the Group's financial statements. There is no inter-segment revenue. Corporate costs include centralised functions such as Executive Management, Information Technology, Finance and Legal. Balance sheet information is not included in the information provided to the ELT.

	Year ended 31 March 2022				
	Americas £m	Asia Pacific £m	EMEA £m	Corporate £m	Total £m
Revenue					
On-premises rental	134.2	81.5	180.7	–	396.4
SaaS	9.3	4.9	13.6	–	27.8
Total subscription revenue	143.5	86.4	194.3	–	424.2
Maintenance	170.7	58.8	115.7	–	345.2
Perpetual licences	105.6	84.6	102.9	–	293.1
Services	47.2	30.3	45.3	–	122.8
Regional revenue total	467.0	260.1	458.2	–	1,185.3
Adjusted cost of sales[1]	(53.6)	(22.1)	(39.9)	(116.7)	(232.3)
Adjusted selling and distribution expenses[1]	(98.2)	(51.0)	(97.3)	(34.2)	(280.7)
Adjusted administrative expenses[1]	–	–	–	(179.9)	(179.9)
Net impairment loss on financial assets	–	2.0	(1.4)	–	0.6
Regional contribution	315.2	189.0	319.6	(330.8)	493.0
Adjusted Research & Development costs[1]					(178.2)
Adjusted EBIT					314.8
Exceptional items, normalised items[1] and net interest					(333.4)
Loss before tax					(18.6)

1. Adjusted cost of sales, adjusted selling and distribution expenses, adjusted administrative expenses and adjusted Research & Development costs exclude the impact of exceptional and normalised items. Normalised items include amortisation of intangible assets and share-based payments.

	Year ended 31 March 2021				
	Americas £m	Asia Pacific £m	EMEA £m	Corporate £m	Total £m
Revenue					
On-premises rental	84.5	90.1	161.7	–	336.3
SaaS	10.1	5.4	7.9	–	23.4
Total subscription revenue	94.6	95.5	169.6	–	359.7
Maintenance	84.3	46.7	66.7	–	197.7
Perpetual licences	42.1	47.4	52.1	–	141.6
Services	44.4	31.7	45.3	–	121.4
Regional revenue total	265.4	221.3	333.7	–	820.4
Adjusted cost of sales[1]	(50.0)	(19.8)	(39.9)	(70.8)	(180.5)
Adjusted selling and distribution expenses[1]	(64.4)	(40.7)	(68.0)	(21.2)	(194.3)
Adjusted administrative expenses[1]	–	–	–	(97.8)	(97.8)
Net impairment loss on financial assets	(1.0)	(1.8)	(0.9)	–	(3.7)
Regional contribution	150.0	159.0	224.9	(189.8)	344.1
Adjusted Research & Development costs[1]					(116.4)
Adjusted EBIT					227.7
Exceptional items, normalised items[1] and net interest					(193.5)
Profit before tax					34.2

1. Adjusted cost of sales, adjusted selling and distribution expenses, adjusted administrative expenses and adjusted Research & Development costs exclude the impact of exceptional and normalised items. Normalised items include amortisation of intangible assets, and share-based payments.

Other segmental disclosures

The Company's country of domicile is the UK. Revenue attributed to the UK amounted to £31.7 million (2021: £39.9 million). Revenue attributed to all foreign countries amounted to £1,153.6 million (2021: £780.5 million). The USA accounted for 28% of the Group's revenue (2021: 25%). No other country is considered to be material to the Group (2021: none). Revenue is allocated to countries on the basis of the location of the customer. No single external customer accounted for a material amount of the Group's total revenue (2021: none).

Non-current assets (excluding deferred tax assets and retirement benefits) held in the UK amounted to £1,601.8 million (2021: £1,673.7 million). Non-current assets (excluding deferred tax assets and retirement benefits) held in all foreign countries amounted to £4,012.4 million (2021: £228.8 million). There are material non-current assets (excluding deferred tax assets and retirement benefits) located in the USA amounting to £3,951.9 million (2021: £129.3 million). There are no material non-current assets located in any other individual country outside of the UK (2021: none).

5. (Loss)/profit from operations

(Loss)/profit from operations is stated after charging:

	2022 £m	2021 £m
Depreciation of right-of-use assets	**22.9**	19.5
Depreciation of owned property, plant and equipment	**13.7**	8.7
Amortisation of intangible assets:		
• included in Research & Development costs	**164.6**	67.8
• included in selling and distribution expenses	**61.3**	27.9
• included in administrative expenses	**0.2**	0.6
Loss on disposal of property, plant and equipment	**0.4**	1.0
Net foreign exchange losses	**0.2**	1.6

During the year the Group (including its subsidiaries) obtained the following services from the Group's auditor at costs as detailed below:

	2022 £m	2021 £m
Fees payable to the Group auditor for:		
• the audit of the Parent Company and Consolidated Financial Statements	**1.5**	1.9
• the audit of the Group's subsidiaries pursuant to legislation	**0.9**	0.9
Fees payable to the Group auditor and its associates for other services:		
• audit-related assurance services (including procedures over November 2020 rights issue prospectus in the year ended 31 March 2021)	**0.1**	0.4
	2.5	3.2

Notes to the Consolidated Financial Statements continued

6. Exceptional items

	2022 £m	2021 £m
Acquisition of OSIsoft	**0.8**	44.4
Integration of OSIsoft and associated activities	**28.0**	6.1
Integration of SES and associated activities	**13.5**	27.6
Disposal of Acquis Software, Termis Software and Water Loss Management Software business (note 13(b))	**2.8**	–
Retirement of steel fabrication business	**15.4**	–
Impairment of balances with Russia-based counterparties	**7.3**	–
Gain on disposal of pension scheme	**–**	(0.3)
	67.8	77.8

The total net cash outflow during the year as a result of exceptional items was £59.8 million (2021: £63.2 million).

a. Acquisition of OSIsoft

Adviser fees incurred due to the acquisition of OSIsoft, which completed on 19 March 2021. No further cost relating to this acquisition are anticipated. This has resulted in a cash outflow of £19.2 million (2021: £26.0 million).

b. Integration of OSIsoft and associated activities

Costs incurred in the integration of OSIsoft, primarily consisting of consultancy fees advisers and additional temporary resources paid relating to the merging of IT systems and real estate, and rebranding. Costs are anticipated to continue until at least the end of the year ended 31 March 2023. This has resulted in a cash outflow of £29.5 million (2021: £3.5 million).

c. Integration of SES and associated activities

In the year ended 31 March 2022, costs primarily related to the continued build and implementation of a global ERP system and legal entity rationalisation. These costs are expected to continue until 2024. Costs in the years ended 31 March 2022 and 31 March 2021 included work undertaken to exit the Transitional Service Agreements (TSAs) provided by Schneider Electric which ended in August 2021. In the year ended 31 March 2021, £5.2 million was reimbursement by Schneider Electric for capital expenditure incurred as part of the Group's migration activities covered by TSAs. The associated cash outflow was £12.6 million (2021: £33.7 million).

d. Retirement of steel fabrication business

A £14.9 million impairment of intangible assets associated with the Group's steel fabrication business (£10.9 million and £4.0 million of developed technology and customer relationships respectively) was recognised following the announcement in July 2021 of these products' retirement. A discounted cash flow model was used to determine the value in use over the assets' remaining life. Restructuring costs of £0.5 million have also been incurred. This has resulted in a cash outflow of £0.1 million (2021: £nil).

e. Impairment of balances with Russia-based counterparties

As a result of the invasion of Ukraine by Russia, and the enforcement of subsequent international sanctions, the Group fully provided against £4.9 million of trade receivables, £1.0 million of amounts owed by related parties, and £1.4 million of contract assets held with entities within Russia at 31 March 2022. This has resulted in a cash outflow of £nil (2021: £nil).

f. Income statement impact

Exceptional items were included in the Consolidated Income Statement as follows:

	2022 £m	2021 £m
Cost of sales	**0.2**	0.8
Research & Development costs	**0.5**	0.3
Selling and distribution expenses	**3.4**	3.9
Administrative expenses	**38.8**	78.3
Net impairment loss on financial assets	**7.3**	–
Other expense/(income)	**17.6**	(5.5)
	67.8	77.8

7. Finance revenue

	2022 £m	2021 £m
Net return on pension assets	–	0.1
Bank interest receivable and other interest earned	**1.9**	0.5
	1.9	0.6

8. Finance expense

	2022 £m	2021 £m
Bank interest payable and similar charges	**0.5**	0.3
Interest on term loan	**8.6**	0.2
Commitment fee for term loan	**0.3**	–
Arrangement and commitment fees for credit facilities	**1.7**	–
Interest on lease liabilities	**2.9**	2.5
	14.0	3.0

9. Staff costs

Staff costs relating to employees (including Executive Directors) are shown below:

	2022 £m	2021 £m
Wages and salaries	**524.3**	358.4
Social security costs	**47.6**	29.8
Pension costs	**28.4**	22.1
Share-based payments	**27.4**	16.3
	627.7	426.6

The average number of persons (including Executive Directors) employed by the Group was as follows:

	2022 Number	2021 Number
Project delivery and customer support	**2,085**	1,695
Research, development and product support	**1,729**	1,429
Sales and marketing	**1,504**	1,107
Administration	**1,001**	649
	6,319	4,880

Directors' remuneration

The Directors of AVEVA Group plc received remuneration as follows:

	2022 £m	2021 £m
Directors' remuneration	**3.9**	7.1
Aggregate gains on the exercise of share options	**1.9**	17.4
	5.8	24.5

	2022 Number	2021 Number
Directors accruing benefits under defined contributions	**2**	2

As disclosed on page 91 of the Group's 2021 Annual Report, Peter Herweck has not participated in the Group's LTIP, nor received a pension or cash in lieu of pension contributions from the Group. He has retained his Schneider Electric LTIP share options and continued to participate in his Schneider Electric pension arrangement, with the cost being met by Schneider Electric. See the Directors' Remuneration Report on pages 102 to 126 for further details.

Notes to the Consolidated Financial Statements continued

10. Income tax expense

a. Tax on loss

The major components of income tax expense are as follows:

	2022 £m	2021 £m
Tax charged in Consolidated Income Statement		
Current tax		
• UK corporation tax	–	–
• Foreign tax	65.1	41.9
• Adjustments in respect of prior periods	(0.4)	(1.9)
	64.7	40.0
Deferred tax		
• Origination and reversal of temporary differences (note 24)	(18.3)	(29.3)
• Adjustments in respect of prior periods	(2.4)	(1.3)
	(20.7)	(30.6)
Total income tax expense reported in Consolidated Income Statement	44.0	9.4

	2022 £m	2021 £m
Tax relating to items charged/(credited) directly to Consolidated Statement of Comprehensive Income		
Deferred tax on actuarial remeasurements on retirement benefits	2.2	(0.5)
Deferred tax on losses and other timing differences	(2.9)	–
Tax credit reported in Consolidated Statement of Comprehensive Income	(0.7)	(0.5)

b. Reconciliation of the total tax charge

The differences between the total tax expense shown above and the amount calculated by applying the standard rate of US (2021: US) corporation tax to the profit before tax are as follows:

	2022 £m	2021 £m
Tax on Group profit before tax at standard US (2021: US) corporation tax rate of 24% (2021: 24%)[1]	**(4.5)**	8.2
Effects of:		
• expenses not deductible for tax purposes	**9.2**	1.8
• US alternative minimum tax	**19.8**	7.0
• non-deductible acquisition costs	**–**	3.0
• Research & Development incentives	**(10.2)**	(5.3)
• UK rate change impact on deferred tax	**13.5**	–
• irrecoverable withholding tax	**13.9**	–
• movement on unprovided deferred tax balances	**1.0**	(1.9)
• differing tax rates	**4.1**	(0.2)
• adjustments in respect of prior years	**(2.8)**	(3.2)
Income tax expense reported in Consolidated Income Statement	**44.0**	9.4

1. Reconciliation is performed starting from the standard US corporation tax rate as US taxable profits are greater than any other individual country.

The Group's effective tax rate for the year was (236.6)% (2021: 27.5%). The Group's effective tax rate before exceptional and other normalised adjustments was 12.4% (2021: 21.2%).

Notes to the Consolidated Financial Statements continued

11. Dividends paid and proposed on equity shares

The following dividends were declared, paid and proposed in relation to the legal entity AVEVA Group plc:

	2022 £m	2021 £m
Declared and paid during the year		
Interim 2021/22 dividend paid of 13.0 pence (2020/21: 12.4 pence) per ordinary share	39.2	35.6
Final 2020/21 dividend paid of 23.5 pence (2019/20: 23.3 pence) per ordinary share	70.8	46.8
	110.0	82.4
Proposed for approval by shareholders at the Annual General Meeting		
Final proposed dividend 2021/22 of 24.5 pence (2020/21: 23.5 pence) per ordinary share	73.9	70.8

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 15 July 2022 and has not been included as a liability in these financial statements. If approved at the Annual General Meeting, the final dividend will be paid on 5 August 2022 to shareholders on the register at the close of business on 8 July 2022.

12. (Loss)/earnings per share

	2022 Pence	2021 Pence
(Loss)/earnings per share for the year:		
• Basic	(20.78)	11.35
• Diluted	(20.78)	11.27
Adjusted earnings per share for the year:		
• Basic	100.37	81.86
• Diluted	99.58	81.31

	2022 Millions	2021 Millions
(Loss)/earnings per share		
Weighted average number of ordinary shares for basic earnings per share	301.3	218.5
Effect of dilution: employee share options[1]	–	1.5
Weighted average number of ordinary shares adjusted for the effect of dilution	301.3	220.0
Adjusted earnings per share		
Weighted average number of ordinary shares for basic earnings per share	301.3	218.5
Effect of dilution: employee share options	2.4	1.5
Weighted average number of ordinary shares adjusted for the effect of dilution	303.7	220.0

1. The effect of share options are anti-dilutive in the year ended 31 March 2022 due to the Group recognising a net loss for the period. They are therefore excluded from the diluted earnings per share calculation.

The calculations of basic and diluted earnings per share (EPS) are based on the net loss attributable to equity holders of the parent for the year of £62.6 million (2021: profit £24.8 million). Basic EPS amounts are calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of AVEVA Group plc ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the net profit attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year as described above, plus the weighted average number of ordinary shares that would be issued on the conversion of all the potentially dilutive share options into ordinary shares. Details of the terms and conditions of share options are provided in note 26.

Details of the calculation of adjusted EPS are set out below:

	2022 £m	2021 £m
(Loss)/profit after tax for the year	**(62.6)**	24.8
Amortisation of intangible assets	**226.1**	95.7
Share-based payments	**27.4**	16.3
Exceptional items	**67.8**	77.8
Effect of acquisition accounting adjustments[1]	**50.3**	3.3
Tax effect on exceptional items	**(9.5)**	(15.1)
Tax effect on normalised adjustments (excluding net finance expense)	**16.0**	(23.0)
Tax effect on acquisition accounting adjustments[1]	**(13.1)**	(0.9)
Adjusted profit after tax	**302.4**	178.9

1. Acquisition accounting adjustments relate to the revenue haircut made upon the combination with OSIsoft, LLC.

The denominators used are the same as those detailed above for both basic and diluted EPS.

The adjustment made to profit after tax in calculating adjusted basic and diluted EPS has been adjusted for the tax effects of the items adjusted. The Directors believe that adjusted EPS is more representative of the underlying performance of the business.

13. Business combinations

a. Acquisition of OSIsoft, LLC

On 19 March 2021 the Group acquired 100% of the voting shares of OSIsoft, LLC, a global leader in real-time industrial operational data software and services. The OSIsoft Group's main product is the PI System, a proprietary, vendor-agnostic data management software which enables customers to capture, store, analyse and share real-time industrial sensor-based data with business systems across all operations. This acquisition will significantly enhance the Group's product offering, provide customer diversification and greater geographical market penetration, create opportunities for material revenue and cost synergies, and accelerate and improve the Group's development of new software and technology. A consideration of £3,825.2 million (US$5,095.1 million) was paid.

The deal was funded by £3,365.7 million (US$4,438.1 million) of cash; £2,806.9 million (US$3,734.3 million) raised via a rights issue (net of expenses), and £558.8 million (US$703.8 million) from existing cash and new debt facilities. The remainder was funded by a £465.7 million (US$648.4 million) issue of 13,655,570 ordinary shares on 22 March 2021 to Estudillo Holdings Corp, a company majority owned by Dr J. Patrick Kennedy and his family, which held a 50.3% interest in OSIsoft, LLC. At 31 March 2021, £7.3 million (US$10.0 million) remained in restricted cash in relation to consideration to be paid. This was released in the year ended 31 March 2022 upon finalisation of the completion accounts.

At the end of the previous reporting period, the acquisition accounting had been provisionally determined. This has been finalised in the current year, as part of the measurement period permitted under IFRS 3. Changes to the provisionally reported fair values as set out in note 14 of the 2021 Annual Report are due to finalisation and review of the acquired balance sheet. The overall movement is not deemed material.

The fair values of identifiable assets acquired and liabilities assumed at the acquisition date are:

	Carrying value at acquisition £m	Fair value adjustment £m	Fair value £m
Non-current assets			
Intangible assets	0.4	1,231.6	1,232.0
Property, plant and equipment	21.0	–	21.0
Right-of-use assets	36.2	–	36.2
Deferred tax assets	22.0	(3.0)	19.0
Trade and other receivables	2.9	–	2.9
Customer acquisition costs	10.3	(10.3)	–
Investments	0.4	–	0.4
Total non-current assets	93.2	1,218.3	1,311.5
Current assets			
Trade and other receivables	75.6	(5.5)	70.1
Contract assets	2.4	–	2.4
Customer acquisition costs	4.0	(4.0)	–
Cash and cash equivalents	150.6	–	150.6
Financial assets	0.4	–	0.4
Total current assets	233.0	(9.5)	223.5
Current liabilities			
Trade and other payables	(115.1)	(5.0)	(120.1)
Contract liabilities	(136.2)	60.5	(75.7)
Lease liabilities	(6.8)	–	(6.8)
Current tax liabilities	(29.9)	(0.5)	(30.4)
Total current liabilities	(288.0)	55.0	(233.0)
Non-current liabilities			
Lease liabilities	(37.9)	–	(37.9)
Retirement benefit obligations	(0.9)	(0.4)	(1.3)
Total non-current liabilities	(38.8)	(0.4)	(39.2)
Net identifiable assets and liabilities	**(0.6)**	**1,263.4**	**1,262.8**
Goodwill			2,562.4
Total consideration			**3,825.2**

Goodwill of £1,358.0 million is expected to be deductible for tax purposes.

The main factors leading to the recognition of goodwill are the value of the assembled OSIsoft, LLC workforce and the future synergy benefits expected to arise from integrating the two combined businesses.

Costs incurred in the year ended 31 March 2021 that were directly attributable to raising debt (£2.9 million) and equity (£28.6 million) were offset against the corresponding financial liability and share premium respectively. All remaining transaction costs were expensed and included within administrative expenses. Additional details are included within note 6.

From acquisition date to 31 March 2021, OSIsoft, LLC contributed revenue and profit after tax of £20.7 million and £10.8 million respectively in the Consolidated Income Statement, before a revenue haircut of £3.3 million. If the acquisition had occurred on 1 April 2020, the Consolidated Income Statement would have presented revenue of £1,196.1 million and profit after tax of £48.1 million (at an effective tax rate of 5.5%) in the 12 months to 31 March 2021, before a revenue haircut of approximately £53.0 million.

b. Disposal of Acquis Software, Termis Software and Water Loss Management Software business

On 11 May 2021 the Group entered into an agreement to sell the business and assets of Acquis Software, Termis Software and Water Loss Management Software to Schneider Electric for an aggregate consideration of £1.6 million. This transaction was made at arm's length, with the consideration set based upon independent advice and resulted in a net cash inflow of £1.6 million.

