AVEVA GROUP PLC

RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Solid financial results, integration of OSIsoft on-track

AVEVA Group plc ('AVEVA' or 'the Group') announces its preliminary results for the six months ended 30 September 2021.

On 19 March 2021, the Group announced the completion of the acquisition of OSIsoft, LLC (OSIsoft) enhancing AVEVA's ability to accelerate the digital transformation of the industrial world.

The statutory results[1] are for the combined AVEVA and OSIsoft business in H1 FY22 and for AVEVA only for H1 FY21. To provide a better understanding of the combined comparative trading performance and to improve transparency, non-statutory results are also shown for the combined Group on a pro forma basis[2].

We believe that the pro forma results give helpful insight into the performance of the Group and form a basis from which to consider the outlook.

Highlights

Combined AVEVA Group on a pro forma basis

- On an organic constant currency basis[3] pro forma revenue for the combined Group grew 9.0% and adjusted EBIT[4] grew 33.9%; while adjust diluted EPS grew 13.3% and included the tax benefit from the OSIsoft acquisition.
- Pro forma constant currency Annualised Recurring Revenue (ARR)[5] increased 9.2% to £711.4m (H1 FY21: £651.2m). The introduction of Subscription selling at OSIsoft will support growth in ARR going forward.
- After the impact of FX translation headwinds, pro forma revenue grew by 0.8% to £516.1m (H1 FY21: £512.2m) and pro forma adjusted EBIT grew 20.5% to £125.2m (H1 FY21: £103.9m), representing a margin of 24.3% (H1 FY21: 20.3%).
- Integration of the AVEVA and OSIsoft businesses has progressed well and the Board remains excited about the growth opportunities ahead.

Statutory results

- Revenue was £480.9m after the impact of the deferred revenue haircut (H1 FY21: £332.6m), representing an increase of 44.6%, most of which was due to the acquisition of OSIsoft.
- Loss from operations was £74.3m (H1 FY21: £23.2m) with the loss being primarily due to the amortisation of intangible assets of £115.8m (H1 FY21: £46.2m).
- Interim dividend is being increased 4.8% to 13.0p pence (H1 FY21: 12.4 pence).

Chief Executive Officer, Peter Herweck said:

“AVEVA achieved a good first half performance, delivering a solid set of results and laying foundations for future growth. The integration of the AVEVA and OSIsoft businesses has progressed well, with both cost and revenue synergies starting to materialise as planned.

End market conditions started to improve during the period following disruption caused by the Covid crisis. As a result, we are seeing the resumption of structural growth, driven by increased digitalisation and Net Zero projects, across a wide range of industry sectors. We are also observing an increase in activity in the Energy and Marine sectors as energy prices recover and demand for transportation increases.

We remain confident in the growth outlook and believe that our first half results form a strong foundation for us to build on and to meet our medium-term targets.”

Summary results

Combined AVEVA Group on a pro forma basis				
Six months ended 30 September	**2021**	**2020**	**Change**	**Organic constant currency**
Revenue	**£516.1m**	£512.2m	0.8%	9.0%
Annualised recurring revenue	**£711.4m**	£651.2m	-	9.2%
Adjusted EBIT	**£125.2m**	£103.9m	20.5%	33.9%
Adjusted diluted earnings per share	**37.38p**	32.98p	13.3%	-

AVEVA Group plc statutory results				
Six months ended 30 September	**2021**	**2020**	**Change**	**Constant currency**
Revenue	**£480.9m**	£332.6m	44.6%	55.8%
Loss from operations	**£74.3m**	£23.2m	220.3%	-
Basic earnings per share	**(27.07)p**	(10.11)p	-	-
Diluted earnings per share	**(27.07)p**	(10.11)p	-	-

Notes

[1] Statutory results include the results for the combined AVEVA Group for the 6 months to 30 September 2021 compared to the results of the standalone AVEVA business only for the 6 months to 30 September 2020. EPS in the prior period has been adjusted for a Bonus Factor of 0.8 to reflect the Bonus element of the November 2020 Rights Issue.

[2] Pro forma results include results for both AVEVA and OSIsoft for the 6 months to 30 September 2021 and the 6 months to 30 September 2020. In addition to this, the results have been adjusted to exclude the effect of the deferred revenue haircut under IFRS 3 (Business Combinations), which reduces current year statutory revenue.

[3] Organic constant currency revenue excludes a currency translation reduction of £40.8 million; and adjusts for the disposals of the Acquis Software, Termis Software and Water Loss Management Software businesses in June 2021 by removing the results of the disposals from each reporting period.

[4] Adjusted metrics are calculated before amortisation of intangible assets (excluding other software), share-based payments, gain/loss on fair value of forward foreign exchange contracts and exceptional items. Adjusted Earnings Per Share also includes the tax effects of these adjustments.

[5] ARR makes it easier to track recurring revenue progression by annualising revenue associated with Subscription, Cloud and Maintenance contracts. It removes distortions caused by revenue recognition standards by annualising the revenue associated with contracts at a point in time. It is calculated on a constant currency basis.

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Conference call details

AVEVA will host a conference call for registered participants, at 10.00 (GMT) today. A replay of the call will be made available later in the day. Conference calls dial in details: UK: 020 3936 2999, USA: 1 646 664 1960, all other locations: +44 203 936 2999. Conference call code: 527762.

Chief Executive's review

Summary

AVEVA had a solid first half of the financial year. The Group delivered a good financial performance and made significant operational progress in integrating OSIsoft, which was acquired just before the start of the period.

On a statutory basis, revenue for the period was £480.9 million which was 44.6% higher compared with the previous year (H1 FY21: £332.6 million). This change was due to the inclusion of OSIsoft in H1 FY21 and growth in the business, partly offset by negative FX translation due to the relative strengthening of Sterling, particularly in relation to the US Dollar.

Pro forma organic constant currency revenue grew by 9.0% and proforma adjusted EBIT increased 33.9% on the same basis. The revenue growth was driven by both the heritage AVEVA business, which increased revenue by 5.8% on an organic constant currency basis and the heritage OSIsoft business, which grew revenue by 14.9% on the same basis. The increase in adjusted EBIT was a result of the revenue growth and a slower increase in overall costs, which resulted in positive margin leverage.

On a reported pro forma basis (i.e. not adjusted for currency translation), Group revenue grew by 0.8% to £516.1 million (H1 FY21: £512.2 million). On the same basis, adjusted EBIT grew by 20.5% to £125.2 million (H1 FY21: £103.9 million). This reduction versus organic constant currency growth was largely due to the relative strength of the Group's reporting currency Sterling, versus the US Dollar, given that the majority of AVEVA's sales are made in US Dollars.

Integration

The integration of OSIsoft progressed well, in accordance with AVEVA's plans. The organisational model has been established and leadership roles determined.

AVEVA is on-track to achieve both cost and revenue synergies in-line with its acquisition model. Pre-tax cash cost synergies are expected of not less than $30 million per annum on a run rate basis by the year ending 31 March 2023. Revenue synergies of at least $100 million per annum are expected by the year ending 31 March 2026.

Progress toward achieving cost synergies includes the establishment of plans for removing duplication in office facilities, marketing, and IT. All of the cost synergies have been sized and have target delivery dates established. It is expected that most of the office duplication will be removed by the end of the current financial year.

Work towards achieving revenue synergies is also well established. The sales operating model has been determined and incentives have been put in place to drive product portfolio cross selling. The first cross sell synergy contracts have been closed through the direct sales force, the AVEVA partner channel and Schneider Electric.

The R&D organisation has been integrated and has accelerated work on the product portfolio roadmap to achieve interoperability between products to add greater value to customers. Good progress has been made, for example in integrating Data Hub and AVEVA Connect. Other major product integrations are underway, including integrating AVEVA Unified Operation Centre and AVEVA Advance Analytics with the PI System and will be launched in calendar year 2022.

Subscription transition

AVEVA also made good progress with its Subscription transition. The heritage AVEVA business achieved 16.2% growth in on-premise Subscription revenue and 29.2% growth in SaaS revenue on a constant currency basis. The heritage OSIsoft business did not have a material Subscription or SaaS offering during the first half, although these have now been introduced and are expected to support future growth in ARR.