This completed on 30 June 2021. A loss on disposal of £2.8 million was recognised, calculated as follows:

	Total £m
Cash consideration	1.6
Gross consideration	**1.6**
Net assets disposed	(4.4)
Loss on disposal	**(2.8)**

Net assets disposed comprised:

	Total £m
Non-current assets	
Goodwill	5.2
Other intangible assets	0.1
Total non-current assets	**5.3**
Current liabilities	
Contract liabilities	(0.9)
Total current liabilities	**(0.9)**
Net assets	**4.4**

The net loss on disposal is included within other (expense)/income. Disposed goodwill of £5.2 million has been allocated to the following CGUs, based on the value of cash flows for the disposed business relative to the cash flows for the CGU overall:

- Americas: £nil
- Asia Pacific: £1.9 million
- EMEA: £3.3 million

Notes to the Consolidated Financial Statements continued

14. Goodwill

	2022 £m	2021 £m
At 1 April	3,904.1	1,295.7
Acquisition of business[1]	–	2,578.0
Measurement period adjustments	(15.6)	–
Disposals[2]	(5.2)	–
Exchange adjustment	121.3	30.4
At 31 March	4,004.6	3,904.1

1. Goodwill arising on business combinations in the year ended 31 March 2021 was unallocated as at 31 March 2021.
2. Disposals in the year ended 31 March 2022 were allocated to CGUs as per note 13(b).

The following table shows the allocation of the carrying value of goodwill and indefinite life intangible assets (the AVEVA brand) at the end of the year by CGU.

	Goodwill		Purchased brands (indefinite life)	
	2022 £m	2021 £m	2022 £m	2021 £m
Americas	1,589.0	386.9	25.3	25.3
Asia Pacific	1,018.0	282.6	16.0	16.0
EMEA	1,397.6	622.4	34.7	34.7
Unallocated	–	2,612.2	–	–
	4,004.6	3,904.1	76.0	76.0

The Group tests goodwill and purchased brands for impairment annually, or more frequently if there are indications that goodwill might be impaired. Goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from that business combination. In 2022, the goodwill impairment testing was carried out on a VIU basis using the most recently approved management budgets for the year ended 31 March 2022 together with the most recent five-year business plan.

Projected cash flows beyond five years have been assumed at the long-term growth rate for that region and these have been used to formulate a terminal value for the discounted cash flow calculation in perpetuity.

Key assumptions

The key assumptions in the most recent annual budget on which the cash flow projections are based relate to:

- discount rates;
- long-term growth rates; and
- operating margins.

Discount rates: The cash flow projections have been discounted using the Group's pre-tax weighted average cost of capital adjusted for country and market risk.

Long-term growth rates: Long-term growth rates used are assumed to be equal to the long-term growth rate in the gross domestic product of the region in which the CGU operates.

Operating margin: Operating margins are based upon past results. These are increased over the forecast period for planned improvements in gross margin, driven by a changing sales mix towards more profitable product streams. In addition, cost management strategies are assumed to be implemented that limit operating expense increases to on or around inflation.

The Group has considered the impact of its identified climate risks, as laid out on pages 68 to 69. It is believed that these risks are not material to the financial statements at 31 March 2022.

The key assumptions used in the VIU model were as follows:

	Discount rate			Long-term growth rate			Average operating margin		
	2022	2021	Break-even[1]	2022	2021	Break-even[1]	2022	2021	Break-even[1]
Americas	10.2%	12.0%	15.0%	1.5%	1.8%	(6.1)%	32.3%	29.7%	21.6%
Asia Pacific	10.1%	12.0%	16.9%	1.8%	2.0%	(9.7)%	35.2%	29.1%	19.8%
EMEA	8.9%	9.9%	13.0%	1.1%	1.8%	(5.1)%	27.8%	27.5%	19.5%

1. The break-even rate is the rate at which headroom within the CGU is reduced to nil if all other assumptions remain unchanged. This is included for illustrative purposes and does not reflect a reasonably foreseeable change in assumptions.

Summary of results

All goodwill and purchased brands were tested for impairment, with no impairment charge resulting.

Sensitivity to changes in key assumptions

The Group has considered the impact of changes in future cash flows and key assumptions on the base case VIU model, to create a sensitised VIU model. This has included applying the cumulative impact of:

- increasing pre-tax discount rates by 25bps, to reflect potential future increases in government bond yields and associated risk-free rates;
- decreasing long-term growth rates by 25bps, to a minimum of 1%, to reflect a worse than predicted long-term global economic outlook;
- restricting year-on-year revenue growth to a maximum of 5%, to reflect the risk that future operational growth is not achieved; and
- restricting year-on-year operating margin to a maximum of 30%, to reflect the risk that future sales mix and efficiency improvements are not achieved.

It was concluded that the sensitised VIU model does not result in an impairment.

The headroom (i.e., the excess of the value of discounted future cash flows over the carrying amount of the CGU) under both the base case and sensitised scenario is below:

	2022		2021	
	Base case[1]	Sensitised[2]	Base case[1]	Sensitised[2]
Americas	**60%**	**5%**	95%	37%
Asia Pacific	**93%**	**7%**	116%	38%
EMEA	**62%**	**3%**	74%	25%

1. The excess of the recoverable amount over the carrying amount of the CGU before applying sensitivities.
2. Headroom after adjusting future cash flows and key assumptions to create a sensitised 'worst case' VIU model.

Notes to the Consolidated Financial Statements continued

15. Other intangible assets

	Developed technology £m	Customer relationships £m	Purchased brands £m	Trademarks £m	Other software £m	Purchased software rights £m	Capitalised Research & Development £m	Total £m
Cost								
At 1 April 2020	484.4	245.4	76.0	29.8	7.4	16.1	37.8	896.9
Additions	–	–	–	–	–	0.5	–	0.5
Acquisition of business	855.6	247.1	128.9	–	0.4	–	–	1,232.0
Disposals	–	–	–	–	(0.7)	–	–	(0.7)
Exchange adjustment	(4.6)	(5.2)	1.7	(3.0)	(0.8)	(0.7)	0.5	(12.1)
At 31 March 2021	1,335.4	487.3	206.6	26.8	6.3	15.9	38.3	2,116.6
Disposals	**–**	**–**	**–**	**–**	**(0.1)**	**–**	**–**	**(0.1)**
Exchange adjustment	**46.5**	**15.0**	**6.0**	**1.3**	**0.3**	**0.4**	**1.2**	**70.7**
At 31 March 2022	**1,381.9**	**502.3**	**212.6**	**28.1**	**6.5**	**16.3**	**39.5**	**2,187.2**
Amortisation and impairment								
At 1 April 2020	205.5	100.4	–	23.1	6.0	12.3	34.8	382.1
Charge for the year	63.0	23.9	0.5	3.5	0.6	2.7	2.1	96.3
Disposals	–	–	–	–	(0.7)	–	–	(0.7)
Exchange adjustment	(13.3)	(7.2)	–	(2.4)	(0.4)	(0.5)	0.4	(23.4)
At 31 March 2021	255.2	117.1	0.5	24.2	5.5	14.5	37.3	454.3
Charge for the year	**163.6**	**45.4**	**13.2**	**2.7**	**0.2**	**–**	**1.0**	**226.1**
Impairment[1]	**10.9**	**4.0**	**–**	**–**	**–**	**–**	**–**	**14.9**
Exchange adjustment	**11.0**	**4.6**	**0.4**	**1.2**	**0.5**	**0.5**	**1.2**	**19.4**
At 31 March 2022	**440.7**	**171.1**	**14.1**	**28.1**	**6.2**	**15.0**	**39.5**	**714.7**
Net book value								
At 1 April 2020	278.9	145.0	76.0	6.7	1.4	3.8	3.0	514.8
At 31 March 2021	1,080.2	370.2	206.1	2.6	0.8	1.4	1.0	1,662.3
At 31 March 2022	**941.2**	**331.2**	**198.5**	**–**	**0.3**	**1.3**	**–**	**1,472.5**

1. Impairment of intangible assets relating to the Group's steel fabrication business. See note 6 for additional information.

The following intangible assets are individually material at 31 March 2022:

	Net book value 2022 £m	Net book value 2021 £m	Estimated end of life
Developed technology recognised on the reverse acquisition of AVEVA Group plc	**141.5**	189.8	February 2026
Developed technology recognised on the acquisition of OSIsoft, LLC	**789.5**	863.0	March 2029
Customer relationships recognised on the reverse acquisition of AVEVA Group plc	**96.1**	112.5	February 2030
Customer relationships recognised on the acquisition of OSIsoft, LLC	**234.8**	249.5	March 2031
AVEVA brand	**76.0**	76.0	Indefinite
PI brand	**122.5**	130.1	March 2031

16. Property, plant and equipment

	Long leasehold buildings and improvements £m	Computer equipment £m	Fixtures, fittings and office equipment £m	Total £m
Cost				
At 1 April 2020	15.3	26.2	12.6	54.1
Additions	3.3	4.8	2.8	10.9
Acquisition of business	10.6	4.1	6.5	21.2
Disposals	(2.3)	(5.0)	(2.4)	(9.7)
Exchange adjustment	(1.1)	(1.6)	(0.7)	(3.4)
At 31 March 2021	25.8	28.5	18.8	73.1
Additions	**0.9**	**7.2**	**0.5**	**8.6**
Disposals	**(0.2)**	**(1.9)**	**(0.6)**	**(2.7)**
Exchange adjustment	**0.9**	**1.0**	**0.6**	**2.5**
At 31 March 2022	**27.4**	**34.8**	**19.3**	**81.5**
Depreciation				
At 1 April 2020	5.3	15.9	5.3	26.5
Charge for the year	2.3	5.0	1.4	8.7
Disposals	(1.5)	(5.0)	(2.2)	(8.7)
Exchange adjustment	(0.4)	(1.1)	(0.4)	(1.9)
At 31 March 2021	5.7	14.8	4.1	24.6
Charge for the year	**4.3**	**6.6**	**2.8**	**13.7**
Disposals	**(0.1)**	**(1.8)**	**(0.4)**	**(2.3)**
Exchange adjustment	**0.2**	**0.4**	**0.2**	**0.8**
At 31 March 2022	**10.1**	**20.0**	**6.7**	**36.8**
Net book value				
At 1 April 2020	10.0	10.3	7.3	27.6
At 31 March 2021	20.1	13.7	14.7	48.5
At 31 March 2022	**17.3**	**14.8**	**12.6**	**44.7**

Notes to the Consolidated Financial Statements continued

17. Investments

The Group consists of a Parent Company, AVEVA Group plc, incorporated in the UK, and a number of subsidiaries held directly or indirectly by AVEVA Group plc, which operate and are incorporated around the world, each contributing to the Group's profits, assets and cash flows.

The Group's percentage of equity capital and voting rights is 100%.

The results of all subsidiaries have been consolidated in these financial statements.

At 31 March 2022, the Group held the following principal investments. The addresses of all subsidiaries, principal or dormant, are provided on pages 200 to 201.

	Country of incorporation or registration		Country of incorporation or registration
AVEVA Financing Limited	UK	AVEVA K.K.	Japan
AVEVA Software GB Limited	UK	AVEVA Software K.K.	Japan
AVEVA Solutions Limited	UK	OSIsoft Japan, K.K.	Japan
OSIsoft (UK) Limited	UK	AVEVA Asia Pacific Sdn. Bhd.	Malaysia
AVEVA Software Argentina S.A.	Argentina	AVEVA Sdn. Bhd.	Malaysia
OSIsoft Argentina SRL	Argentina	AVEVA Software México SA de CV	Mexico
AVEVA Pty Ltd.	Australia	OSIsoft Mexico S. de R.L. de C.V	Mexico
AVEVA Software Australia Pty Ltd	Australia	AVEVA Software Holdings Netherlands BV	Netherlands
OSIsoft Australia Pty Ltd.	Australia	AVEVA Software Netherlands BV	Netherlands
OSIsoft Technologies Middle East W.L.L.	Bahrain	AVEVA AS	Norway
AVEVA do Brasil Informática Ltda	Brazil	OSIsoft Norway AS	Norway
AVEVA Software Brasil Ltda	Brazil	AVEVA Korea Limited	Republic of Korea
OSIsoft do Brasil Sistemas Ltda	Brazil	AVEVA Software Korea Limited	Republic of Korea
AVEVA Software Canada Inc.	Canada	OSIsoft Korea Co., Ltd.	Republic of Korea
OSIsoft Canada ULC	Canada	AVEVA Limited Liability Company	Russia
AVEVA Software Chile SpA	Chile	OSIsoft OOO (LLC)	Russia
AVEVA Solutions (Shanghai) Co. Ltd	China	AVEVA Software Singapore Pte Ltd.	Singapore
OSIsoft (Shanghai) Technology Co.Ltd.	China	OSIsoft Asia Pte. Ltd.	Singapore
Telvent Control System (China) Co. Ltd	China	OSIsoft South Africa (Pty) Ltd	South Africa
OSIsoft Czech Republic, s.r.o.	Czech Republic	AVEVA Software España S.L.U.	Spain
AVEVA Software Colombia S.A.S.	Colombia	OSIsoft España, S.L Sociedad Unipersonal	Spain
AVEVA Denmark A/S	Denmark	AVEVA AB	Sweden
AVEVA SAS	France	OSIsoft Sweden AB	Sweden
OSIsoft France Sarl	France	AVEVA Software (Thailand) Co. Ltd	Thailand
AVEVA GmbH	Germany	OSIsoft Technologies Bilişim Hizmetleri Limited Şirketi	Turkey
OSIsoft Europe GmbH	Germany	AVEVA Software Middle East FZ-LLC	United Arab Emirates
AVEVA East Asia Limited	Hong Kong	AVEVA Inc.	USA
AVEVA Information Technology India Private Limited	India	AVEVA Software, LLC	USA
AVEVA Software Private Limited	India	AVEVA US 1 Corp	USA
AVEVA Solutions India LLP	India	AVEVA US 2 Corp	USA
OSIsoft India Private Limited	India	AVEVA US Blocker Corp	USA
AVEVA Software Italia S.p.A	Italy	OSIsoft, LLC	USA
OSIsoft Italy S.R.L.	Italy		

As at 31 March 2022, AVEVA Group plc held a 4% (2021: 6%) investment in Finca Global of £0.4 million (2021: £0.4 million) and a 19% (2021: 20%) investment in Dianomic Systems, Inc of £nil (2021: £nil).

18. Trade and other receivables

	2022 £m	2021 £m
Current		
Trade receivables	**287.3**	245.3
Amounts owed from related parties (note 28)	**37.6**	21.6
Prepayments and other receivables	**56.3**	51.1
	381.2	318.0
Non-current		
Trade and other receivables	**8.4**	19.4
	8.4	19.4

Trade receivables are non-interest bearing and generally on terms of between 30 and 90 days. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

As at 31 March 2022, the provision for impairment of receivables was £16.4 million (2021: £7.9 million) and an analysis of the movements during the year was as follows:

	£m
At 1 April 2020	7.6
Charge for the year	1.4
Utilised	(0.4)
Exchange adjustment	(0.7)
At 31 March 2021	7.9
Charge for the year	**11.3**
Utilised	**(3.3)**
Exchange adjustment	**0.5**
At 31 March 2022	**16.4**

At 31 March, the ageing analysis of trade receivables and amounts owed from related parties (net of provision for impairment) was as follows:

			Past due not impaired			
	Total £m	Neither past due nor impaired £m	Less than four months £m	Four to eight months £m	Eight to twelve months £m	More than twelve months £m
At 31 March 2022						
Trade receivables	**287.3**	**211.1**	**66.1**	**8.0**	**2.1**	**–**
Amounts owed from related parties	**37.6**	**18.8**	**9.5**	**6.5**	**2.8**	**–**
	324.9	**229.9**	**75.6**	**14.5**	**4.9**	**–**
At 31 March 2021						
Trade receivables	245.3	167.2	66.9	6.1	3.7	1.4
Amounts owed from related parties	21.6	14.3	3.8	1.0	1.0	1.5
	266.9	181.5	70.7	7.1	4.7	2.9

Further disclosures relating to the credit quality of trade receivables are included in note 23(b).

Notes to the Consolidated Financial Statements continued

19. Cash and cash equivalents

	2022 £m	2021 £m
Cash at bank and in hand	**105.7**	279.7
Short-term deposits	**173.6**	6.9
Net cash and cash equivalents per cash flow	**279.3**	286.6
Restricted cash	**–**	7.3
	279.3	293.9

£11.6 million of cash at bank and in hand was held in Russia at 31 March 2022. Due to the introduction of international sanctions upon Russian entities, cash is likely to remain deployed within Russian operations whilst sanctions remain in force.

Restricted cash represented funds held in escrow in relation to the acquisition of OSIsoft, LLC. This was released during the year ended 31 March 2022 as a result of the finalisation of the completion accounts process.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective fixed short-term deposit rates.

Further disclosures relating to credit quality of cash and cash equivalents are included in note 23(b).

20. Trade and other payables

	2022 £m	2021 £m
Current		
Trade payables	**30.0**	39.6
Amounts owed to related parties (note 28)	**6.2**	1.5
Social security, employee taxes and sales taxes	**21.1**	28.5
Accruals	**148.7**	176.8
Other liabilities	**18.0**	24.9
	224.0	271.3
Non-current		
Other liabilities	**10.7**	18.2
	10.7	18.2

Trade payables are non-interest bearing and are normally settled on terms of between 30 and 60 days. Social security, employee taxes and sales taxes are non-interest bearing and are normally settled on terms of between 19 and 30 days. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

Accruals have reduced year-on-year following the payment of transaction related costs associated with the acquisition of OSIsoft, LLC.

21. Loans and borrowings

The Group has access to a £250.0 million Revolving Credit Facility (RCF). The facility is unsecured but carries the support of various operating entities within the Group. Interest on drawings is calculated at a floating market rate of interest, being either Euribor, SONIA or USD LIBOR plus a variable margin linked to the Group's net leverage ratio. A commitment fee, linked to the margin, is also payable on undrawn amounts. The RCF term was extended during the year and has a maturity of 25 February 2025 (2021: 25 February 2024). The facility includes the mechanism to request an additional one-year extension, subject to the lender's acceptance. As at 31 March 2022 the RCF was undrawn (2021: £nil).

On 9 October 2020 the Group entered into a US$900.0 million debt facility with Schneider Electric Holdings Inc. This non-amortising loan was drawn down in full on 19 March 2021 with a termination date of 19 March 2024. Interest on drawings is calculated at LIBOR plus a variable margin linked to the Group's net leverage ratio. The facility is unsecured but carries the support of various operating entities within the Group. The balance as at 31 March 2022 was £684.5 million (2021: £654.0 million), inclusive of £0.6 million (2021: £0.8 million) of capitalised fees.

22. Leases

a. Background

As at 31 March 2022, the Group was entered into lease contracts as a lessee for various properties, vehicles, and items of office equipment for use in its operations.

b. Right-of-use assets

Set out below are the carrying amounts of the Group's right-of-use assets and the movements during the period:

	Long leasehold buildings £m	Office equipment £m	Motor vehicles £m	Total £m
At 1 April 2020	76.4	0.3	2.8	79.5
Additions	14.8	–	0.7	15.5
Acquisition of business	35.5	0.8	–	36.3
Remeasurement[1]	3.1	–	0.1	3.2
Depreciation expense	(17.9)	(0.1)	(1.5)	(19.5)
Exchange adjustment	(3.1)	–	–	(3.1)
At 31 March 2021	108.8	1.0	2.1	111.9
Additions	**1.7**	**0.1**	**0.5**	**2.3**
Remeasurement[1]	**1.5**	**–**	**–**	**1.5**
Depreciation expense	**(21.2)**	**(0.3)**	**(1.4)**	**(22.9)**
Exchange adjustment	**2.2**	**0.2**	**(0.1)**	**2.3**
At 31 March 2022	**93.0**	**1.0**	**1.1**	**95.1**

1. Lease liabilities are remeasured when a change to future contractual cash flows is identified. Remeasurements were made in the year based upon changes in indexation and rates on variable lease payments, and changes in the lease term. The carrying value of the corresponding right-of-use asset is also remeasured to reflect this change in lease liabilities.

c. Lease liabilities

Set out below for the Group's lease liabilities are the carrying amounts and movements during the period:

	Long leasehold buildings £m	Office equipment £m	Motor vehicles £m	Total £m
At 1 April 2020	66.8	0.3	2.8	69.9
Additions	14.8	–	0.7	15.5
Acquisition of business	44.1	0.8	–	44.9
Remeasurement[1]	3.2	–	0.1	3.3
Accretion of interest	2.4	–	0.1	2.5
Payments	(19.6)	(0.1)	(1.6)	(21.3)
Exchange adjustment	(3.0)	–	–	(3.0)
At 31 March 2021	108.7	1.0	2.1	111.8
Additions	**1.7**	**0.1**	**0.5**	**2.3**
Remeasurement[1]	**1.5**	**–**	**–**	**1.5**
Accretion of interest	**2.7**	**–**	**–**	**2.7**
Payments	**(24.3)**	**(0.3)**	**(1.4)**	**(26.0)**
Exchange adjustment	**2.9**	**0.2**	**–**	**3.1**
At 31 March 2022	**93.2**	**1.0**	**1.2**	**95.4**
At 31 March 2021				
Current	21.3	0.2	1.4	22.9
Non-current	87.4	0.8	0.7	88.9
At 31 March 2022				
Current	**21.0**	**0.3**	**0.8**	**22.1**
Non-current	**72.2**	**0.7**	**0.4**	**73.3**

1. Lease liabilities are remeasured when a change to future contractual cash flows is identified. Remeasurements were made in the year based upon changes in indexation and rates on variable lease payments, and changes in the lease term. The carrying value of the corresponding right-of-use asset is also remeasured to reflect this change in lease liabilities.

The potential impact of lease covenants is considered to be immaterial.

A maturity analysis of lease liabilities is included within note 23(c).

Notes to the Consolidated Financial Statements continued

22. Leases continued

d. Income statement impact

The following items have been recognised in the Consolidated Income Statement:

	2022 £m	2021 £m
Depreciation expense on right-of-use assets	22.9	19.5
Interest on lease liabilities	2.7	2.5
Expense relating to short-term leases	2.7	2.7
Expense relating to leases of low-value assets	0.2	0.1
Total amount recognised in Consolidated Income Statement	28.5	24.8

The Group had total cash outflows for leases of £28.9 million (2021: £24.1 million).

23. Financial risk management

The Group's principal financial instruments comprise cash and short-term deposits and a term loan. The Group has various other financial assets and liabilities such as trade receivables, trade payables and borrowings, which arise directly from its operations.

The Group enters into forward foreign exchange contracts to manage currency risks arising from the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing such risks on a regular basis, as summarised below:

a. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

The Group's interest rate risk consists of:

- Floating interest rate risk, arising on the Group's term loan and any drawings under the RCF. Changes in floating interest rates affect finance expense and cash flows. Interest rates are set with reference to market interest rates such as Euribor, SONIA or USD LIBOR.
- Interest rate risk associated with the Group's cash deposits. The Group's overall objective with respect to holding these deposits is to maintain a balance between security of funds, accessibility and competitive rates of return.

For the presentation of market risks, IFRS 7 requires sensitivity analysis that show the effects of hypothetical changes of relevant risk variables on profit or loss and shareholders' equity. The Group is exposed to fluctuations in interest rates on its cash, cash equivalents and borrowings.

A 1% increase in the sterling and US dollar interest rates would have increased net finance expense by £5.7 million (2021: no impact). A 1% decrease would have decreased net finance expense by £1.0 million (2021: no impact).

Foreign currency risk

Foreign currency risk arises from the Group undertaking a significant number of foreign currency transactions in the course of operations. These exposures arise from sales in currencies other than the Group's presentational currency of sterling.

The Group manages exchange risks, where possible, by using forward foreign exchange contracts and foreign currency denominated borrowings. The Group enters into forward foreign exchange contracts to match forecast cash flows arising from its recurring revenue base. In addition, it enters into specific forward foreign exchange contracts for individually significant revenue contracts, when the timing of forecast cash flows is reasonably certain. Other currency exposures are harder to hedge cost effectively. At 31 March 2022, the Group had outstanding currency exchange contracts to buy SGD$3.6 million (2021: none) and sell €5.2 million (2021: €6.8 million). No outstanding currency exchange contracts were held in US dollars (2021: to sell US$2.1 million).

In the year ended 31 March 2021, the Group applied hedge accounting for forward foreign exchange contracts relating to funds raised for the purpose of acquiring OSIsoft, LLC. A loss of £178.4 million was recognised in the hedging reserve through the Consolidated Statement of Comprehensive Income and adjusted the purchase price on completion on the combination on 19 March 2021. Gains and losses on all other forward foreign exchange contracts have been included in the Consolidated Income Statement.

The Group has investments in foreign operations whose net assets are exposed to currency translation risk. Gains and losses arising from these structural currency exposures are recognised in the Consolidated Statement of Comprehensive Income.

Foreign currency sensitivity analysis

For the presentation of market risks, IFRS 7 requires sensitivity analysis that shows the effect of hypothetical changes in the foreign exchange rates in profit or loss or shareholders' equity. The impact is determined by applying the sensitised foreign exchange rate to the monetary assets and liabilities at the balance sheet date.

Currency risks as defined by IFRS 7 arise on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

A 10% change in the US dollar and euro against sterling would have impacted equity and profit after tax by the amounts shown below as at the reporting date shown. In management's opinion, this is a reasonably possible change given current market conditions. Our analysis indicates that a 10% change in other currencies would not have a significant impact. This analysis assumes that all other variables, in particular interest rates and other foreign currencies, remain constant. The analysis is performed on the same basis for 2021.

31 March 2022	Increase/(decrease) in average rate	Profit/(loss) £m	Equity £m
US dollar	**10%**	**(5.1)**	**(5.1)**
	(10%)	**5.1**	**5.1**
Euro	**10%**	**(1.5)**	**(1.5)**
	(10%)	**1.5**	**1.5**

31 March 2021	Increase/(decrease) in average rate	Profit/(loss) £m	Equity £m
US dollar	10%	(14.1)	(14.1)
	(10%)	14.1	14.1
Euro	10%	(2.5)	(2.5)
	(10%)	2.3	2.3

b. Credit risk

The Group's principal financial assets are cash and cash equivalents, and trade and other receivables.

Counterparties for cash and cash equivalents are governed by the treasury policy, which has been approved by the Board, and are limited to financial institutions which have a high credit rating assigned by international credit rating agencies. As set out in the Group's treasury policy, the amount of exposure to each counterparty is subject to a specific limit, up to a maximum of 50% of the Group's total counterparty risk. Within this overall limit, some counterparties are subject to more restrictive caps on counterparty exposure.

The Group trades only with recognised, creditworthy third parties and provides credit to customers in the normal course of business. The amounts presented in the Consolidated Balance Sheet are net of allowances for doubtful receivables. Expected credit loss allowances are made against trade receivables based on credit risk characteristics. The Group has credit control functions to monitor receivable balances on an ongoing basis. Credit checks are performed before credit is granted to new customers. Due to the credit control procedures in place, we believe all the receivables are of good quality. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The exposure to credit risk is mitigated where necessary by either letters of credit or payments in advance.

The Group does not require collateral in respect of its financial assets.

The Group's credit risk exposure on trade receivables is set out below:

			Past due			
At 31 March 2022	Total £m	Current £m	Less than four months £m	Four to eight months £m	Eight to twelve months £m	More than twelve months £m
Trade receivables						
Expected loss rate %		**1%**	**6%**	**16%**	**21%**	**100%**
Gross carrying amount	**303.7**	**213.0**	**70.5**	**9.6**	**2.7**	**7.9**
Loss allowance	**(16.4)**	**(1.9)**	**(4.4)**	**(1.6)**	**(0.6)**	**(7.9)**

Notes to the Consolidated Financial Statements continued

23. Financial risk management continued

At 31 March 2021	Total £m	Current £m	Past due: Less than four months £m	Past due: Four to eight months £m	Past due: Eight to twelve months £m	Past due: More than twelve months £m
Trade receivables						
Expected loss rate %		0%	1%	8%	20%	79%
Gross carrying amount	253.2	167.8	67.7	6.6	4.6	6.5
Loss allowance	(7.9)	(0.6)	(0.8)	(0.5)	(0.9)	(5.1)

c. Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows and matching the maturity of financial assets and liabilities. As at 31 March 2022 the Group has access to undrawn borrowing facilities of £250.0 million (2021: £250.0 million).

The table below analyses the Group's financial liabilities, which will be settled on a net basis, into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

At 31 March 2022	Lease liabilities £m	Trade and other payables £m	Amounts owed to related parties £m	Term loan £m	Total £m
Current financial liabilities					
Less than three months	6.4	48.0	4.0	–	58.4
Between three months and six months	6.2	–	1.4	–	7.6
Between six months and one year	11.8	–	0.8	–	12.6
	24.4	48.0	6.2	–	78.6
Non-current financial liabilities					
One to two years	21.2	7.2	–	685.1	713.5
Two to five years	45.3	3.5	–	–	48.8
Greater than five years	11.9	–	–	–	11.9
	78.4	10.7	–	685.1	774.2
Total financial liabilities	102.8	58.7	6.2	685.1	852.8
Effect of discounting	(7.4)	–	–	–	(7.4)
Offsetting cost of obtaining financing	–	–	–	(0.6)	(0.6)
Carrying amount	95.4	58.7	6.2	684.5	844.8

At 31 March 2021	Lease liabilities £m	Trade and other payables £m	Amounts owed to related parties £m	Term loan £m	Total £m
Current financial liabilities					
Less than three months	6.6	62.1	1.3	–	70.0
Between three months and six months	6.4	1.0	–	–	7.4
Between six months and one year	12.4	1.4	0.2	–	14.0
	25.4	64.5	1.5	–	91.4
Non-current financial liabilities					
One to two years	22.2	11.2	–	–	33.4
Two to five years	48.7	7.0	–	654.8	710.5
Greater than five years	24.9	–	–	–	24.9
	95.8	18.2	–	654.8	768.8
Total financial liabilities	121.2	82.7	1.5	654.8	860.2
Effect of discounting	(9.4)	–	–	–	(9.4)
Offsetting cost of obtaining financing	–	–	–	(0.8)	(0.8)
Carrying amount	111.8	82.7	1.5	654.0	850.0

The table below analyses the Group's forward foreign exchange contracts, which will be settled on a gross basis, into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

At 31 March 2022	Less than three months 'm	Between three months and six months 'm	Between six months and one year 'm	Greater than one year 'm
Forward foreign exchange contracts (GBP/EUR)				
Outflow	**€5.2**	–	–	–
Inflow	**£4.4**	–	–	–
Forward foreign exchange contracts (GBP/SGD)		–	–	–
Outflow	**£2.0**	–	–	–
Inflow	**$3.6**	–	–	–

At 31 March 2021	Less than three months 'm	Between three months and six months 'm	Between six months and one year 'm	Greater than one year 'm
Forward foreign exchange contracts (GBP/EUR)				
Outflow	€4.3	€2.5	–	–
Inflow	£3.8	£2.2	–	–
Forward foreign exchange contracts (GBP/USD)				
Outflow	$2.1	–	–	–
Inflow	£1.6	–	–	–

Notes to the Consolidated Financial Statements continued

23. Financial risk management continued

d. Fair values

The carrying amounts of financial instruments and their classification under IFRS 9 are:

	2022 £m	2021 £m
Non-current financial assets		
• **at amortised cost**		
Trade and other receivables: trade receivables	**0.2**	0.7
Current financial assets		
• **at amortised cost**		
Trade and other receivables: trade receivables	**287.3**	245.3
Trade and other receivables: amounts owed from related parties	**37.6**	21.6
Cash and cash equivalents	**279.3**	286.6
Restricted cash	**–**	7.3
• **at fair value through profit or loss**		
Investments	**0.4**	0.4
Total financial assets	**604.8**	561.9
Non-current financial liabilities		
• **at amortised cost**		
Loans and borrowings (fair value – 2022: £685.1 million, 2021: £654.8 million)	**(684.5)**	(654.0)
Lease liabilities	**(73.3)**	(88.9)
Other liabilities	**(10.7)**	(18.2)
Current financial liabilities		
• **at amortised cost**		
Trade and other payables: trade payables	**(30.0)**	(39.6)
Trade and other payables: amounts owed to related parties	**(6.2)**	(1.5)
Trade and other payables: accruals	**(148.7)**	(176.8)
Trade and other payables: other payables	**(18.0)**	(24.9)
Lease liabilities	**(22.1)**	(22.9)
Total financial liabilities	**(993.5)**	(1,026.8)
Net financial liabilities	**(388.7)**	(464.9)

Unless otherwise stated, the carrying amounts of these financial assets and liabilities in the Group's financial statements approximates their fair values.

The Group's financial assets include forward foreign exchange contracts. Financial instruments that are recognised at fair value subsequent to initial recognition are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The three levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group holds forward foreign exchange contracts which are measured at Level 2 fair value subsequent to initial recognition. The fair value of the asset in respect of foreign exchange contracts at 31 March 2022 is £nil (2021: £0.3 million).

The resulting loss of £0.4 million (2021: gain of £0.7 million) on the movement of the fair value of forward foreign exchange contracts is recognised in the Consolidated Income Statement within administrative expenses.

e. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, market, creditor, customer and employee confidence and to sustain future development of the business. The Group's equity structure consists of equity attributable to the equity holders of AVEVA Group plc comprising issued share capital, other reserves and retained earnings. The Group's debt facilities are detailed in note 21 and consist of a term loan and RCF.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or amend its borrowings.

The Board monitors the capital structure on a regular basis and determines the level of annual dividend. The Group is subject to financial covenants on its term loan and RCF, see note 21 for further details. The Group has complied with these covenants during the year.

24. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon, during the current and previous year:

	Retirement benefits £m	Intangible assets £m	Share options £m	Losses £m	Other temporary differences[1] £m	Total £m
At 1 April 2020	(1.8)	(101.9)	4.6	1.3	(3.0)	(100.8)
Acquisition of business	0.1	–	–	8.2	(2.1)	6.2
Credit to income statement	0.3	18.9	0.3	2.5	8.6	30.6
Credit to other comprehensive income	0.5	–	–	–	–	0.5
Charge to equity	–	–	(0.1)	–	–	(0.1)
Exchange adjustment	(0.1)	1.2	–	0.1	1.8	3.0
At 31 March 2021	(1.0)	(81.8)	4.8	12.1	5.3	(60.6)
Acquisition of business	**–**	**8.4**	**–**	**(2.2)**	**6.6**	**12.8**
(Charge)/credit to income statement	**(0.5)**	**(13.4)**	**1.1**	**8.9**	**24.6**	**20.7**
(Charge)/credit to other comprehensive income	**(2.2)**	**–**	**–**	**2.7**	**0.2**	**0.7**
Charge to equity	**–**	**–**	**(0.4)**	**–**	**–**	**(0.4)**
Exchange adjustment	**(0.1)**	**0.3**	**–**	**0.5**	**2.1**	**2.8**
At 31 March 2022	**(3.8)**	**(86.5)**	**5.5**	**22.0**	**38.8**	**(24.0)**

1. Other temporary differences consist principally of deferred tax on fixed assets, expenses deductible in the future, and timing differences in respect of revenue recognition.

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2022 £m	2021 £m
Deferred tax liabilities	**(71.2)**	(82.0)
Deferred tax assets	**47.2**	21.4
	(24.0)	(60.6)

At the balance sheet date, the Group has unused tax losses of £99.9 million (2021: £54.9 million) available for offset against future profits. Losses of £1.9 million (2021: £2.4 million) expire after 10 years and £0.4 million losses (2021: £nil) expire after 9 years. All other losses may be carried forward indefinitely. No deferred tax asset has been recognised for tax losses of £13.9 million (2021: £20.1 million).

It is likely that the majority of the overseas earnings would qualify for the UK dividend exemption. However, £73.4 million (2021: £54.5 million) of the undistributed earnings of overseas subsidiaries may still result in a tax liability principally as a result of withholding taxes levied by the overseas jurisdictions in which they operate. No deferred tax liability (2021: £0.3 million) has been provided for withholding tax that is expected to be incurred on the payment of intra-Group dividends. No liability has been recognised for the remaining overseas earnings because the Group is in a position to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

The directors have recognised a deferred tax asset of £9.9m relating to unused tax losses that are considered to be able to be offset against taxable profits expected to arise in future accounting periods. Management have based their assessment on the latest forecasts approved by the board which reflects the transition to a subscription-based business model and achieving the Group's 2026 financial targets.

Deferred tax adjustments of £12.8m have been made in the measurement period relating to the acquisition of OSIsoft LLC (note 13a). These adjustments primarily relate to the finalisation of the future tax deductions for the acquired intangible fixed assets following agreement of the completion accounts.

25. Retirement benefits

The Group operates defined benefit pension schemes in the UK, Germany, Italy and Sweden. The Group also provides certain post-retirement benefits to employees in Australia, India, Saudi Arabia and UAE.

The movement on the retirement benefit surplus and obligations was as follows:

	UK £m	Germany £m	Other £m	Total £m
At 31 March 2020	(14.9)	3.1	7.7	(4.1)
Additions	–	–	2.0	2.0
Acquisition of business	–	–	0.9	0.9
Current service cost	–	0.1	1.2	1.3
Past service cost	0.1	–	(0.3)	(0.2)
Net interest on pension scheme liabilities	1.6	–	0.2	1.8
Return on pension scheme assets	(1.9)	–	–	(1.9)
Actuarial remeasurements	2.2	0.3	–	2.5
Employer contributions	(0.2)	(0.2)	(1.0)	(1.4)
Disposals	–	–	(1.1)	(1.1)
Exchange adjustment	–	(0.1)	(0.3)	(0.4)
At 31 March 2021	(13.1)	3.2	9.3	(0.6)
Additions	**–**	**–**	**1.2**	**1.2**
Current service cost	**–**	**0.1**	**1.6**	**1.7**
Net interest on pension scheme liabilities	**1.5**	**–**	**0.3**	**1.8**
Return on pension scheme assets	**(1.8)**	**–**	**–**	**(1.8)**
Actuarial remeasurements	**(3.0)**	**(0.4)**	**–**	**(3.4)**
Employer contributions	**(0.2)**	**(0.1)**	**(1.9)**	**(2.2)**
Exchange adjustment	**–**	**–**	**0.2**	**0.2**
At 31 March 2022	**(16.6)**	**2.8**	**10.7**	**(3.1)**

During the year to 31 March 2021, the defined benefit scheme operated in Japan was converted to a defined contribution scheme. A gain on disposal of £0.3 million was recognised in other (expense)/income.

The Group's retirement benefit balances can be categorised as follows:

	2022 £m	2021 £m
Retirement benefit surplus	**(16.6)**	(13.1)
Retirement benefit obligations	**13.5**	12.5
Net retirement benefit surplus	**(3.1)**	(0.6)

The UK defined benefit scheme surplus has been recognised as a non-current asset as the Group has a right to any remaining surplus after all liabilities are paid. The Trustees may not distribute any surplus without the agreement of the Group. If such agreement is withheld, the Trustees are required to repay any remaining funds to the Group.

a. UK defined benefit scheme

The Group operates a UK defined benefit pension plan providing benefits based on final pensionable pay which is funded. This scheme was closed to new employees on 30 September 2002 (with the option of reopening if required) and was converted to a Career Average Revalued Earnings basis on 30 September 2004. The scheme closed to future benefit accrual with effect from 1 April 2015. Pensions are also payable to dependants on death. Administration on behalf of the members is governed by a trust deed, and the funds are held and managed by professional investment managers who are independent of the Group.