AVEVA made significant progress in developing its Cloud business. Key products were launched on the Group's SaaS platform, AVEVA Connect. These included Unified Engineering, Unified Operations Control and Unified Supply Chain.

While absolute revenue from SaaS products was relatively small due to a low starting base, order wins by contract value were more than double revenue. Sales of Engineering products drove growth in the first half.

This is expected to continue, while being increasingly augmented by sales of Operations products as customers choose to move towards a hybrid Cloud deployment model.

AVEVA won a substantial number of new logos during the first half including Kairos Power and Técnicas Reunidas.

In the context of having not yet launched a Subscription offering, the growth that OSIsoft achieved did not make a full contribution to growth in ARR for the Group during the first half. Notwithstanding this, period end ARR for the combined AVEVA Group was £711.4 million (30 September 2020: £651.2 million). This represented a 12 month increase of 9.2% on a pro forma constant currency basis. This growth was driven by the heritage AVEVA business, which increased ARR by 10.5%, while OSIsoft increased ARR by 6.8%.

Pro forma regional performance

AVEVA is managed on a regional basis.

EMEA revenue was £172.2 million, representing a decrease of 3.6% (H1 FY21: £178.6 million) due to the impact of FX translation. On an organic constant currency basis, sales grew 3.5%. AVEVA achieved good growth in Eastern Europe and the Middle East in particular. On a product basis, Engineering, Asset Performance and Data Management achieved good growth.

Americas revenue grew by 1.8% to £225.3 million (H1 FY21: £221.3 million) due to the impact of FX translation. On an organic constant currency basis, sales grew 10.6%. The growth was broad based with all regions delivering a good performance. All business areas showed a year-on-year improvement, with growth being led by Monitoring & Control and Information Management.

Asia Pacific revenue was £118.6 million, representing an increase of 5.6% (H1 FY21: £112.3 million). On an organic constant currency basis, sales increased 14.5% with growth being led by a recovery in China. On a product basis, Planning & Operations, Monitoring & Control and Data Management achieved good growth.

Business units

Following the acquisition of OSIsoft, AVEVA has been organised into two business units: Engineering and Operations.

Engineering consists of Engineering and Simulation software. In turn, Engineering software includes Engineering & Design, Project Execution and Engineering Information Management. Simulation includes Simulation & Learning and Value Chain Optimisation.

Engineering contributed 29.9% of pro forma revenue in the period. On an organic constant currency basis, revenue increased by 6.2%.

AVEVA saw good demand for Engineering Information Management, Simulation & Learning and Value Chain Optimisation in particular.

End market conditions started to improve during the period following disruption caused by the Covid crisis. AVEVA's Engineering, Procurement and Construction (EPC) customers began to recover as both Net Zero projects and an improving general pipeline of greenfield asset construction projects started to build.

AVEVA's Owner Operator customers continued to drive their digital twin strategies, deploying the Engineering Information Management portfolio, with new customer wins at PTT and a leading semiconductor chip manufacturer.

Owner Operators also continued to drive carbon emission reduction programs across their integrated assets with our Value Chain Optimization portfolio, with new customer wins at Indian Oil and LyondellBasell.

In terms of end markets, there was an increase in orders from the Oil & Gas and Marine sector as energy prices recovered and demand for transportation increased. For example, AVEVA saw order wins with International Maritime Industries and Sinopec Engineering. Demand from the Chemicals market also grew as customers drove their circular economy agendas. Key wins came from Dupont and Beijing Petro Chemicals.

Operations consists of Asset Performance, Monitoring & Control and Information Management. In turn, Asset Performance consists of Asset Performance Management and Manufacturing Executions Systems software.

Monitoring & Control includes HMI SCADA, Enterprise Visualisation and Pipeline Management software. Information Management consists of the recently acquired OSIsoft business.

Operations contributed 70.1% of pro forma revenue in the period. On an organic constant currency basis, revenue increased 10.2%.