The most recent triennial actuarial assessment of the scheme was dated 31 March 2019 and performed by Broadstone Corporate Benefits Limited, an external, professionally qualified actuary. The outcome of the valuation was that, on a statutory funding objective basis, the scheme held £79.8 million of liabilities with an overall surplus of £4.9 million. It was determined no additional employer contributions were required. The Group is sufficiently profitable and cash-generative to meet future obligations should the next valuation require contributions to restart. The triennial actuarial assessment as at 31 March 2022 is ongoing and is expected to be completed for disclosure within the Group's 2023 Annual Report.

The scheme operates a liability-driven investment strategy; around two-thirds of asset values comprise low-risk investments such as bonds and defensive hedge funds, with equities a small total of scheme assets. The liability-driven investment strategy seeks to match the profile of the liabilities where appropriate. This includes the use of derivative instruments to hedge inflation and interest risks. Scheme assets are stated at their market values.

The pension liability is measured with reference to discount rates derived from yields on high-quality corporate bonds, UK retail price inflation, future salary increases, and post-retirement mortality. The scheme is therefore exposed to risks associated with UK inflation, interest rates, investments, and changes in pensioner life expectancy. These risks are mitigated by investing in liability-driven investments to hedge inflation and interest rates, outsourcing of investments to the consultancy firm Aon Solutions, who continually review asset allocations and performance against the set benchmark, and the scheme actuary regularly reviewing and providing updates on mortality rate assumptions.

The principal assumptions used in determining the pension valuation were as follows:

	2022 %	2021 %
Main assumptions:		
Discount rate	**2.6**	2.0
Inflation assumption – RPI	**3.8**	3.3
Rate of salary increases	**3.1**	5.3
Rate of increase of pensions in payment	**3.4**	3.1
Rate of increase of pensions in deferment	**3.1**	2.6
Cash commutation	**20% of pension**	20% of pension

The duration of scheme liabilities is estimated to be 15 years (2021: 16 years).

For the years-ended 31 March 2022 and 2021, the mortality assumptions adopted imply the following weighted average life expectancies:

	2022 Years	2021 Years
Male currently aged 65	**22.7**	22.6
Female currently aged 65	**23.8**	23.8
Male currently aged 45	**23.6**	23.6
Female currently aged 45	**25.0**	25.0

Notes to the Consolidated Financial Statements continued

25. Retirement benefits continued

Company contributions were £0.2 million (2021: £0.2 million), comprising deficit contributions totalling £nil (2021: £nil) per annum plus an administration charge of £0.2 million (2021: £0.2 million). The total contributions in the year ended 31 March 2023 is expected to be approximately £0.2 million.

The assumed discount rate, inflation rate and mortality all have a significant effect on the IAS 19 accounting valuation. The following table shows the sensitivity of the valuation to changes in these assumptions:

	Impact on liabilities increase/(decrease) 2022 £m	2021 £m
0.25 percentage point increase to:		
• discount rate	**(2.7)**	(3.1)
• inflation (including pension increases linked to inflation)	**1.6**	1.9
Additional one-year increase to life expectancy	**3.1**	3.4

The assets and liabilities of the scheme at 31 March 2022 and 2021 were as follows:

	2022 £m	2021 £m
Equities	**14.6**	17.7
Bonds	**6.7**	13.2
Other	**70.1**	60.5
Total fair value of assets	**91.4**	91.4
Present value of scheme liabilities	**(74.8)**	(78.3)
Net pension asset	**16.6**	13.1

The amounts recognised in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year are analysed as follows:

	2022 £m	2021 £m
Administrative expenses		
Past service cost	**–**	0.1
Finance revenue		
Interest income on pension scheme assets	**(1.8)**	(1.9)
Finance costs		
Interest on pension scheme liabilities	**1.5**	1.6
Taken to Consolidated Statement of Comprehensive Income		
Actual return on pension scheme assets	**2.2**	3.4
Less: interest income on pension scheme assets	**(1.8)**	(1.9)
	0.1	1.5
Changes in assumptions and experience adjustments on liabilities	**2.6**	(3.7)
Remeasurement gain on defined benefit plan	**2.7**	(2.2)

Analysis of movements in the present value of the defined benefit pension obligations during the year are analysed as follows:

	2022 £m	2021 £m
At 1 April	**78.3**	75.1
Interest on pension scheme liabilities	**1.5**	1.6
Benefits paid	**(2.4)**	(2.2)
Actuarial loss due to experience	**1.6**	(1.8)
Actuarial loss due to changes in the economic assumptions	**(4.1)**	5.5
Actuarial gain due to changes in the demographic assumptions	**(0.1)**	–
Past service cost	**–**	0.1
At 31 March	**74.8**	78.3

The above defined benefit obligation arises from a plan that is wholly funded.

Changes in the fair value of plan assets are as follows:

	2022 £m	2021 £m
At 1 April	**91.4**	90.0
Interest income	**1.8**	1.9
Contributions by employer	**0.2**	0.2
Benefits paid	**(2.4)**	(2.2)
Actual return less interest in income	**0.4**	1.5
At 31 March	**91.4**	91.4

b. Germany defined benefit schemes

The Group operates five schemes in Germany that are accounted for under IAS 19. All are unfunded, with benefits paid as they become due.

Scheme type	Schemes	Payable on	Status
Defined benefit	4	Throughout retirement	Closed to new applicants
Anniversary payments	1	Achievement of service milestones	Closed to new applicants

Details of the actuarial assumptions used to value these schemes in accordance with IAS 19 are set out below:

	2022	2021
Rate of increase of pension in payment	**2.3 to 2.5%**	1.5 to 2.5%
Discount rate	**1.6%**	0.1 to 0.8%

c. Other retirement and employee benefit schemes

The Group operates additional retirement and employee benefit schemes in several of its overseas businesses, none of which are considered to be individually material:

Location	Scheme type	Funding status	Payable on
Australia	Long service leave payments	Unfunded	Qualifying dates during employment
Bahrain	Lump sum payment	Unfunded	Retirement or termination
France	Lump sum payment	Unfunded	Retirement
India	Leave encashment plan[1]	Unfunded	Retirement
India	Lump sum payment	Funded	Severance of employment
Italy	Lump sum payment	Unfunded	Retirement
Saudi Arabia	Lump sum payment	Unfunded	Retirement or termination
Sweden	ITP scheme[2]	Funded	Throughout retirement
United Arab Emirates	Lump sum payment	Unfunded	Retirement or termination

1. Unused annual leave can be used to purchase an additional retirement benefit.
2. Multi-employer, industry defined benefit scheme providing benefits above the state pension. Accounted for as a defined contribution scheme.

d. Defined contribution schemes

The Group also operates defined contribution retirement schemes. The assets of the schemes are held separately from those of the Group. The total cost charged to the income statement of £28.4 million (2021: £20.6 million) represents contributions payable to these schemes by the Group at the rates specified in the rules of the plans.

Notes to the Consolidated Financial Statements continued

26. Share-based payment plans

The Group has four active equity-settled share schemes: the AVEVA Group plc Long-Term Incentive Plan (LTIP) 2021; the AVEVA Group Management Bonus Deferred Share Scheme (Deferred Share Scheme); the AVEVA Group plc Senior Employee Restricted Share Plan 2021 (Restricted Share Plan); and the AVEVA Group plc Global Employee Share Purchase Plan (GESPP).

The following table illustrates the number, and movements in, share options for the schemes during the year:

	LTIP '000s	Restricted Share Plan '000s	Deferred Share Scheme '000s	GESPP '000s	Total '000s
Outstanding at 1 April 2020	1,123.1	405.8	120.7	–	1,649.6
Exercisable at 1 April 2020	250.3	3.9	0.3	–	254.5
Granted	280.3	636.3	23.6	–	940.2
Rights issue adjustment[1]	286.9	137.4	27.1	–	451.4
Forfeited	(15.0)	(12.4)	–	–	(27.4)
Exercised	(533.0)	(84.2)	(35.6)	–	(652.8)
Outstanding at 31 March 2021	1,142.3	1,082.9	135.8	–	2,361.0
Exercisable at 31 March 2021	25.4	70.0	25.7	–	121.1
Granted	**344.8**	**694.4**	**15.6**	**108.2**	**1,163.0**
Forfeited	**(259.6)**	**(148.1)**	**(4.5)**	**(2.2)**	**(414.4)**
Expired	**(3.7)**	**–**	**–**	**–**	**(3.7)**
Exercised	**(190.4)**	**(282.8)**	**(86.1)**	**(13.1)**	**(572.4)**
Outstanding at 31 March 2022	**1,033.4**	**1,346.4**	**60.8**	**92.9**	**2,533.5**
Exercisable at 31 March 2022	**160.6**	**133.2**	**5.4**	**–**	**299.2**

1. Additional options were awarded to scheme participants as a result of the November 2020 rights issue. Options were awarded such that the overall value of options available were unchanged by the rights issue.

The fair value of option awards subject to EPS performance targets was measured at grant date using the Black-Scholes option pricing model, and the fair value of option awards subject to TSR performance targets was determined by use of Monte Carlo simulations, both taking into account the terms and conditions upon which the instruments were granted. The following table lists the inputs to the model used for each of the awards:

	LTIP	Restricted Share Plan	Deferred Share Scheme	GESPP
Year ended 31 March 2022				
Weighted average exercise price	**3.56p**	**3.56p**	**nil**	**Nil**
Expected volatility	**28 to 39%**	**28% to 39%**	**39%**	**28% to 36%**
Risk-free interest rate	**0.2 to 0.5%**	**0.1 to 0.5%**	**nil**	**0.1 to 1.4%**
Expected life of option	**3 to 5 years**	**1 to 3 years**	**2 to 4 years**	**2 to 3 years**
Weighted average share price	**£38.33**	**£38.18**	**£39.17**	**£32.20**
Valuation type	**Black-Scholes and Monte Carlo**	**Black-Scholes**	**Black-Scholes**	**Black-Scholes**
Year ended 31 March 2021				
Weighted average exercise price	3.56p	3.56p	nil	–
Expected volatility	36 to 46%	36 to 46%	46%	–
Risk-free interest rate	nil to 0.1%	nil to 0.1%	nil	–
Expected life of option	3 to 5 years	1 to 3 years	2 to 4 years	–
Weighted average share price	£47.53	£39.34	£48.87	–
Valuation type	Black-Scholes and Monte Carlo	Black-Scholes	Black-Scholes	–

The weighted average remaining contractual life for the options outstanding at 31 March 2022 is 5.5 years (2021: 5.9 years).

The weighted average share price at date of exercise for options exercised during the year was £34.88 (2021: £41.83).

The average fair value of options granted during the year was £34.70 (2021: £39.46). In calculating the fair value, the expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

In the year ended 31 March 2022 the Group recognised an expense of £27.4 million related to equity-settled share-based payment transactions (2021: £16.3 million).

a. Long-Term Incentive Plan

The performance conditions attached to the options awarded in the financial years ended 31 March 2022, 2021, and 2020 are based on EPS growth (50%), Total Shareholder Return (TSR) (25%) against a comparator group combining the FTSE 350 Technology Sector and the S&P Mid Cap 400 Software companies, and strategic objectives (25%), with the precise measures to be set and measured by the Remuneration Committee.

Further information about the performance conditions are provided in the Remuneration Committee report on pages 102 to 126.

b. Deferred Share Scheme

The Deferred Share Scheme is participated in by Directors and senior management. Subject to the achievement of performance conditions relating to a single financial year, these incentive arrangements are intended to reward the recipient partly in cash and partly in ordinary shares in the Company to be delivered on a deferred basis.

The award of deferred shares takes the form of nil-cost options exercisable by participants in three equal tranches, one in each of the three years following the year in which the award is made. The option may be exercised in the 42-day period beginning on the announcement of the financial results of the Group in each of the three calendar years after that in which the option was granted. The last date of the exercise is the end of the 42-day period following the announcement of the financial results of the Group in the third calendar year following that in which the option was granted or (if applicable) such later date as the Remuneration Committee may specify. These awards are made solely in respect of performance in the financial year immediately prior to their grant. Delivery of the deferred shares is not subject to further performance conditions, but each participant is required to remain an employee or Director of the Group during the three-year vesting period in order to receive their deferred shares in full (except in the case of death or the occurrence of a takeover, reconstruction or amalgamation, or voluntary winding up of the Company).

c. Restricted Share Plan

The Restricted Share Plan allows awards of options to be made to senior management, and other employees at the discretion of the Remuneration Committee. The right to exercise an option is subject to completion of a required period of continued employment within the Group:

- options granted pre-31 March 2020: three years; or
- options granted post-31 March 2020: one to three years, in three equal tranches on the anniversary date of the grant.

Options that are not exercised prior to the fifth anniversary (or, in the case of an award with an overall award period of more than four years, the sixth anniversary) of the date of grant shall lapse.

d. Global Employee Share Purchase Plan

The Group launched the GESPP in January 2021, with the aim to encourage employees to acquire and hold shares in AVEVA Group plc. This is comprised of three plans. The first biannual share purchase occurred in August 2021.

UK Share Incentive Plan

All UK employees are entitled to contribute up to £150 per month from their gross pay. The GESPP trustees buy shares (partnership shares) at market value every six months with the employees' contributions. For every two partnership shares purchased, the Group purchases three additional shares (matching shares) which are awarded to the employee.

If the employee sells their partnership shares or leaves employment with the Group within three years of the initial acquisition the matching shares are forfeited.

US Employee Stock Purchase Plan

All US employees are entitled to contribute up to £850 per month from their net pay. The GESPP trustees buy partnership shares in the open market with the employee's contributions. Share are purchased at market value, less a 15% discount which is settled by the Group. These shares are not subject to a holding period or forfeiture.

International Employee Share Purchase Plan

All international employees based outside of the UK and US and who are employed by a participating Group company are entitled to contribute up to £150 per month from their net pay. The GESPP trustees buy partnership shares at market value every six months with the employees' contributions. For each partnership share purchased, the Group purchases one additional matching share which is awarded to the employee.

If the employee sells the partnership share or leaves employment with the Group within two years of the initial acquisition the matching share is forfeited.

27. Share capital and reserves

a. Share capital

	2022 £m	2021 £m
Allotted, called-up and fully paid		
301,621,651 (2021: 301,155,427) ordinary shares of 3.56 pence each	**10.7**	10.7

Details of the shares issued during the year and the prior year are as follows:

	2022 Number	2022 £m	2021 Number	2021 £m
At 1 April	**301,155,427**	**10.7**	161,512,219	5.7
Issue of new shares for the acquisition of OSIsoft, LLC	–	–	13,655,570	0.5
Rights issue for the acquisition of OSIsoft, LLC	–	–	125,739,796	4.5
Exercise of share options	**466,224**	–	247,842	–
At 31 March	**301,621,651**	**10.7**	301,155,427	10.7

The Company issued 466,224 (2021: 247,842) ordinary shares of 3.56 pence each with a nominal value of £16,603 (2021: £8,806) pursuant to the exercise of share options. The total proceeds were £16,603 (2021: £8,806), which included a premium of £nil (2021: £nil).

During the year ended 31 March 2021, the Company undertook a rights issue in order to facilitate the acquisition of OSIsoft, LLC. Additionally, part of the consideration was paid through issuance of additional new shares to Estudillo Holdings Corp. A total of 139,395,366 ordinary shares of 3.56 pence were issued.

b. Share premium

Share premium represents the excess of proceeds arising on the issue of equity shares, net of transactions costs, over the nominal value of the associated share capital.

	2022 £m	2021 £m
At 1 April	**3,842.1**	574.5
Capital reduction	**(1,000.0)**	–
Issue of new shares for the acquisition of OSIsoft, LLC	–	465.2
Rights issue for the acquisition of OSIsoft, LLC	–	2,831.0
Transactions costs for issued share capital	–	(28.6)
At 31 March	**2,842.1**	3,842.1

The Company received approval from shareholders to perform a £1.0 billion capital reduction at the Annual General Meeting on 7 July 2021. This completed on 10 August 2021, resulting in a reduction in share premium and an increase in reserves within retained earnings.

c. Other reserves

Merger reserve

The merger reserve is the difference between the equity consideration and the nominal value of shares issued in connection with the acquisition of SES in 2018, less amounts used to pay up the B shares. The return of value to shareholders was affected through the issue and redemption of B shares which were paid up out of the merger reserve.

Cumulative translation adjustment reserve

The cumulative translation adjustment reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Capital redemption reserve

The capital redemption reserve represents the return of value to shareholders from AVEVA Group plc insofar as made out of distributable reserves.

Reverse acquisition reserve

On 1 March 2018, AVEVA Group plc acquired SES as part of a reverse acquisition. AVEVA Group plc was the legal acquirer, as it exercised control over the enlarged Group. For accounting purposes SES was treated as the acquirer, as the former shareholders of SES (Schneider Electric) obtained the majority of shares in the enlarged AVEVA Group. The reverse acquisition reserve represents the difference between the consideration and the AVEVA capital equity interests on this acquisition.

Treasury shares

The treasury share reserve represents the cost of the shares in AVEVA Group plc purchased in the open market and held by the AVEVA Group Employee Benefit Trust 2008 (EBT) to satisfy deferred shares under the Group's deferred annual bonus share plan. During the year, nil shares (2021: 23,197) were purchased by the EBT at a price of £nil (2021: £47.83). 110,766 shares (2021: 380,316) with an attributable cost of £2.5 million (2021: £9.7 million) were issued to employees in satisfying share options that were exercised. Matching shares for the UK Share Incentive Plan are held within a separate trust. During the year, 29,805 (2021: nil) were purchased by the trust at a weighted average price of £30.39. No shares have been transferred to employees.

In the year ended 31 March 2021, an additional 71,300 shares were obtained as a result of the November 2020 rights issue. These are held at nil value.

	£m
At 1 April 2020	12.1
Own shares purchased	1.1
Shares issued to employees	(9.7)
At 31 March 2021	3.5
Own shares purchased	**1.3**
Shares issued to employees	**(3.0)**
At 31 March 2022	**1.8**

28. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

a. Schneider Electric Group companies

Schneider Electric SE is the Group's majority shareholder. Additional information is provided in note 30.

During the year, Group companies entered into the following transactions with Schneider Electric Group companies:

	2022 £m	2021 £m
Sales of goods and services	**104.6**	62.2
Purchases of goods and services	**(6.8)**	(3.4)
Interest expense on term loan	**(8.6)**	(0.2)
Other non-trading transactions	**1.6**	13.7

On 19 March 2021, the AVEVA Group received a US $900.0 million term loan from Schneider Electric Holdings Inc to assist in the funding of the acquisition of OSIsoft, LLC. The term loan bears interest of LIBOR plus a margin and is repayable three years from the inception date on 19 March 2024.

Other non-trading transactions of £1.6 million (2021: £nil) comprised the sale of Acquis Software, Termis Software and Water Management Software. See note 13(b) for further details.

In the year ended 31 March 2021, other non-trading transactions of £13.7 million related to amounts received in reimbursement for expenditure incurred as part of the Group's migration from activities covered by Transitional Service Agreements following the combination with the Schneider Electric industrial software business. Of these transactions, £8.5 million related to operating expenses incurred, and £5.2 million to capital expenditure.

The Transitional Service Agreement with Schneider Electric ended on 31 August 2021. A new Service Agreement was entered into on 1 September 2021 under which Schneider Electric (through SE Digital) will continue to provide ERP-related support services until 31 December 2023 whilst the AVEVA Group completes its global roll out of the new ERP system.

As disclosed on page 91 of the Group's 2021 Annual Report, Peter Herweck has retained his Schneider Electric LTIP share options and continued to participate in his Schneider Electric pension arrangement, with the cost being met by Schneider Electric. See the Directors' Remuneration Report on pages 102 to 126 for further details.

The Group did not make any payments to Schneider Electric SE, the parent company of the Schneider Electric Group (2021: £nil). All transactions were with subsidiary companies within the Schneider Electric Group.

28. Related party transactions continued

As at 31 March, Group companies held the following balances with Schneider Electric Group companies:

	2022 £m	2021 £m
Trade receivables	**37.6**	18.9
Trade payables	**(5.8)**	(1.3)
Non-trading receivables	**–**	2.7
Non-trading payables	**(0.4)**	(0.2)
Term loan[1]	**(685.1)**	(654.8)

1. This balance represents the contractual obligation owed to Schneider Electric Group companies. The carrying value per the Consolidated Balance Sheet is stated after offsetting directly attributable costs for obtaining this financing.

All balances held were with subsidiary companies within the Schneider Electric Group.

Terms and conditions of transactions with related parties

Outstanding balances at 31 March 2022 are unsecured, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2022, the Group has recorded an impairment against £1.0 million of receivables relating to amounts owed by related parties situated in Russia (2021: £nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. The amounts set out in the table above are stated before impairment.

b. Remuneration of key management personnel

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Key management personnel are considered to be the Board and the Executive Leadership Team (ELT) of AVEVA Group plc. In addition to their salaries, the Group provides non-cash benefits and contributes to defined contribution pension schemes on their behalf. Key management personnel also participate in the Group's share option schemes and deferred annual bonus share plan.

Further information about the remuneration of individual Directors is provided in the audited part of the Remuneration Committee report on pages 102 to 126.

	2022 £m	2021 £m
Short-term employee benefits	**9.5**	5.4
Share-based payments	**2.9**	6.4
	12.4	11.8

c. Transactions with other related parties

Dr J Patrick Kennedy controls 4.4% (2021: 4.5%) of the issued ordinary share capital of AVEVA Group plc through his controlling ownership of Estudillo Holdings Corp and is Chairman Emeritus of the Group, a board advisory position.

During the period, Group companies entered into the following transactions with Dr J Patrick Kennedy, and with companies in which Dr J Patrick Kennedy has a shareholding:

	2022 £m	2021 £m
Purchase of goods and services	**4.1**	0.1
Chairman Emeritus salary	**0.2**	–

29. Commitments and contingencies

	2022 £m	2021 £m
Bank guarantees and sureties	**11.1**	12.8
Parent Company guarantees	**50.6**	44.7
	61.7	57.5

The Group provides a number of guarantees for obligations to complete and deliver projects. These include bid, performance and warranty bonds, and guarantees against advance payments, all of which arise in the ordinary course of business and are issued by either banking partners or AVEVA parent companies. The amounts disclosed above represent the Group's contractual exposure at the balance sheet date.

30. Ultimate controlling party

The largest group in which the results of the Company are consolidated is that headed by Schneider Electric SE, for which the accounts are available at 35 rue Joseph Monier, 92500 Rueil-Malmaison, France. It is the ultimate parent company and is incorporated in France.

At 31 March 2022, Schneider Electric SE controlled 178,573,525 ordinary shares (2021: 176,471,625) representing 59.2% (2021: 58.6%) of the total issued ordinary share capital of AVEVA Group plc.

Information on the relationship agreement between the Group and Schneider Electric SE is set out on pages 129 to 130 of the Directors' Report.

Company Balance Sheet

31 March 2022

	Notes	2022 £m	2021 £m
Non-current assets			
Investments	5	**4,647.0**	4,630.9
Deferred tax assets		**7.7**	3.6
		4,654.7	4,634.5
Current assets			
Trade and other receivables	6	**15.2**	129.6
		15.2	129.6
Total assets		**4,669.9**	4,764.1
Equity			
Issued share capital	8(a)	**10.7**	10.7
Share premium	8(b)	**2,842.1**	3,842.1
Capital redemption reserve		**101.7**	101.7
Merger reserve		**619.6**	619.6
Retained earnings		**1,090.7**	182.9
Total equity		**4,664.8**	4,757.0
Current liabilities			
Trade and other payables	7	**3.5**	5.6
Current tax liabilities		**1.6**	1.5
		5.1	7.1
Total equity and liabilities		**4,669.9**	4,764.1
Profit for the year		**(9.5)**	92.1

No income statement is presented by the Company as permitted by section 408 of the Companies Act 2006. The accompanying notes are an integral part of this Company Balance Sheet.

The financial statements on pages 188 to 193 were approved by the Board of Directors on 7 June 2022 and signed on its behalf by:

Philip Aiken
Chairman

Peter Herweck
Chief Executive Officer

Company number
2937296

Company Statement of Changes in Shareholders' Equity

31 March 2022

	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Retained earnings £m	Total shareholders' funds £m
At 1 April 2020	5.7	574.5	619.6	101.7	157.4	1,458.9
Profit for the year	–	–	–	–	92.1	92.1
Issue of new shares	0.5	465.2	–	–	–	465.7
Rights issue	4.5	2,831.0	–	–	–	2,835.5
Transaction costs relating to issue of share capital	–	(28.6)	–	–	–	(28.6)
Share-based payments	–	–	–	–	9.4	9.4
Share options granted to employees of subsidiary companies	–	–	–	–	6.7	6.7
Tax arising on share options	–	–	–	–	(0.3)	(0.3)
Dividends paid	–	–	–	–	(82.4)	(82.4)
At 31 March 2021	10.7	3,842.1	619.6	101.7	182.9	4,757.0
Profit for the year	**–**	**–**	**–**	**–**	**(9.5)**	**(9.5)**
Share-based payments	**–**	**–**	**–**	**–**	**11.3**	**11.3**
Share options granted to employees of subsidiary companies	**–**	**–**	**–**	**–**	**16.1**	**16.1**
Tax arising on share options	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Dividends paid	**–**	**–**	**–**	**–**	**(110.0)**	**(110.0)**
Capital reduction	**–**	**(1,000.0)**	**–**	**–**	**1,000.0**	**–**
At 31 March 2022	**10.7**	**2,842.1**	**619.6**	**101.7**	**1,090.7**	**4,664.8**

The accompanying notes are an integral part of this Company Statement of Changes in Shareholders' Equity.

Notes to the Company Financial Statements

1. Authorisation of financial statements and corporate information

The financial statements of AVEVA Group plc (the Company) for the year ended 31 March 2022 were authorised for issue by the Board of Directors on 7 June 2022 and the balance sheet was signed on the Board's behalf by Philip Aiken, Chairman, and Peter Herweck, Chief Executive Officer. AVEVA Group plc is a limited company incorporated and domiciled in England and Wales whose shares are publicly traded on the London Stock Exchange. The principal activity of the Company is that of a holding company.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements are prepared on the historical cost basis. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2022. The financial statements are presented in pounds sterling (£), rounded to the nearest £0.1 million except when otherwise indicated.

No income statement is presented by the Company as permitted by section 408 of the Companies Act 2006. The results of AVEVA Group plc are included in the Consolidated Financial Statements of AVEVA Group plc.

The Directors believe that the Company is well placed to manage its business risks successfully despite macroeconomic and geopolitical uncertainties. It has considerable financial resources and no external borrowings. As a consequence of these factors and having reviewed the forecasts for the coming year, the Directors have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Summary of significant accounting policies

The significant accounting policies of the Company are laid out below. The full statement of Group accounting policies is included on pages 194 to 199.

a. Basis of accounting

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 'Statement of cash flows';
- the requirements of IAS 8 'IFRSs issued but not effective;
- the requirements of IAS 24 'Related party disclosures';
- the requirements of IFRS 2 'Share-based payments';
- the requirements of IFRS 7 'Financial instruments: disclosures'; and
- the requirements of IFRS 13 'Fair value measurements'.

The basis for all of the above exemptions is because equivalent disclosures are included in the Consolidated Financial Statements of the Group in which the entity is consolidated.

b. Significant accounting estimates

Impairment of investments in subsidiaries

The carrying values of investments in subsidiaries are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the investments in subsidiaries are written down to their recoverable amount. The recoverable amount is the greater of fair value less cost of disposal and VIU. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the income statement. It is not considered that any impairment indicators existed at the balance sheet date.

c. Taxation

Corporation tax payable is provided on taxable profits using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

d. Share-based payments

The accounting policy in relation to share-based payment transactions is disclosed in full in the Consolidated Financial Statements. The Company recognises the expense relating to the Executive Directors. The Company also records a corresponding increase in its investments in subsidiaries with a credit to equity which is equivalent to the IFRS 2 cost in subsidiary undertakings.

e. Investments in subsidiaries

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

3. Results for the year

AVEVA Group plc reported a loss for the financial year ended 31 March 2022 of £9.5 million (2021: profit of £92.1 million).

Audit fees of £9,000 (2021: £8,000) are borne by another Group company.

The Company had an average of two employees during the year (2021: two).

Directors' remuneration is disclosed in the Directors' Remuneration Report on pages 102 to 126. The Company bears the remuneration expense for Executive and Non-Executive Directors, with the exception of elements of Peter Herweck's remuneration.

As disclosed on page 91 of the Group's 2021 Annual Report, Peter Herweck has not participated in the Group's LTIP, nor received a pension or cash in lieu of pension contributions from the Group. He has retained his Schneider Electric LTIP share options and continued to participate in his Schneider Electric pension arrangement, with the cost being met by Schneider Electric. See the Directors' Remuneration Report on pages 102 to 126 for further details.

4. Dividends

	2022 £m	2021 £m
Declared and paid during the year		
Interim 2021/22 dividend paid of 13.0 pence (2020/21: 12.4 pence) per ordinary share	**39.2**	35.6
Final 2020/21 dividend paid of 23.5 pence (2019/20: 23.3 pence) per ordinary share	**70.8**	46.8
	110.0	82.4
Proposed for approval by shareholders at the Annual General Meeting		
Final proposed dividend 2021/22 of 24.5 pence (2020/21: 23.5 pence) per ordinary share	**73.9**	70.7

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 15 July 2022 and has not been included as a liability in these financial statements. If approved at the Annual General Meeting, the final dividend will be paid on 5 August 2022 to shareholders on the register at the close of business on 8 July 2022.

5. Investments

	£m
At 1 April 2020	1,334.1
Additions	3,296.8
At 31 March 2021	4,630.9
Additions	16.1
At 31 March 2022	**4,647.0**

During the year ended 31 March 2021, the Company increased its investment in AVEVA Solutions Limited (£2,643.7 million), AVEVA Software Singapore Pte Ltd (£617.6 million) and AVEVA Financing (£28.7 million) as part of the structuring for the acquisition of OSIsoft, LLC. A further investment in AVEVA Solutions Limited of £6.8 million was made by virtue of share options being granted to employees of that subsidiary undertaking. The increase in investment for the year ended 31 March 2022 entirely relates to share options granted to AVEVA Solutions Limited employees.

Details of the Company's subsidiary undertakings are set out in note 17 in the Consolidated Financial Statements of the Group.

6. Trade and other receivables

	2022 £m	2021 £m
Amounts owed by Group undertakings	**15.2**	129.6

Amounts owed by Group undertakings are non-interest bearing and are repayable on demand.

Notes to the Company Financial Statements continued

7. Trade and other payables

	2022 £m	2021 £m
Social security, employee taxes and sales taxes	–	3.3
Accruals	**1.4**	0.4
Amounts owed to Group undertakings	**2.1**	1.9
	3.5	5.6

Amounts owed to Group undertakings are non-interest bearing and are normally settled on terms of between 30 and 60 days. Social security, employee taxes and sales taxes are non-interest bearing and are normally settled on terms of between 19 and 30 days. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

8. Share capital and reserves

a. Share capital

	2022 £m	2021 £m
Allotted, called-up and fully paid		
301,621,651 (2021: 301,155,427) ordinary shares of 3.56 pence each	**10.7**	10.7

Details of the shares issued during the year and the prior year are as follows:

	2022 Number	2022 £m	2021 Number	2021 £m
At 1 April	**301,155,427**	**10.7**	161,512,219	5.7
Issue of new shares for the acquisition of OSIsoft, LLC	–	–	13,655,570	0.5
Rights issue for the acquisition of OSIsoft, LLC	–	–	125,739,796	4.5
Exercise of share options	**466,224**	–	247,842	–
At 31 March	**301,621,651**	**10.7**	301,155,427	10.7

The Company issued 466,224 (2021: 247,842) ordinary shares of 3.56 pence each with a nominal value of £16,603 (2021: £8,806) pursuant to the exercise of share options. The total proceeds were £16,603 (2021: £8,806), which included a premium of £nil (2021: £nil).

During the year ended 31 March 2021, the Company undertook a rights issue in order to facilitate the acquisition of OSIsoft, LLC. Additionally, part of the consideration was paid through issuance of additional new shares to Estudillo Holdings Corp. A total of 139,395,366 ordinary shares of 3.56 pence were issued.

Details of share options awarded to Executive Directors during the year are contained in the Directors' Remuneration Report. Note 26 of the Consolidated Financial Statements for the Group includes details of share option awards made during the year.

b. Share premium

Share premium represents the excess of proceeds arising on the issue of equity shares, net of transactions costs, over the nominal value of the associated share capital.

	2022 £m	2021 £m
At 1 April	**3,842.1**	574.5
Capital reduction	**(1,000.0)**	–
Issue of new shares for the acquisition of OSIsoft, LLC	–	465.2
Rights issue for the acquisition of OSIsoft, LLC	–	2,831.0
Transactions costs for issued share capital	–	(28.6)
At 31 March	**2,842.1**	3,842.1

The Company received approval from shareholders to perform a £1.0 billion capital reduction at the Annual General Meeting on 7 July 2021. This completed on 10 August 2021, resulting in a reduction in share premium and an increase in reserves within retained earnings.

c. Other reserves

Merger reserve

The merger reserve is the difference between the equity consideration and the nominal value of shares issued in connection with the acquisition of SES in 2018, less amounts used to pay up the B shares. The return of value to shareholders was affected through the issue and redemption of B shares which were paid up out of the merger reserve.

Capital redemption reserve

The capital redemption reserve represents the return of value to shareholders from AVEVA Group plc insofar as made out of distributable reserves.

9. Related party transactions

There are no related party balances held at 31 March 2022 (2021: £nil).

10. Commitments and contingencies

	2022 £m	2021 £m
Parent Company guarantees	50.6	43.2
Loan guarantee	685.1	654.8
	735.7	698.0

The Company provides a number of Parent Company guarantees to subsidiaries for obligations to complete and deliver projects. These include bid, performance and warranty bonds, and guarantees against advance payments, all of which arise in the ordinary course of business.

The Company is a guarantor for the £685.1 million (2021: £654.8 million) loan from Schneider Electric Holdings Inc, undertaken by Company subsidiaries to fund the acquisition of OSIsoft, LLC.

The amounts disclosed above represent the Company's contractual exposure at the balance sheet date.

Statement of Group Accounting Policies

Statement of compliance

The Consolidated Financial Statements of the Group have been prepared in accordance with International Accounting Standards (IASs) in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted IASs. The financial information has been prepared on the basis of all applicable IFRSs, including all IASs, Standing Interpretations Committee (SIC) interpretations and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB) that are applicable to the financial period.

The Parent Company financial statements of AVEVA Group plc have been prepared under the FRS 101 reduced disclosure framework and are included on pages 188 to 193.

Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of AVEVA Group plc and its subsidiaries as at 31 March each year. The financial statements of subsidiaries are prepared using existing GAAP for each country of operation. Adjustments are made to translate any differences that may exist between the respective local GAAP and IFRSs.

Inter-company balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated in full. Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. On acquisition, assets and liabilities of subsidiaries are measured at their fair values at the date of acquisition, with any excess of the cost of acquisition over this value being capitalised as goodwill.

Adoption of new and revised standards

The Group has applied for the first time in the reporting period commencing 1 April 2021:

- amendments to IFRS 16 'Covid-19 related rent concessions beyond 30 June 2021'; and
- amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 'Interest rate benchmark reform – Phase 2'.

These amendments did not impact the Group's financial statements.

New standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Foreign currencies

The functional and presentational currency of AVEVA Group plc is pounds sterling (£). Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the Consolidated Income Statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The subsidiaries have a number of different functional currencies. As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into pounds sterling (£) at the rate of exchange ruling at the balance sheet date, and their income statements are translated on a monthly basis, using an average periodic rate for each month. Exchange differences arising on the retranslation are taken directly to the Consolidated Statement of Comprehensive Income.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisition costs wholly related to raising debt or equity are offset against the corresponding financial liability and share premium respectively on the day of incurring the liability or of the equity issue. All other acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill

Goodwill on acquisitions is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

If the potential benefit of tax losses or other deferred tax assets does not satisfy the criteria in IFRS 3 for separate recognition when a business combination is initially accounted for but is subsequently realised, the Group recognises the deferred tax income in the Consolidated Income Statement.

Intangible assets

Intangible assets acquired separately are capitalised at cost and from a business acquisition are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to each class of intangible asset as set out below.

Expenditure on internally developed intangible assets, excluding development costs, is taken to the Consolidated Income Statement in the year in which it is incurred. Internal software development expenditure is recognised as an intangible asset only after its technical feasibility and commercial viability can be demonstrated.

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis. Amortisation is calculated on a straight-line basis over the estimated useful economic lives of the asset, which are as follows:

	Years
Developed technology	3 to 12
Customer relationships	5 to 20
Purchased brands	10 to infinite
Trademarks	5 to 15
Other software	3 to 7
Purchased software rights	3 to 10
Capitalised Research & Development	3 to 5

Government grants

Government grants are recognised as receivable when there is reasonable assurance that they will be received and all required conditions to obtain them have been complied with. They are credited to the income statement in the same period as the related expense for which the grant is compensating. The grant income is presented as a deduction from the related expense.

Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis to write down the assets to their estimated residual value over the useful economic life of the asset as follows:

	Years
Computer equipment	3 to 5
Fixtures, fittings and office equipment	5 to 8
Motor vehicles	4

Leasehold buildings and improvements are amortised on a straight-line basis over the shorter of the period of the lease and useful economic life.

Statement of Group Accounting Policies continued

Impairment of assets

Goodwill arising on acquisition is allocated to CGUs expected to benefit from the combination's synergies and represents the lowest level at which goodwill is monitored for internal management purposes and generates cash flows which are independent of other CGUs. The recoverable amount of the CGU to which goodwill has been allocated is tested for impairment annually or when events or changes in circumstance indicate that it might be impaired. The carrying values of property, plant and equipment and intangible assets other than goodwill are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or CGUs are written down to their recoverable amount. The recoverable amount is the greater of net selling price and VIU. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. If the initial allocation of goodwill acquired in a business combination cannot be completed before the end of the first annual period in which the business combination is affected, that initial allocation shall be completed before the end of the first annual period beginning after the acquisition date. Impairment losses are recognised in the Consolidated Income Statement within administrative expenses.

Contract assets and liabilities

A contract asset is recognised when revenue recognised in respect of a customer contract exceeds amounts received or receivable from the customer. This situation arises when the software licence performance obligation, from a multi-year rental contract, has been delivered to a customer and the revenue recognised at a point in time and invoicing is conditional on further performance and also from the recognition of revenue from service projects on a percentage of completion basis that is greater than amounts invoiced to the customer and invoicing is conditional on further performance. The carrying amount is reduced by allowances for expected credit losses under IFRS 9. When the invoices are raised the contract asset values are reclassified to trade receivables.