End market conditions improved versus the previous financial year, allowing for the resumption of structural growth driven by increased digitalisation across a wide range of industry sectors, with notable wins in Power, Mining, Consumer Packaged Goods and Energy.

Asset Performance Management delivered a strong performance, with growth in Energy and Utilities. For example, the Group achieved a recent large order win in Asset Performance Management with Saudi Aramco.

Monitoring & Control delivered good growth, while continuing the transition to a Subscription-based recuring revenue model. Again, AVEVA saw good wins in the Energy and Infrastructure sectors.

In Information Management, the OSIsoft business performed strongly and continued to win significant new business, for example in the Mining market with Vale.

Outlook

The Board remains confident in the outlook for AVEVA. Growth is expected to continue in the second half of the financial year on an organic constant currency basis, supported by a good contract pipeline and improving market conditions as economies recover from the Covid crisis.

Growth in AVEVA's ARR is expected to increase as Subscription offers are introduced for products from the acquired OSIsoft business and the proportion of SaaS sales rises.

Finance review

Overview

On 25 August 2020, AVEVA announced that it had reached agreement to acquire OSIsoft at an enterprise value of $5.0 billion. The transaction subsequently completed on 19 March 2021 and therefore the statutory results compare the performance of the combined AVEVA and OSIsoft business in H1 FY22 with the standalone AVEVA business in H1 FY21.

The finance review begins with a commentary of those statutory results and then covers pro forma results to show the underlying performance of the combined business.

Statutory results

On a statutory basis, revenue for the period was £480.9 million which was 44.6% higher compared with the previous year (H1 FY21: £332.6 million). This change was due to the inclusion of OSIsoft in H1 FY21 and growth in the business, partly offset by negative FX translation due to the relative strengthening of Sterling, particularly in relation to the Dollar.

Subscription revenue, which includes rental contracts and Cloud contracts, grew 17.7% to £134.1 million (H1 FY21: £113.9 million), primarily due to the growth in the heritage AVEVA business.

Maintenance revenue grew by 63.4% to £162.7 million (H1 FY21: £99.6 million), primarily due to the inclusion of OSIsoft in H1 FY21.

Perpetual licences grew 106.8% to £127.6 million (H1 FY21: £61.7 million), primarily due to the inclusion of OSIsoft in H1 FY21 and growth in the OSIsoft business.

Services revenue declined 1.6% to £56.5 million (H1 FY21: £57.4 million) due to a focus on higher margin software revenue.

Total statutory costs increased to £555.2 million (H1 FY21: £355.8 million). This increase was due to the acquisition of OSIsoft and the cost of sale, operating cost and amortisation of intangible assets associated with this.

The Group made a loss before tax of £80.3 million (H1 FY21: £24.2 million). This was due to the amortisation of intangible assets relating to AVEVA's combinations with the Schneider Electric industrial software business and OSIsoft.

Basic loss per share was (27.07)p (H1 FY21: (10.11)p and diluted earnings per share were (27.07)p (H1 FY21: (10.11)p).

The statutory tax charge was £1.2 million (H1 FY21: credit of £3.9 million).

Dividends

An interim dividend of 13.0 pence will be payable on 4 February 2022 to shareholders on the register on 7 January 2022. This represents an increase of 4.8% versus the prior year interim dividend (H1 FY21: 12.4 pence).

Operating cash flow

Cash generated from operating activities before tax was £(14.4) million, compared to £23.7 million generated in the previous year.

This negative amount was due to cash paid in the period in relation to the acquisition of OSIsoft of £65.5 million and other exceptional items of £17.8 million (H1 FY21: £31.1 million).

In addition to this, first half cash flow is impacted by the payment of bonus and sales commissions from the previous financial year, which in H1 FY22 included those related to OSIsoft.

Balance sheet

On 30 September 2021, AVEVA had net debt of £533.6 million (31 March 2021: £367.9 million). This reflects the $900 million term loan taken out to part finance the acquisition of OSIsoft, together with cash and treasury deposits of £136.6 million (31 March 2021: £286.9 million). The change in cash and treasury deposits mainly reflects £65.5 million paid in relation to the OSIsoft acquisition since the year end and dividend payments of £70.8 million. The remainder of the change in net debt in Sterling terms relates to currency translation.