Contract liabilities comprise the Group's obligation to transfer goods or services to a customer for which the Group has received payment from the customer in advance of revenue recognition. This situation arises when the customer is invoiced in advance of the transfer and recognition of maintenance and subscriptions. Also, when the revenue recognised from services projects on a percentage of completion basis is lower than the amounts invoiced to the customer.

Customer acquisition costs

Where sales commission is linked directly to an individual sale and is therefore an incremental cost of acquiring that contract, the commission is recognised as an asset on the balance sheet. Deferred customer acquisition costs are amortised over the period that the related goods or services transfer to the customer. As commissions paid for new contracts also relate to expected future renewals of these contracts, the amortisation period is based on average customer life, which is considered to be six years. This has been determined by considering the current customer contract terms and historical customer retention of those contracts which typically have incremental customer acquisition costs. Deferred customer acquisition costs are periodically reviewed for impairment.

Sales commission as a result of schemes that are not directly linked to individual contracts is expensed as incurred.

Trade and other receivables

Trade receivables, which generally have 30 to 90-day terms, are typically held within a business model with the objective to hold in order to collect contractual cash flows. As such, trade receivables are recorded initially at fair value, and at amortised cost thereafter. This results in their recognition and subsequent measurement at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others:

- the debtor entering bankruptcy or administration; and
- the outcome of legal proceedings.

Cash and cash equivalents

Cash and short-term deposits in the Consolidated Balance Sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. The carrying amount of these approximates their fair value. For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Derivative financial instruments

The Group holds forward foreign exchange contracts (the hedging instrument) to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes. All forward foreign exchange contracts have been marked-to-market and are held at fair value on the Consolidated Balance Sheet. For regular transactions the Group does not apply hedge accounting. Where hedge accounting is not applied, movements in fair value are recorded in the Consolidated Income Statement. Fair value is estimated using the settlement rates prevailing at the period end.

For significant one-off transactions the Group may apply hedge accounting in order to mitigate the impact of changes in foreign exchange on the Group's income statement by matching the impact of the hedging instrument against the hedged risk.

At the inception of a hedging relationship, the hedged item and hedging instrument are documented, alongside the risk management strategy and objectives for the hedge. Prospective effectiveness testing is performed. Over the life of the hedging relationship, effectiveness testing is undertaken to ensure the instrument remains an effective hedge of the transaction.

Changes in the fair value of the hedging instrument are recognised in the hedging reserve, through the Consolidated Statement of Comprehensive Income. Any ineffective portion is recognised immediately within the Consolidated Income Statement.

Where future cash flow results in the recognition of a non-financial asset or liability, then at the point of recognition the previously recognised related gains or losses are included in the initial measurement of that asset or liability.

Hedge accounting is discontinued when the hedging instrument expires, or it is sold, terminated, exercised, or no longer qualifies for hedging. At that time, any cumulative gain or loss on the hedging instrument recognised in the hedging reserve is retained in the hedging reserve until the forecast transaction occurs. Gains or losses on hedging instruments relating to an underlying exposure that no longer exists are taken to the Consolidated Income Statement.

Leases

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date that the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment review.

At the commencement date of the lease, the Group also recognises lease liabilities. They are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs. The Group has adopted the practical expedient to view certain arrangements containing both lease and non-lease components as a single lease component.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The carrying amounts of right-of-use assets are also remeasured to reflect this change in lease liabilities.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value (i.e., below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Statement of Group Accounting Policies continued

Taxation

The Group is subject to income tax in numerous jurisdictions. The Group recognises provisions for tax based on estimates of taxes that are likely to become due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determinations are made.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The UK Research & Development Credit (RDEC) is recognised in the income statement and netted off against Research & Development expenses as the RDEC is of the nature of a government grant.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

The income tax effects of items recorded in either other comprehensive income or equity are recognised in the Consolidated Statement of Comprehensive Income or the Consolidated Statement of Changes in Shareholders' Equity respectively. Otherwise, income tax is recognised in the Consolidated Income Statement.

Revenue, expenses and assets are recognised net of the amount of sales taxes except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of sales taxes included.

The net amount of sales taxes recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Balance Sheet.

Retirement benefits

For defined benefit schemes, the defined benefit obligation is calculated semi-annually for each plan by qualified external actuaries using the projected unit credit method which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation). The retirement benefit liability in the Consolidated Balance Sheet represents the present value of the defined benefit obligation (using a discount rate derived from a published index of AA-rated corporate bonds) as reduced by the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Group expects to recover by way of refunds from the plan or reductions in the future contributions. The current service cost is recognised in the Consolidated Income Statement as an employee benefit expense. The net interest element of the defined benefit cost is calculated by applying the discount rate to the net defined benefit liability or asset.

Actuarial gains and losses arising from experience adjustments or changes in actuarial assumptions are credited or charged in the Consolidated Statement of Comprehensive Income in the period in which they arise.

The Group also operates defined contribution pension schemes for a number of UK and non-UK employees. Contributions to defined contribution plans are charged to the Consolidated Income Statement as they become payable.

Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted, further details of which are given in note 26 of the Notes to the Consolidated Financial Statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of EPS, subject to an estimate of whether performance conditions will be met.

Employee benefit trust

The Group has established an employee benefit trust (AVEVA Group Employee Benefit Trust 2008), which is a separately administered trust and is funded by loans from Group companies. The assets of the trust comprise shares in AVEVA Group plc and cash balances. The Group recognises assets and liabilities of the trust in the Consolidated Financial Statements and shares held by the trust are recorded at cost as a deduction from shareholders' equity.

Consideration received for the sale of shares held by the trust is recognised in equity, with any difference between the proceeds from the sale and the original cost being taken to retained earnings.

Full list of addresses and subsidiaries

A full list of addresses of all subsidiaries and significant holdings as at 31 March 2022 is provided below, alphabetically by country.

Country	Name	Address
UK	AVEVA Group plc	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
Argentina	AVEVA Software Argentina S.A.	Italia 415 piso 4., C.P. 1638 Vicente Lopez, Provincia de, Buenos Aires, Argentina
Argentina	OSIsoft Argentina SRL	Alem Leandro N. Av. 592 Piso:6, 1001-Ciudad Autonama, Buenos Aires, Argentina
Australia	AVEVA Pty. Ltd.	Level 9, 25 King Street, Bowen Hills, Queensland 4006, Australia
Australia	AVEVA Software Australia Holdings Pty Ltd	Level 9, 25 King Street, Bowen Hills, Queensland 4006, Australia
Australia	AVEVA Software Australia Pty Ltd	Level 9, 25 King Street, Bowen Hills, Queensland 4006, Australia
Australia	OSIsoft Australia Pty Ltd	Level 7, 99 St Georges Terrace, Perth, WA 6000, Australia
Brazil	AVEVA Software Brasil Ltda	Avenida das Nacoes Unidas, 22.223, Setor Portao B, CEP 04795-907, Cidade de São Paulo, Estado de São Paulo, Brazil
Brazil	OSIsoft do Brasil Sistemas Ltda	Alameda Santos, 1940 15 andar, Cerqueira Cesar, CEP 01418-002, São Paulo, Brazil
Bahrain	OSIsoft Technologies Middle East W.L.L.	Office 2302-04, 23rd Floor, Almoayyed Tower, Building No. 2504, Road 2832, Block 428, Seef Suburb, Bahrain
Canada	AVEVA Software Canada Inc.	49 Quarry Park Blvd. SE, Calgary Alberta T2C 5H9, Canada
Canada	OSIsoft Canada ULC	600-1741 Lower Water Street, Halifax, Nova Scotia, B3J OJ2, Canada
Chile	AVEVA Software Chile S.p.A.	Rycardo Lyon 222, Oficina 1801, Providencia
China	AVEVA Solutions (Shanghai) Co. Limited	Unit 05-07, 37th Floor (33rd Floor), No. 88, Yincheng Road, Shanghai Free Trade Zone, Shanghai
China	OSIsoft (Shanghai) Technology Co., Ltd	Suite 4105, No.268 Xi Zang Middle Road, Shanghai, Huangpu District, China
China	Telvent Control Systems (China) Co. Limited	Middle Zone, 2/F, No.1 Building, No. 2, 2nd Liangshuihe River Street, Beijing Economic & Technological Development Area, Beijing, China
Colombia	AVEVA Software Colombia S.A.S.	Cento Empresarial Colpatria, Torre 3, Piso 6, Calle 127A 53A-45, Bogota, Colombia
Czech Republic	OSIsoft Czech Republic, s.r.o.	Politických obětí 117, Frýdek-Místek – Místek, 738 01, Czech Republic
Denmark	AVEVA Denmark A/S	Indkildevej 6D, 9210 Aalborg SØ, Denmark
France	AVEVA SAS	5-7 Square Felix Nadar, 94300 Vincennes, France
France	OSIsoft France Sarl	81 Boulevard Pierre, 1er, 33110 Le Bouscat, France
Germany	AVEVA GmbH	Otto-Volger-Street 7c, 65843 Sulzbach (Taunus), Germany
Germany	OSIsoft Europe GmbH	Mainzer Landstrasse 178-190, 60327 Frankfurt am Main, Germany
Hong Kong	AVEVA East Asia Limited	Room 1003 10/F Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong
India	AVEVA Information Technology India Private Limited	Unit No 202, Wing A, 2nd Floor, Bldg No. 2, Supreme Business Park, Supreme City, Powai, Mumbai – 400076, India
India	AVEVA Solutions India LLP	Tower 1, 2nd Floor, Wave Rock, S Y No. 115 TSIIC IT/ITES SEZ, Nanakramguda, Hyderabad Hyderabad TG 500008 IN
India	AVEVA Software India Private Limited	Unit No 202, 2nd Floor, A Wing, Supreme Business Park, Hiranandani Gardens, Powai, Mumbai, Mumbai City, Maharashtra, 400076, India
India	AVEVA Software Private Limited	Unit No 202, A Wing, Supreme Business Park, Hiranandani Gardens, Powai, Mumbai, Mumbai City, Maharashtra, 400076, India
India	OSIsoft India Private Limited	Unit No 202, Wing A, 2nd Floor, Supreme Business Park, Supreme City, Powai, Mumbai – 400076, India
Italy	AVEVA Software Italia S.p.A	Viale Milano no. 177, Gallarate, Milan, Italy
Italy	OSIsoft Italy S.R.L.	Milano (MI) Viale, 20134, Forlanini Enrico 23, Milan, Italy
Japan	AVEVA K.K.	Oase Shibaura MJ Building, 2-15-6 Shibaura, Minato-ku, Tokyo 108-0023, Japan
Japan	AVEVA Software K.K.	Oase Shibaura MJ Building, 2-15-6 Shibaura, Minato-ku, Tokyo, Japan
Japan	OSIsoft Japan, K.K.	15-6, Shibaura 2-Chome, Minato-ku, Tokyo, Japan
Malaysia	AVEVA Asia Pacific Sdn. Bhd.	43-2, Plaza Damansara, Jalan Medan Setia 1, Bukit Damansara, Kuala Lumpur W.P., 50490, Kuala Lumpur, Malaysia

Country	Name	Address
Malaysia	AVEVA Sdn. Bhd.	43-2, Plaza Damansara, Jalan Medan Setia 1, Bukit Damansara, Kuala Lumpur W.P., 50490, Kuala Lumpur, Malaysia
Mexico	AVEVA Software Mexico SA de C.V.	Piso 2, 111 Presidente Masaryk, Polanco, Miguel Hidalgo, 11560 Ciudad de Mexico, Mexico
Mexico	OSIsoft Mexico S. de R.L. de C.V.	Miguel de Cervantes Saavedra, 233-901, Granada Miguel Hidalgo, Ciudad de Mexico, 11520, Mexico
Netherlands	Asset+ Solutions IP B.V.	Baarnsche dijk 10 B, 3741LS, Baarn, Netherlands
Netherlands	AVEVA (The Netherlands) B.V.	Baarnsche dijk 10 B, 3741LS, Baarn, Netherlands
Netherlands	AVEVA Software Holdings Netherlands B.V.	Baarnsche dijk 10 B, 3741LS, Baarn, Netherlands
Netherlands	AVEVA Software Netherlands B.V.	Baarnsche dijk 10 B, 3741LS, Baarn, Netherlands
Norway	AVEVA AS	Golf Tower, Kanalsletta 2, N-4033, Stavanger, Norway
Norway	OSIsoft Norway AS	Intertrust (Norway) AS, Munkedamsveien 59B, 0270, Oslo, Norway
Republic of Korea	AVEVA Korea Limited	25 F, West Tower, Mirae Asset Center 1 Building, 26 Eulji-ro 5-gil, Jung-gu, Seoul, Republic of Korea
Republic of Korea	AVEVA Software Korea Limited	25 F, West Tower, Mirae Asset Center 1 Building, 26 Eulji-ro 5-gil, Jung-gu, Seoul, Republic of Korea
Republic of Korea	OSIsoft Korea Co., Ltd.	25th Flr., Center1 west, 26, Eulji-ro 5-gil, Jung-gu, Seoul, Republic of Korea
Russia	AVEVA Limited Liability Company	3rd Floor, Office 9, premises IV, Pavlovskaya Street, 7, 115093, Moscow, Russia
Russia	Schneider Electric Software RU (In liquidation)	Moika Embankment 58, lit. A, of. 504, 190031, St. Petersburg, Russia
Russia	OSIsoft OOO (LLC)	Letnikovskaya st.2, bld. 1, 4th floor, offices 401-405, 115114, Moscow, Russia
Singapore	AVEVA Software Singapore Pte. Ltd	15 Changi Business Park, Central 1, #03-01/05, Singapore, 486057
Singapore	OSIsoft Asia Pte. Ltd.	250 North Bridge Road, #36-04 Raffles City Tower, 179101, Singapore
South Africa	OSIsoft South Africa (Pty) Ltd	Clearwater Office Park Building 3, Ground Floor Millenium Road And Christiaan De Wet Road, Johannesburg, Gauteng 1735, South Africa
Spain	AVEVA Software España S.L.U.	Avda Manoteras, Num 44, Puerta 1, 28050, Madrid, Spain
Spain	OSIsoft Espana, S.L Sociedad Unipersonal	Cuzco IV, Paseo de la Castellana, 141 Planta 5a, 28046, Madrid, Spain
Sweden	AVEVA AB	PO Box 50555, Drottninggatan 18, SE-202 15, Malmö, Sweden
Sweden	OSIsoft Sweden AB	Regus Malmö Central, Adelgatan 21, SE-211 22, Malmö, Sweden
Thailand	AVEVA Software (Thailand) Co., Ltd	89 AIA Capital Center, 20th Floor, Room 2028-2030, Ratchadapisek Road, Kwaeng Dindaeng, Khet Dindaeng, Bangkok 10400, Thailand
Turkey	AVEVA Yazilim Ve Hizmetleri Anonim Şirketi	Kurtköy Aeropark, Yenişehir Mahallesi, Osmanli Bulvari, No:11 Kat 5 A/28, Pendik, Istanbul, 34912, Turkey
Turkey	OSIsoft Technologies Bilişim Hizmetleri Limited Şirketi	Kavaklidere Mahallesi, Ataturk Blv. No: 185, Cankaya, Ankara, Turkey
UAE	AVEVA Software Middle East FZ-LLC	D-201 - D-212, 2 Office Park Block D, Dubai Internet City, Dubai, United Arab Emirates
UK	AVEVA Consulting Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	AVEVA Engineering IT Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	AVEVA Finance Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	AVEVA Financing Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	AVEVA Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	AVEVA Managed Services Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	AVEVA Software GB Limited	101 Science Park, Milton Road, Cambridge, CB4 0FY, UK
UK	AVEVA Solutions Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	AVEVA to the Power of PI Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	AVEVA UK 1 Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	AVEVAPI Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	CADCentre Engineering IT Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	CADCentre Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	CADCentre Pension Trustee Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	CADCentre Property Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK

Full list of addresses and subsidiaries continued

Country	Name	Address
UK	LFM Software Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
UK	OSIsoft (UK) Limited	Capital House, 15th Floor, Chapel Street, London, NW1 5DH, UK
UK	Tribon Solutions (UK) Limited	High Cross, Madingley Road, Cambridge, CB3 0HB, UK
USA	AVEVA Inc.	251 Little Falls Drive, Wilmington, DE 19808, USA
USA	AVEVA Software, LLC	251 Little Falls Drive, Wilmington, DE 19808, USA
USA	AVEVA US 1 Corp	251 Little Falls Drive, Wilmington, DE 19808, USA
USA	AVEVA US 2 Corp	251 Little Falls Drive, Wilmington, DE 19808, USA
USA	AVEVA US Blocker Corp	251 Little Falls Drive, Wilmington, DE 19808, USA
USA	OSIsoft LLC	251 Little Falls Drive, Wilmington, County of New Castle, Delaware 19808
USA	Wonderware de Mexico, Inc.	251 Little Falls Drive, Wilmington, DE 19808, USA
USA	Wonderware of Venezuela, Inc.	251 Little Falls Drive, Wilmington, DE 19808, USA

Non-GAAP measures

The Group presents various non-GAAP measures, which management believes provide useful information for understanding the Group's financial performance. These non-GAAP measures should be considered in addition to IFRS measures and are not intended to be either a substitute for them or superior to them.

As non-GAAP measures are not defined by IFRS, they may not be directly comparable with other companies who use similar measures.

The Group's non-GAAP measures are consistent with those presented in the 2021 Annual Report, except for:

- Standalone AVEVA and standalone OSIsoft results are not reported. Management believes presentation of separate results is not required due to the ongoing integration of OSIsoft into the Group.
- Normalised items (see definition and commentary below) have been redefined to:
  - include the impact of the tax step up arising on the acquisition of OSIsoft;
  - remove the impact of fair value adjustments on financial derivatives; and
  - include the impact of amortisation of other software.
- Cash conversion has been redefined (see definition and commentary below), also resulting in the inclusion of free cash flow before tax as a non-GAAP measure.
- Net cash has been redefined to:
  - include the US $900 million term loan drawn down on 19 March 2021; and
  - exclude treasury deposits.

  It has consequently been renamed net debt.

Further information, definitions, the intent in presenting, and a reconciliation from the nearest IFRS measure are provided below.

Non-GAAP measure	Closest equivalent IFRS measure	Definition and purpose
Income statement presentations		
Adjusted results	Group GAAP results	The Group's results excluding exceptional and normalised items (see definitions below). Adjusted EPS is calculated based upon profit after tax, adjusted for exceptional and normalised items, the deferred revenue haircut (see definition below), and the tax effect of these items. Management believes that adjusted results provide a reliable and consistent measure of the Group's underlying performance. The business is managed and measured day-to-day on an adjusted basis, and Group performance elements of employee bonus and share schemes are typically also on this basis. Adjusted results exclude the costs relating to major integration and restructuring events while including the benefits. They also exclude significant recurring expense relating to normalised items. Therefore, adjusted results present a more favourable view than GAAP measures and should not be considered to be a complete picture of the Group's financial performance. See section a below for a reconciliation.
Pro forma results	Group GAAP results	Pro forma results are presented to provide a year-on-year performance comparison for the Group, given the significant impact of the OSIsoft acquisition on the Group's results for the year ended 31 March 2022. Management have considered pro forma results in the day-to-day running of the business for the year ended 31 March 2022, and they have been incorporated into performance elements of employee bonus and share schemes. Pro forma results do not represent the enlarged Group's actual results and do not purport to represent what the combined results would have been in comparative periods. They share the same limitations as adjusted results and present a more favourable view than GAAP measures. In addition, due to the acquisition of OSIsoft completing close to the year-end, comparatives for the year ended 31 March 2021 do not represent the legal form of the Group for the full 12 months and include results that are not attributable to the Group's shareholders. **Pro forma results for the year ended 31 March 2022** Pro forma results for the year ended 31 March 2022 are prepared on an adjusted basis and additionally exclude the impact of the deferred revenue haircut (see definition below). **Pro forma results for the year ended 31 March 2021** Pro forma results for the year ended 31 March 2021 have been prepared on the basis that: • The financial information is the combination of the consolidated financial statements of AVEVA Group plc and OSIsoft, LLC for the year to 31 March 2021. • No pro forma adjustments have been made to reflect synergies or cost savings that may be expected to occur as a result of the acquisition, nor have any adjustments been made to reflect the stand-alone costs expected. • There has been no trading between the two groups for either of the years presented. • The term loan was entered into on 1 April 2020, and interest accrued from that date.