Non-current assets were £5.7 billion (31 March 2021: £5.8 billion), reflecting goodwill and intangible assets that arose from the combination with the Schneider Electric industrial software business and the OSIsoft acquisition. Goodwill and intangible assets were £5.5 billion (31 March 2021: £5.6 billion).

Trade and other receivables were £266.5 million (31 March 2021: £317.0 million). Contract assets increased to £241.2 million from £215.6 million at 31 March 2021. This increase included the impact of new contract wins and a release of a forward-looking provision held against contract assets.

Contract liabilities were £232.5 million (31 March 2021: £239.7 million), reflecting a higher billing profile in the second half.

Pro forma results

The pro forma results are summarised below:

£m	**H1 FY22**	H1 FY21	Change	Organic constant currency
Revenue	**516.1**	512.2	**0.8%**	**9.0%**
Cost of sales	(106.6)	(110.2)	(3.3)%	3.1%
Gross profit	**409.5**	402.0	**1.9%**	10.6%
Operating expenses	(284.3)	(298.1)	**(4.6)%**	2.6%
Adjusted EBIT	**125.2**	103.9	**20.5%**	**33.9%**
Net interest	(6.0)	(9.3)	(35.5)%	-
Adjusted profit before tax	**119.2**	94.6	**26.0%**	-
Tax charge (charge) / credit	(6.0)	5.1	-	-
Adjusted profit after tax	**113.2**	99.7	**13.5%**	-
Adjusted diluted EPS (pence)	37.38p	32.98p	**13.3%**	-
Gross margin	79.3%	78.5%	+80bps	+10bps
Adjusted EBIT margin	24.3%	20.3%	+400bps	+460bps
Tax charge	(5.0)%	5.4%	-	-

Pro forma results include results for both AVEVA and OSIsoft for the 6 months to 30 September 2021 and the 6 months to 30 September 2020. In addition to this, the results have been adjusted to exclude the effect of the deferred revenue haircut under IFRS 3 (Business Combinations).

Adjusted metrics are calculated before amortisation of intangible assets (excluding other software), share-based payments, gain/loss on fair value of forward foreign exchange contracts and exceptional items. Adjusted Earnings Per Share also includes the tax effects of these adjustments.

Pro forma revenue

Revenue was £516.1 million, representing an increase of 0.8% (H1 FY21: £512.2 million). Organic constant currency revenue grew 9.0%, adjusted for a currency translation headwind of £40.8 million and minor disposals in the current year.

The revenue mix for the combined Group is shown below:

£m	**H1 FY22**	H1 FY21	Reported change	**Organic constant currency change**	% of H1 FY22 total
Subscription	**134.3**	123.7	8.6%	**15.2%**	26.0%
Maintenance	**197.5**	209.5	(5.7)%	**2.5%**	38.3%
Total recurring revenue	***331.8***	*333.2*	*(0.4)%*	***7.2%***	*64.3%*
Perpetual licences	**127.8**	119.8	6.7%	**17.6%**	24.8%
Services	**56.5**	59.2	(4.6)%	**1.5%**	10.9%
Total	**516.1**	512.2	0.8%	**9.0%**	100%

Subscription revenue grew by 8.6% to £134.3 million (H1 FY21: £123.7 million). On an organic constant currency basis the increase was 15.2%. This was driven by growth in sales of Subscription revenue within the heritage AVEVA business as the transition to a recuring revenue model continued.

Maintenance revenue declined by 5.7% to £197.5 million (H1 FY21: £209.5 million). On an organic constant currency basis there was an increase of 2.5%. This was driven by growth in Maintenance revenue associated with the growth of the OSIsoft business, which more than offset a decline in Maintenance revenue at the heritage AVEVA business due to the planned Subscription transition.

Perpetual licence revenue grew by 6.7% to £127.8 million (H1 FY21: £119.8 million). On an organic constant currency basis the increase was 17.6%. This was driven by strong growth from the heritage OSIsoft business, which had not yet moved to a Subscription offering in the first half.

Services revenue declined by 4.6% to £56.5million (H1 FY21: £59.2 million). On an organic constant currency basis the increase was 1.5%. This was driven by growth in the overall business, partly offset by a focus on higher margin software revenue.

Pro forma costs

An analysis of total expenses is summarised below. Overall, operating costs were a little behind AVEVA's plan, largely due to a tight labour market causing some delay in new hires.

£m	Cost of sales	R&D	Selling and distribution	Admin.	Net impairment gain / loss from financial assets	Total
Adjusted costs	**106.6**	**80.9**	**123.1**	**84.4**	**(4.1)**	**390.9**
H1 FY21	110.2	89.3	130.1	77.8	0.9	408.3
Change	*(3.3)%*	*(9.4)%*	(5.4)%	8.5%	-	(4.3)%
Organic constant currency	***3.1%***	**(3.0)%**	**0.9%**	**17.9%**	**-**	**2.7%**

Cost of sales decreased by 3.3% to £106.6 million (H1 FY21: £110.2 million). This decrease was due to FX translation. On a constant currency basis the increase was 3.1%. This was largely due to higher SaaS hosting costs.

Research & Development costs were £80.9 million (H1 FY21: £ 89.3 million), representing a decrease of 9.4%. On a constant currency basis the decrease was 3.0%. This was due a slight increase in employment costs more than offset by reductions in consultancy, IT costs and some delayed recruiting.

Selling and distribution expenses were £123.1 million (H1 FY21: £130.1 million), representing a decrease of 5.4%. On a constant currency basis the increase was 0.9%. The relatively flat costs represented inflation and higher run-rate costs entering the year offset by some savings on the timing of backfilling open positions.

Administrative expenses were £84.4 million (H1 FY21: £77.8 million), representing a increase of 8.5%. On a constant currency basis the increase was 17.9%. This was driven by higher costs in IT, finance and HR, due to increases in capacity being needed as the business scales.

Net impairment loss from financial assets represents the impairment of accounts receivable and contract assets. During the period there was a credit following a review of forward-looking provisions against contract assets. This reversal of provisions led to a positive figure of £4.1 million (FY20: negative £0.9 million).

Pro forma adjusted EBIT

Adjusted EBIT increased by 20.5% to £125.2 million (H1 FY21: £103.9 million). This resulted in an adjusted EBIT margin of 24.3% (H1 FY21: 20.3%).

Pro forma net interest charge

The combined pro forma interest charge assumes that the $900 million term loan was drawn down on 1 April 2020 and therefore a full year's interest is charged in each period. Total net interest was £6.0 million (H1 FY21: £9.3 million). The year-on-year reduction was largely due to lower LIBOR rates.

Pro forma taxation

The pro forma tax charge on adjusted profit before tax was £6.0 million (H1 FY21: credit of £5.1 million), which equates to an effective tax rate of 5.0% (H1 FY21: 5.4% credit). This tax charge factors in the benefit of UK and US tax incentives on intellectual property and the tax step-up relating to the acquisition of OSIsoft. Although the first half tax rate percentage is lower than the expected full year rate because while the tax deduction relating to the acquisition of OSIsoft accrues evenly over time, first half profits are typically lower than second half profits; we expect these factors to continue to benefit AVEVA's tax rate. On a full year basis, the expected tax rate on adjusted profit before tax is expected to be less than 10%.

Pro forma earnings per share

Pro forma diluted adjusted EPS increased by 13.3% to 37.38 pence (H1 FY21: 32.98 pence) as a result of the higher adjusted EBIT and a tax credit in the prior year.

Normalised and exceptional items

The normalised and exceptional items below have been excluded in presenting the adjusted results.

£m	**H1 FY22**	H1 FY21
Acquisition costs	0.7	16.3
Integration and restructuring activities	15.8	15.8
Other expense/(income)	17.7	(3.1)
Total exceptional items	**34.2**	29.0
Amortisation (excl. other software)	115.7	45.8
Share-based payments	14.1	4.6
Loss on FX contracts	0.3	0.1
Total normalised items	**130.1**	50.5

Acquisition and integration activities primarily related to consultancy fees paid to advisers and the costs of additional temporary resources due to the combination with OSIsoft, together with IT and systems integration.