Non-GAAP measures continued

Non-GAAP measure	Closest equivalent IFRS measure	Definition and purpose
Pro forma results continued		**Pro forma adjusted diluted EPS** The pro forma adjusted diluted EPS calculation assumes: • Rights issue shares were issued on 1 April 2020. • Rights issue adjustments for unexercised share options at the date of the rights issue were made at the later of 1 April 2020 and the share option award date. • No timing adjustments made for actual or potential share option awards to OSIsoft employees. For reconciliations, see: • Section a below for pro forma results, pro forma constant currency results, and pro forma organic constant currency results. • Section b for pro forma revenue, pro forma constant currency revenue, and pro forma organic constant currency revenue by fee type and by geographic region. • Section e for pro forma effective tax rate. • Section f for pro forma adjusted diluted EPS.
Reconciling items to adjusted and pro forma results		
Exceptional items	No direct equivalent	Exceptional items are excluded from statutory measures to determine adjusted and pro forma results. Exceptional items are non-recurring and are identified by virtue of either their size or their nature. These items can include, but are not restricted to: • fees associated with business combinations; • costs incurred in integrating acquired companies; and • costs of significant restructuring exercises. In the year ended 31 March 2022, exceptional items also include the loss on disposal of a business, the impairment of intangible assets following the decision to end-of-life associated products, and provisions against balances with Russia-based counterparties following the introduction of international sanctions. For additional information and reconciliations, see: • Exceptional items are included on the face of the Consolidated Income Statement in the reconciliation to adjusted EBIT. • Exceptional items are included in the reconciliation to adjusted and pro forma results in section a below. • The nature of exceptional items and the income statement impact by line item is included within note 6 of the Notes to the Consolidated Financial Statements. • The tax impact of exceptional items is included in the reconciliation to adjusted profit after tax in note 12 of the Notes to the Consolidated Financial Statements.
Normalised items	No direct equivalent	Normalised items are excluded from statutory measures to determine adjusted and pro forma results. Normalised items are recurring items which management considers could affect the underlying results of the Group. These include: • amortisation of intangible assets • share-based payment charges; and • tax step up due to intangible assets recognised on acquisition of OSIsoft, LLC. The following changes have been made to the definition of normalised items in the year ended 31 March 2022: • The tax step up has been included within normalised items for the first time. This benefit accrues evenly across the financial year and, given the proximity of the completion of the OSIsoft acquisition to the year-end (such that the benefit only accrued for 13 days in the year ended 31 March 2021), it did not have a material impact in previous years. Note that this is a tax effect, and hence does not impact pre-tax measures such as adjusted EBIT or pro forma adjusted EBIT. • Fair value adjustments on financial derivatives have been removed from normalised items for the year ended 31 March 2022. This is due to their relative immateriality compared to the Group's results (2022: £0.3 million, 2021: £(0.7) million) and is intended to simplify the Group's normalised items. • Amortisation of intangible assets has been expanded to include amortisation of other software for the year ended 31 March 2022. Historically, this category has been presented as amortisation of intangible assets (excluding other software). This is due to the relative immateriality of amortisation of other software compared to the Group's results (2022: £0.2 million, 2021: £0.6 million), and is intended to simplify the Group's normalised items. • The tax impact of normalised items is included in the reconciliation to adjusted profit after tax in note 12 of the Notes to the Consolidated Financial Statements. For additional information and reconciliations, see: • Normalised items are included on the face of the Consolidated Income Statement in the reconciliation to adjusted EBIT. • Normalised items are included in the reconciliation to adjusted and pro forma results in section a below. • The impact of each normalised item by income statement line item is included in the reconciliation to adjusted and pro forma costs in section b below.

Non-GAAP measure	Closest equivalent IFRS measure	Definition and purpose
Deferred revenue haircut	No direct equivalent	The deferred revenue haircut is excluded from statutory measures to determine pro forma results. For the purposes of adjusted EPS, it is also excluded from adjusted profit after tax. The deferred revenue haircut is the impact of the unwind of a fair value adjustment to acquired contract liabilities on completion of the acquisition of OSIsoft in March 2021. The impact is excluded due to the inconsistent impact on current and prior year pro forma results; due to the timing of the OSIsoft acquisition, the deferred revenue haircut unwound for 13 days in the year ended 31 March 2021 (£3.3 million impact), but a full year in the year ended 31 March 2022 (£50.3 million impact). In addition, covenants on the Group's term loan are calculated after excluding the impact of the deferred revenue haircut. For additional information and reconciliations, see: • Deferred revenue haircut is included in the reconciliation to pro forma results in section a below. • The impact of the deferred revenue haircut by fee type and geographic region is included in section b below. • The tax impact of the deferred revenue haircut is included in the reconciliation to adjusted profit after tax in note 12 of the Notes to the Consolidated Financial Statements.
Constant currency and organic constant currency		
Constant currency	Group GAAP results	Constant currency is derived by translating the relevant current year figure at prior year average exchange rates. Constant currency enables measurement of performance on a comparable year-on-year basis without the effect of foreign exchange translation. For reconciliations, see: • Section a below for pro forma constant currency results. • Section b below for pro forma revenue constant currency, by fee type and by geographic region. • Section b below for pro forma constant currency costs.
Organic constant currency	Group GAAP results	Constant currency figures adjusted for merger and acquisition activity. Organic constant currency results exclude the income statement contributions in both current and prior year of the disposed Acquis Software, Termis Software and Water Loss Management software business (see note 13(b) of the Notes to the Consolidated Financial Statements). Organic constant currency enables measurement of performance on a comparable year-on-year basis without the effects of foreign exchange movements and merger and acquisition activity. For reconciliations, see: • Section a below for pro forma organic constant currency results. • Section b below for pro forma revenue organic constant currency, by fee type and by geographic region. • Section b below for pro forma organic constant current costs.

Non-GAAP measures continued

Non-GAAP measure	Closest equivalent IFRS measure	Definition and purpose
Revenue measures		
Annualised recurring revenue (ARR)	No direct equivalent	The non-cancellable contract consideration of subscription and maintenance contracts as at the reporting date divided by the number of days in the non-cancellable contract period and multiplied by 365. ARR represents the annualised value of the recurring revenue base that is expected to be carried into future periods. ARR is presented on a pro forma organic constant currency basis. The pro forma and organic constant currency bases are defined above. ARR formed part of the Group bonus scheme and LTIP targets for FY22 and will form part of the Group LTIP targets for FY23. This cannot be reconciled to an IFRS measure.
Recurring revenue	Revenue	Recurring revenue is defined as subscription revenue plus maintenance revenue. Increasing recurring revenue is a financial target for the Group, with the aim of achieving over 80% recurring revenue by the financial year ending 31 March 2026. Recurring revenue is revenue earned from customers for the provision of goods or services over a contractual term, where future contract renewal is required for ongoing use of the product. See revenue by fee type in section b below for a reconciliation.
Profit measures		
Adjusted EBIT and pro forma adjusted EBIT	Profit from operations	Earnings before finance revenue, finance expense, tax, exceptional items, and normalised items. Adjusted results allow for the comparison of results year-on-year without the effects of significant one-off items or items which do not relate to the underlying performance of the Group. Adjusted EBIT is a measure of the underlying profitability of the Group. For reconciliations, see: • The face of the Consolidated Income Statement or section a below for adjusted EBIT. • Section a below for pro forma adjusted EBIT (presented in the profit from operations line).
Adjusted and pro forma adjusted EBIT growth	No direct equivalent	Year-on-year percentage increase in adjusted EBIT. Adjusted results allow for the comparison of results year-on-year without the effects of significant one-off items or items which do not relate to the underlying performance of the Group. Adjusted EBIT growth is a measure of the movement in the underlying profitability of the Group.
Adjusted and pro forma adjusted EBIT margin	No direct equivalent	Adjusted EBIT as a percentage of revenue. Improving adjusted EBIT margin is a financial target for the Group, with the aim of achieving an adjusted EBIT margin of at least 35% by the financial year ended 31 March 2026. Adjusted results allow for the comparison of results year-on-year without the effects of significant one-off items or items which do not relate to the underlying performance of the Group. Adjusted EBIT margin is a measure of the underlying profitability of the Group.
Adjusted and pro forma adjusted EPS	EPS	Adjusted profit after tax divided by the weighted average number of ordinary shares. Weighted average number of ordinary shares are the same as those used in the Group's EPS calculation. Adjusted results allow for the comparison of results year-on-year without the effects of significant one-off items or items which do not relate to the underlying performance of the Group. Adjusted EPS is a measure of the underlying earnings per share for the Group. Adjusted diluted EPS growth is a performance condition for LTIP vesting. See note 12 of the Notes to the Consolidated Financial Statements.
Adjusted and pro forma profit after tax	Profit after tax	Profit after tax, adjusting for exceptional and normalised items, the tax effect of those items, and the deferred revenue haircut and its tax effect. Adjusted results allow for the comparison of results year-on-year without the effects of significant one-off items or items which do not relate to the underlying performance of the Group. Adjusted EBIT is a measure of the underlying profitability of the Group. See note 12 of the Notes to the Consolidated Financial Statements.

Non-GAAP measure	Closest equivalent IFRS measure	Definition and purpose
Tax measures		
Effective tax rate	No direct equivalent	Tax expense for the year per the income statement expressed as a percentage of profit before tax. See section e below for a reconciliation.
Effective tax rate before exceptional and normalised items	No direct equivalent	Tax expense for the year per the income statement adjusted for the tax effect of exceptional and normalised items, expressed as a percentage of profit before tax, exceptional and normalised items. See section e below for a reconciliation. The tax effect of exceptional and normalised items is provided in note 12 of the Notes to the Consolidated Financial Statements.
Cash measures		
Cash conversion	No direct equivalent	Free cash flow before tax (see definition below) as a percentage of the Group's adjusted profit before tax (the Group's profit before tax excluding exceptional and normalised items). This is a financial target for the Group, which targets an average 100% cash conversion for the five-year period from the financial year ending 31 March 2022 to the financial year ending 31 March 2026. Additionally, this is included as a strategic target within the Executive Directors' bonus scheme for the year ended 31 March 2023. This measures how efficiently the Group's profit are converted into cash for organic investment, M&A and returns to shareholders. The definition of cash conversion has changed from that presented in the 2021 Annual Report. Previously, cash conversion was defined as cash generated from operating activities before tax as a percentage of adjusted EBIT. Management believes that use of free cash flow before tax, and inclusion of cash outflows necessary as part of the Group's day-to-day operations, provides a better indication of the Group's trading performance. See section d below for a reconciliation.
Free cash flow before tax	Cash generated from operating activities before tax	Free cash flow before tax is used in determining cash conversion (see definition above). It is calculated as : • cash generated from operating activities before tax; plus • capital expenditure, lease repayments, interest paid and received, purchase of own shares; excluding • cash outflow on M&A related exceptional items. See section d below for a reconciliation.
Net debt	No direct equivalent	Total cash, cash equivalents, overdrafts, and the carrying value of the Group's term loan. This metric was called net cash in previous years. The definition of net debt has changed to: • include the carrying value of the Group's term loan. This term loan was drawn down on 19 March 2021 and has been included as it is a significant future obligation affecting the Group's liquidity; and • exclude treasury deposits, due to their relative immateriality. Net debt is a measure of the strength of the Group's balance sheet. See section c below for a reconciliation.

Non-GAAP measures continued

a. Reconciliation to adjusted and pro forma results

Year ended 31 March 2022

	Statutory £m	Normalised items £m	Exceptional items £m	Adjusted £m	Revenue haircut £m	Pro forma £m	Impact of foreign exchange £m	Pro forma constant currency £m	Disposal of business £m	Pro forma organic constant currency £m
Revenue	1,185.3	–	–	1,185.3	50.3	1,235.6	42.5	1,278.1	(0.7)	1,277.4
Cost of sales	(232.5)	–	0.2	(232.3)	–	(232.3)	(8.0)	(240.3)	0.9	(239.4)
Gross profit	952.8	–	0.2	953.0	50.3	1,003.3	34.5	1,037.8	0.2	1,038.0
Operating expenses										
Research & Development costs	(343.3)	164.6	0.5	(178.2)	–	(178.2)	(5.7)	(183.9)	0.5	(183.4)
Selling and distribution expenses	(345.4)	61.3	3.4	(280.7)	–	(280.7)	(9.1)	(289.8)	–	(289.8)
Administrative expenses	(246.3)	27.6	38.8	(179.9)	–	(179.9)	(6.0)	(185.9)	–	(185.9)
Net impairment (loss)/gain on financial assets	(6.7)	–	7.3	0.6	–	0.6	(0.1)	0.5	–	0.5
Other expense	(17.6)	–	17.6	–	–	–	–	–	–	–
Total operating expenses	(959.3)	253.5	67.6	(638.2)	–	(638.2)	(20.9)	(659.1)	0.5	(658.6)
(Loss)/profit from operations	(6.5)	253.5	67.8	314.8	50.3	365.1	13.6	378.7	0.7	379.4
Finance revenue	1.9	–	–	1.9	–	1.9	0.1	2.0	–	2.0
Finance expense	(14.0)	–	–	(14.0)	–	(14.0)	(0.5)	(14.5)	–	(14.5)
(Loss)/profit before tax	(18.6)	253.5	67.8	302.7	50.3	353.0	13.2	366.2	0.7	366.9

Year ended 31 March 2021

	Statutory £m	Normalised items £m	Exceptional items £m	Adjusted £m	Revenue haircut £m	Pre-acquisition OSIsoft £m	Term loan interest £m	Pro forma £m	Disposal of business £m	Pro forma organic £m
Revenue	820.4	–	–	820.4	3.3	372.4	–	1,196.1	(3.9)	1,192.2
Cost of sales	(181.3)	–	0.8	(180.5)	–	(48.6)	–	(229.1)	0.9	(228.2)
Gross profit	639.1	–	0.8	639.9	3.3	323.8	–	967.0	(3.0)	964.0
Operating expenses										
Research & Development costs	(184.5)	67.8	0.3	(116.4)	–	(52.1)	–	(168.5)	0.5	(168.0)
Selling and distribution expenses	(226.8)	27.9	3.9	(195.0)	–	(83.1)	–	(278.1)	–	(278.1)
Administrative expenses	(193.0)	16.3	78.3	(98.4)	–	(63.7)	–	(162.1)	–	(162.1)
Net impairment loss on financial assets	(3.7)	–	–	(3.7)	–	0.1	–	(3.6)	–	(3.6)
Other income	5.5	–	(5.5)	–	–	–	–	–	–	–
Total operating expenses	(602.5)	112.0	77.0	(413.5)	–	(198.8)	–	(612.3)	0.5	(611.8)
Profit from operations	36.6	112.0	77.8	226.4	3.3	125.0	–	354.7	(2.5)	352.2
Finance revenue	0.6	–	–	0.6	–	0.1	–	0.7	–	0.7
Finance expense	(3.0)	–	–	(3.0)	–	(0.9)	(12.8)	(16.7)	–	(16.7)
Profit before tax	34.2	112.0	77.8	224.0	3.3	124.2	(12.8)	338.7	(2.5)	336.2

b. Constant currency and organic constant currency

Revenue by fee type

	On-premises rental £m	SaaS £m	Total subscription revenue £m	Maintenance £m	Total recurring revenue £m	Perpetual licences £m	Services £m	Total £m
Year ended 31 March 2022								
Statutory revenue at actual rates	396.4	27.8	**424.2**	345.2	**769.4**	293.1	122.8	**1,185.3**
Revenue haircut	–	–	**–**	50.3	**50.3**	–	–	**50.3**
Pro forma revenue at actual rates	396.4	27.8	**424.2**	395.5	**819.7**	293.1	122.8	**1,235.6**
Impact of foreign exchange	9.5	1.2	**10.7**	18.1	**28.8**	9.4	4.3	**42.5**
Pro forma revenue at constant currency rates	405.9	29.0	**434.9**	413.6	**848.5**	302.5	127.1	**1,278.1**
Disposal of business	–	–	**–**	(0.5)	**(0.5)**	–	(0.2)	**(0.7)**
Pro forma organic revenue at constant currency rates	405.9	29.0	**434.9**	413.1	**848.0**	302.5	126.9	**1,277.4**
Year ended 31 March 2021								
Statutory revenue at actual rates	336.3	23.4	**359.7**	197.7	**557.4**	141.6	121.4	**820.4**
Revenue haircut	–	–	**–**	3.3	**3.3**	–	–	**3.3**
Pre-acquisition OSIsoft revenue at actual rates	27.7	–	**27.7**	211.8	**239.5**	129.6	3.3	**372.4**
Pro forma revenue at actual rates	364.0	23.4	**387.4**	412.8	**800.2**	271.2	124.7	**1,196.1**
Disposal of business	–	–	**–**	(1.4)	**(1.4)**	(1.6)	(0.9)	**(3.9)**
Pro forma organic revenue at actual rates	364.0	23.4	**387.4**	411.4	**798.8**	269.6	123.8	**1,192.2**
Change								
Statutory change	17.9%	18.8%	**17.9%**	74.6%	**38.0%**	107.0%	1.2%	**44.5%**
Pro forma change at actual rates	8.9%	18.8%	**9.5%**	(4.2)%	**2.4%**	8.1%	**(1.5)%**	**3.3%**
Pro forma change at constant currency	11.5%	23.9%	**12.3%**	0.2%	**6.0%**	11.5%	1.9%	**6.9%**
Pro forma change at organic constant currency	11.5%	23.9%	**12.3%**	0.4%	**6.2%**	12.2%	2.5%	**7.1%**

Non-GAAP measures continued

b. Constant currency and organic constant currency continued

Revenue by geographic region

	Americas £m	Asia Pacific £m	EMEA £m	Total £m
Year ended 31 March 2022				
Statutory revenue at actual rates	**467.0**	**260.1**	**458.2**	**1,185.3**
Revenue haircut	**29.5**	**5.1**	**15.7**	**50.3**
Pro forma revenue at actual rates	**496.5**	**265.2**	**473.9**	**1,235.6**
Impact of foreign exchange	**17.1**	**10.1**	**15.3**	**42.5**
Pro forma revenue at constant currency rates	**513.6**	**275.3**	**489.2**	**1,278.1**
Disposal of business	**–**	**(0.1)**	**(0.6)**	**(0.7)**
Pro forma organic revenue at constant currency rates	**513.6**	**275.2**	**488.6**	**1,277.4**
Year ended 31 March 2021				
Statutory revenue at actual rates	265.4	221.3	333.7	**820.4**
Revenue haircut	1.9	0.4	1.0	**3.3**
Pre-acquisition OSIsoft revenue at actual rates	206.4	53.1	112.9	**372.4**
Pro forma revenue at actual rates	473.7	274.8	447.6	**1,196.1**
Disposal of business	(0.1)	(1.4)	(2.4)	**(3.9)**
Pro forma organic revenue at actual rates	473.6	273.4	445.2	**1,192.2**
Change				
Statutory change	76.0%	17.5%	37.3%	**44.5%**
Pro forma change at actual rates	4.8%	(3.5)%	5.9%	**3.3%**
Pro forma change at constant currency	8.4%	0.2%	9.3%	**6.9%**
Pro forma change at organic constant currency	8.4%	0.7%	9.7%	**7.1%**

Cost by cost category

		Operating expenses					
	Cost of sales £m	Research & Development £m	Selling and distribution expenses £m	Administrative expenses £m	Net impairment loss from financial assets £m	Other expense/ (income) £m	Total £m
Year ended 31 March 2022							
Statutory cost at actual rates	**232.5**	**343.3**	**345.4**	**246.3**	**6.7**	**17.6**	**1,191.8**
Amortisation of intangible assets	**–**	**(164.6)**	**(61.3)**	**(0.2)**	**–**	**–**	**(226.1)**
Share-based payments	**–**	**–**	**–**	**(27.4)**	**–**	**–**	**(27.4)**
Exceptional items	**(0.2)**	**(0.5)**	**(3.4)**	**(38.8)**	**(7.3)**	**(17.6)**	**(67.8)**
Adjusted and pro forma costs at actual rates	**232.3**	**178.2**	**280.7**	**179.9**	**(0.6)**	**–**	**870.5**
Impact of foreign exchange	**8.0**	**5.7**	**9.1**	**6.0**	**0.1**	**–**	**28.9**
Adjusted costs at constant currency rates	**240.3**	**183.9**	**289.8**	**185.9**	**(0.5)**		**899.4**
Disposal of business	**(0.9)**	**(0.5)**	**–**	**–**	**–**	**–**	**(1.4)**
Organic costs at constant currency rates	**239.4**	**183.4**	**289.8**	**185.9**	**(0.5)**	**–**	**898.0**
Year ended 31 March 2021							
Statutory cost at actual rates	181.3	184.5	226.8	193.0	3.7	(5.5)	**783.8**
Amortisation of intangible assets	–	(67.8)	(27.9)	–	–	–	**(95.7)**
Share-based payments	–	–	–	(16.3)	–	–	**(16.3)**
Exceptional items	(0.8)	(0.3)	(3.9)	(78.3)	–	5.5	**(77.8)**
Adjusted costs at actual rates	180.5	116.4	195.0	98.4	3.7	–	**594.0**
Pre-acquisition OSIsoft costs at actual rates	48.6	52.1	83.1	63.7	(0.1)	–	**247.4**
Pro forma costs at actual rates	229.1	168.5	278.1	162.1	3.6	–	**841.4**
Disposal of business	(0.9)	(0.5)	–	–	–	–	**(1.4)**
Pro forma organic costs at actual rates	228.2	168.0	278.1	162.1	3.6	–	**840.0**
Change							
Statutory change	28.2%	86.1%	52.3%	27.6%	81.1%	(420.0)%	**52.3%**
Adjusted change at actual rates	28.7%	53.1%	43.9%	82.8%	(116.2)%	–	**46.5%**
Pro forma change at actual rates	1.4%	5.8%	0.9%	11.0%	(116.7)%	–	**3.5%**
Pro forma change at constant currency	4.9%	9.1%	4.2%	14.7%	(113.9)%	–	**6.9%**
Pro forma change at organic constant currency	4.9%	9.2%	4.2%	14.7%	(113.9)%	–	**6.9%**

c. Net debt

	2022 £m	2021 £m
Cash and cash equivalents	**279.3**	286.6
Loans and borrowings	**(684.5)**	(654.0)
Net debt	**(405.2)**	(367.4)

Non-GAAP measures continued

d. Cash conversion

	2022 £m	2021 £m
Net cash generated from operating activities before tax	**197.2**	91.2
Operating activities cash flow impact from exceptional items (M&A related)		
• Acquisition of OSIsoft	**19.2**	26.0
• Disposal of Acquis Software, Termis Software and Water Loss Management Software business	**–**	–
• OSIsoft transaction bonus[1]	**48.2**	–
	264.6	117.2
Purchase of property, plant and equipment	**(8.6)**	(10.9)
Purchase of intangible assets	**–**	(0.5)
Interest received	**1.9**	0.3
Interest paid	**(12.7)**	(2.8)
Purchase of own shares	**(1.3)**	(1.1)
Payment of principal element of lease liability	**(23.3)**	(18.5)
Free cash flow before tax	**220.6**	83.7
Adjusted EBIT	**314.8**	226.4
Deferred revenue haircut	**50.3**	3.3
Finance revenue	**1.9**	0.6
Finance expense	**(14.0)**	(3.0)
Adjusted profit before tax	**353.0**	227.3
Cash conversion	**62.5%**	36.8%

1. A one-off transaction bonus paid to OSIsoft employees. This was recognised in the acquired OSIsoft balance sheet.

e. Effective tax rate

	2022 £m	2021 £m
Profit		
(Loss)/profit before tax	**(18.6)**	34.2
Exceptional items	**67.8**	77.8
Normalised items		
• Amortisation of intangible assets	**226.1**	95.7
• Share-based payments	**27.4**	16.3
Profit before tax, exceptional items, and normalised items	**302.7**	224.0
Pro forma adjustments[1]	**50.3**	114.7
Pro forma profit before tax	**353.0**	338.7

1. Pro forma adjustments are outlined in the reconciliation to pro forma results in section a above.

	2022 £m	2021 £m
Income tax		
Income tax expense	**44.0**	9.4
Tax effect on exceptional items	**9.5**	15.1
Tax effect on normalised items	**(16.0)**	23.0
Income tax expense before exceptional items and normalised items	**37.5**	47.5
Tax effect on pro forma adjustments	**13.1**	(27.4)
Pro forma income tax expense	**50.6**	20.1
Effective tax rate		
Income tax expense	**44.0**	9.4
(Loss)/profit before tax	**(18.6)**	34.2
Effective tax rate	**(236.6)%**	27.5%
Effective tax rate before exceptional and normalised items		
Income tax expense before exceptional items and normalised items	**37.5**	47.5
Profit before tax, exceptional items, and normalised items	**302.7**	224.0
Effective tax rate before exceptional and normalised items	**12.4%**	21.2%
Pro forma effective tax rate		
Pro forma income tax expense	**50.6**	20.1
Pro forma profit before tax	**353.0**	338.7
Pro forma effective tax rate	**14.3%**	5.9%

Non-GAAP measures continued

f. Pro forma adjusted diluted earnings per share

Pro forma EPS is calculated based upon the following number of ordinary shares adjusted for the effect of dilution:

	2022 Number Millions	2021 Number Millions
Weighted average number of ordinary shares adjusted for the effect of dilution	303.7	220.0
Adjustment for timing of rights issue[1]	–	82.4
Pro forma weighted average number of ordinary shares adjusted for the effect of dilution	303.7	302.4

1. Adjustment to timing of incremental paid for shares issued as a result of the November 2020 rights issue, as if the rights issue occurred on 1 April 2020.

Pro forma EPS is calculated using the following profits:

	2022 £m	2021 £m
Pro forma profit before tax	353.0	338.7
Pro forma income tax	(50.6)	(20.1)
Pro forma profit after tax	302.4	318.6

	2022 Pence	2021 Pence
Pro forma adjusted diluted earnings per share	99.58	105.34

ESG Tables

Sustainability accounting standards board (SASB)

Topic	Reference code	Category	Metric	Response
Environmental footprint of hardware infrastructure	SASB TC SI 130a.1	Quantitative	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Annual Report; Operational Footprint (page 30)
	SASB TC SI 130a.3	Discussion and analysis	Discussion of the integration of environmental considerations into strategic planning for data centre needs	Sustainability Progress Report; Operational Footprint
Data privacy and freedom of expression	SASB TC SI 220a.1	Discussion and analysis	Policies and practices relating to behavioural advertising and user privacy	Annual Report; Technology Handprint (page 33)
	SASB TC SI 220a.3	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with user privacy	Annual Report; Technology Handprint (page 33)
	SASB TC SI 220a.4	Quantitative	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	Annual Report; Technology Handprint (page 33)
Data security	SASB TC SI 230a.1	Quantitative	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	Annual Report; Technology Handprint (page 33)
	SASB TC SI 230a.2	Discussion and analysis	Approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Annual Report; Technology Handprint (page 33)
Recruiting & managing a global, diverse & skilled workforce	SASB TC SI 330a.2	Quantitative	Employee engagement as a percentage	Annual Report; Inclusive Culture (page 39)
	SASB TC SI 330a.	Quantitative	Percentage of gender and racial/ethnic group representation for (1) leadership, (2) tech workforce, and (3) sales workforce	Annual Report; Inclusive Culture (page 41); DEI Website
IP protection & competitive behaviour; managing systemic risks	SASB TC SI 520a.1	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations	Annual Report; Operational Footprint (page 36)
	SASB TC SI 550a.1	Quantitative	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	Annual Report; Technology Handprint (page 33)
	SASB TC SI 550a.2	Discussion and analysis	Business continuity risks related to disruptions of operations	Annual Report; Technology Handprint (page 33)

ESG Tables continued

World Economic Forum core metrics

We are publishing the below index to align with the WEF's Measuring Stakeholder Capitalism reporting framework, providing our investors and other stakeholders with a mapping of relevant ESG disclosures. We have focused below on the issues deemed most material to our business, based on our materiality assessment. We will continue to enhance our public disclosures in alignment with the below metrics as we advance our sustainability programme.

Topic	Theme	Core metrics and disclosures	Response and/or reference
Governance	Governing purpose	Setting purpose	Annual Report, Board Leadership, Purpose and Culture (page 82)
	Quality of governing body	Board composition	Annual Report, Board of Directors (page 78-81)
	Stakeholder engagement	Material issues impacting stakeholders	Annual Report, Our ESG Framework (page 30)
	Ethical behaviour	Anti-corruption	Annual Report, Our Operational Footprint (page 36)
		Protected ethics advice and reporting mechanisms	Annual Report, Our Operational Footprint (page 36)
	Risk and opportunity oversight	Integrating risk and opportunity into business process	Annual Report, Principal Risks (page 54)
Planet	Climate change	Greenhouse gas (GHG) emissions	Annual Report, Our Operational Footprint (page 35)
		TCFD implementation	Annual Report, Principal Risks (page 65)
People	Dignity and equality	Diversity and inclusion	Annual Report, Inclusive Culture (page 40); DEI Website; AVEVA DEI Policy
		Pay equality	Gender and Ethnicity Pay Gap Report
		Wage level	AVEVA considers this data confidential company information and treats it as such
		Risk for incidents of child, forced or compulsory labour	Anti-Slavery & Human Trafficking Statement
	Skills for the future	Training provided	Annual Report, Inclusive Culture (page 39)
Prosperity	Wealth creation and employment	Absolute number and rate of employment	• Note 9 of the Consolidated Financial Statements • Annual Report, Key Performance Indicators (pages 26 to 27) • Annual Report, Inclusive Culture (page 39)
		Economic contribution	• Revenue: note 3 of the Consolidated Financial Statements • Operating costs: Consolidated Income Statement • Employee wages and benefits: note 9 of the Consolidated Financial Statements • Payments to providers of capital: Consolidated Cash Flow Statement • Payments to government: Consolidated Cash Flow Statement • Community investment: Stakeholder Engagement (page 45)
		Final investment contribution	• Capital expenditure less depreciation: note 16 of the Consolidated Financial Statements • Dividend payments: note 11 of the Consolidated Financial Statements
	Innovation in better products and services	Total R&D expenses	Annual Report, R&D Spend (page 52)
	Community and social vitality	Total tax paid	Annual Report, Our Operational Footprint (page 37)

Company information and advisors

Directors

Philip Aiken	Chairman
Peter Herweck	Chief Executive Officer (appointed 1 May 2021)
	Non-Executive Director & Vice Chairman (resigned 1 May 2021)
Craig Hayman	Chief Executive Officer (resigned 1 May 2021)
	Director (resigned 7 July 2021)
James Kidd	Chief Strategy and Transformation Officer
Christopher Humphrey	Senior Independent Non-Executive Director
Jennifer Allerton	Independent Non-Executive Director
Paula Dowdy	Independent Non-Executive Director
Dr Ayesha Khanna	Independent Non-Executive Director (appointed 28 October 2021)
Ron Mobed	Independent Non-Executive Director
Anne Stevens	Independent Non-Executive Director (appointed 1 May 2022)
Olivier Blum	Non-Executive Director
Hilary Maxson	Non-Executive Director (appointed 1 August 2021)

Company Secretary

Helen Lamprell

Registered office

High Cross, Madingley Road
Cambridge, CB3 0HB

Registered number

2937296

Auditor

Ernst & Young LLP
One Cambridge Business Park
Cambridge, CB4 0WZ

Bankers

Barclays Bank plc
9–11 St Andrews Street
Cambridge, CB2 3AA

Solicitors

Ashurst LLP
London Fruit & Wool Exchange
1 Duval Square
London, E1 6PW

Mills & Reeve LLP
Botanic House
100 Hills Road
Cambridge, CB2 1PH

Stockbrokers

Numis Securities Limited
45 Gresham Street
London, EC2V 7BF

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London, E14 5JP

Registrars

Link Asset Services
6th Floor
65 Gresham Street
London, EC2V 7NQ

Financial PR

FTI Consulting
200 Aldersgate Street
London, EC1A 4H

Glossary

ACV: Annual Contract Value. The average annual revenue generated from a sales contract.

AGM: Annual General Meeting. The next annual meeting of AVEVA's shareholders will be held on 15 July 2022.

AI: Artificial Intelligence.

APAC: Asia Pacific.

AQR: Audit Quality Review. Monitoring the quality of the audit work of statutory auditors and audit firms within the UK by the FRC.

ARR: Annualised Recurring Revenue. The value of the contracted recurring revenue from subscriptions and maintenance in a one-year period. A non-GAAP measure, see page 206 for additional information.

BEIS: Department for Business, Energy and Industrial Strategy. A department of the UK government.

Bonus factor: Calculation reflecting the number of shares deemed to have been issued without consideration during the November 2020 rights issue.

CEO: Chief Executive Officer, Peter Herweck.

CFO: Chief Financial Officer, Brian DiBenedetto.

CSTO: Chief Strategy & Transformation Officer, James Kidd.

CPO: Chief People Officer, Caoimhe Keogan.

CGU: Cash Generating Unit. The smallest identifiable group of assets that generates cash inflows which are largely independent from those of other assets or groups of assets.

CO_2e: Carbon dioxide equivalent. The quantity of CO_2 that would provide an equivalent warming effect.

DEI: Diversity, Equity and Inclusion.

Digital Twin: A near-real-time digital image of a physical object or process that helps optimise business performance.

DRR: Directors' Remuneration Report. A report laying out the remuneration of AVEVA's Directors, in compliance with the Companies Act 2006.

DTR: Disclosure Guidance & Transparency Rules. Regulations applicable to certain companies listed on the London Stock Exchange, published by the FCA.

EBIT: Earnings Before Interest and Tax. A non-GAAP measure, see page 206 for additional information.

EBT: Employee Benefit Trust. A trust set up to facilitate the transfer of shares to AVEVA's employees on exercise of vested options under various share option schemes.

ED: Executive Director. A member of AVEVA's Board who is part of AVEVA's ELT.

ELT: Executive Leadership Team. AVEVA's executive management, responsible for the Group's day-to-day running.

EMEA: Europe, Middle East & Africa.

EPS: Earnings Per Share. The portion of profits attributable to each ordinary share in issue.

ERC: Executive Risk Committee. A committee, chaired by the CEO, containing all ELT members and various senior management members responsible for implementing risk management and developing the Group risk register.

ERP: Enterprise Resource Planning. Technology tools for the integrated management of business processes.

ESG: Environmental, Social and Governance.

EY: Ernst & Young, the Group's independent external auditors.

FCA: Financial Conduct Authority. An independent UK body responsible for regulating the conduct of UK financial markets and financial services firms.

FRC: Financial Reporting Council. An independent UK body responsible for regulating auditors, accountants and actuaries, and for setting the UK's Corporate Governance Code.

GAAP: Generally Accepted Accounting Practice. Commonly accepted methods for recording and reporting accounting transactions.

GDP: Gross Domestic Product.

GDPR: General Data Protection Regulation. An EU law on data protection and privacy transposed to UK law following Brexit.

GESPP: Global Employee Share Purchase Plan. An employee share plan aiming to increase employee share ownership. Allows participating employees to purchase AVEVA shares at a discount or be awarded additional matching shares.

GHG: Greenhouse gas, a gas that contributes to the greenhouse effect.

IASB: International Accounting Standards Board. An independent accounting standard-setting body.

IFRIC: Interpretations of accounting standards which are developed, issued and approved by the IASB.

IFRSs: International Financial Reporting Standards. Accounting standards issued by the IFRS Foundation and the IASB.

IIoT: Industrial Internet of Things. The networking of computers, sensors, instruments and other devices for industrial applications.

ISAs (UK): International Standards on Auditing (UK). Professional standards for the auditing of financial information in the UK, based upon standards issued by the International Auditing and Assurance Standards Board.

KPI: Key Performance Indicator. Measure that tracks AVEVA's performance against strategy and longer-term goals.

LTIP: Long-Term Incentive Plan. A share option scheme offered to AVEVA's senior employees.

NED: Non-Executive Director. A member of AVEVA's Board who is not part of AVEVA's executive management team.

NRR: Net Revenue Retention. The proportion of recurring revenue retained from existing customers.

OEM: Original Equipment Manufacturer.

Partners: The ecosystem of AVEVA partners, including distributors and strategic partners.

Pro Forma Results: Results prepared on the basis that the acquisition of AVEVA Group plc and OSIsoft, LLC occurred on 1 April 2020, and excluding the impact of the revenue haircut. A non-GAAP measure, see pages 203 to 204 for additional information.

PwC: PricewaterhouseCoopers, the Group's independent external auditor from the year ended 31 March 2023.

R&D: Research & Development.

RCF: Revolving Credit Facility. A line of credit providing AVEVA flexible financing with the ability to draw down, repay and draw down again.

RDEC: Research & Development Expenditure Credit. A UK tax-incentive scheme designed to encourage R&D investment within the UK.

Revenue Haircut: A fair value adjustment to revenue in the 12 months ended 31 March 2022 of £50.3 million (2021: £3.3 million), reflecting an acquisition accounting adjustment to acquired OSIsoft contract liabilities on completion of the OSIsoft acquisition. A non-GAAP measure, see page 205 for additional information.

SaaS: Software as a Service. A distribution model whereby AVEVA products are available to customers via the internet and consumed on a pay-for-use basis or as a subscription based on use metrics.

SDG: Sustainable Development Goal. A collection of 17 global goals set in 2015 by the United Nations General Assembly, intended to be achieved by 2030.

SES: Schneider Electric industrial software business. Combined with AVEVA in February 2018.

SLT: Strategic Leadership Team. A team comprising senior management, chaired by the CEO that oversees AVEVA's corporate strategic and business unit risks. Reports to the ERC.

SOX: Sarbanes-Oxley Act. US federal law mandating certain financial record-keeping practices, particularly relating to internal controls. The implementation of a UK SOX regime is under review by BEIS.

TCFD: Task Force on Climate-related Financial Disclosures. A task force responsible for making recommendations on improving and increasing the reporting of climate-related financial information. Recommendations cover four key areas: governance, strategy, risk management, and metrics and targets. AVEVA is reporting under TCFD for the first time in the year ended 31 March 2022.

TCV: Total Contract Value. The total revenue to be recognised over the life of a contract.

TSA: Transitional Services Agreement. An arrangement where Schneider Electric continues to provide infrastructure support and back-office resource for legal entities transferred in the sale to AVEVA, for a monthly fee and for an agreed time period.

TSR: Total Shareholder Return. A measure of the performance of AVEVA shares, combining capital growth and dividends paid to show total return to shareholders as an annualised percentage. A non-GAAP measure.

UOC: Unified Operations Centre. A central control room where data is collated and visualised enabling real-time operational performance management.

VIU: Value in Use. The net present value of future cash flows.

XaaS: A collective term that refers to the delivery of Anything as a Service.