Other expense relates to capital expenditure reimbursements from Schneider Electric in H1 FY21 and in H1 FY22, impairment relating to the decision to retire AVEVA steel fabrication software and a loss on the sale of assets (see Note 8 for further details).

Amortisation relates to the amortisation of the fair valued heritage AVEVA intangible assets under acquisition accounting, following the combination with the Schneider Electric industrial software business and the amortisation of intangibles relating to the OSIsoft acquisition. Of the £115.7m amortisation charge, £72.7m relates to the intangibles acquired through the OSIsoft acquisition.

Independent Review Report to AVEVA Group plc

Conclusion
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Cash Flow Statement and the related notes 1 to 17. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group will be prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting'.

Responsibilities of the directors
The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Auditor's responsibilities for the review of the financial information
In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion is based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report
This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
Birmingham
9 November 2021

Consolidated Income Statement

for the six months ended 30 September 2021

	Notes	Six months ended 30 September 2021 £m (unaudited)	Six months ended 30 September 2020 £m (unaudited)	Year ended 31 March 2021 £m (audited)
Revenue	5	**480.9**	332.6	820.4
Cost of sales		**(106.7)**	(83.9)	(181.3)
Gross profit		**374.2**	248.7	639.1
Operating expenses				
Research & Development costs		**(164.9)**	(92.7)	(184.5)
Selling and administrative expenses	7	**(270.0)**	(181.5)	(419.8)
Net impairment gain/(loss) on financial assets		**4.1**	(0.8)	(3.7)
Other (expense)/income	8	**(17.7)**	3.1	5.5
Total operating expenses		**(448.5)**	(271.9)	(602.5)
(Loss)/profit from operations		**(74.3)**	(23.2)	36.6
Finance revenue		**0.7**	0.1	0.6
Finance expense		**(6.7)**	(1.1)	(3.0)
(Loss)/profit before tax from continuing operations		**(80.3)**	(24.2)	34.2
Income tax (expense)/credit	9	**(1.2)**	3.9	(9.4)
(Loss)/profit for the period attributable to equity holders of the parent		**(81.5)**	(20.3)	24.8

	Notes	2021 £m	2020 £m	2021 £m
(Loss)/profit from operations		**(74.3)**	(23.2)	36.6
Amortisation of intangibles (excluding other software)		**115.7**	45.8	95.7
Share-based payments		**14.1**	4.6	16.3
Loss/(gain) on fair value of forward foreign exchange contracts		**0.3**	0.1	(0.7)
Exceptional items	8	**34.2**	29.0	78.5
Adjusted EBIT		**90.0**	56.3	226.4

	Notes	2021	2020	2021
(Loss)/earnings per share (pence)				
- basic	11	**(27.07)**	(10.11)	11.35
- diluted	11	**(27.07)**	(10.11)	11.27

All activities relate to continuing activities.

Consolidated Statement of Comprehensive Income

for the six months ended 30 September 2021

	Six months ended 30 September		Year ended 31 March
	2021	2020	2021
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
(Loss)/profit for the period	**(81.5)**	(20.3)	24.8
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange gain/(loss) arising on translation of foreign operations	**80.9**	(4.5)	20.7
Total of items that may be reclassified to profit or loss in subsequent periods:	**80.9**	(4.5)	20.7
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain/(loss) on defined benefit plans	**1.9**	(4.4)	(2.5)
Deferred tax effect	**(1.1)**	0.8	0.5
Total of items that will not be reclassified to profit or loss in subsequent periods	**0.8**	(3.6)	(2.0)
Total comprehensive income/(loss) for the period, net of tax	**0.2**	(28.4)	43.5

Consolidated Balance Sheet

30 September 2021

	Notes	As at 30 September 2021 £m (unaudited)	As at 30 September 2020 £m (unaudited)	As at 31 March 2021 £m (audited)
Non-current assets				
Goodwill		**3,955.0**	1,294.6	3,904.1
Other intangible assets		**1,558.3**	467.1	1,662.3
Property, plant and equipment		**46.0**	29.0	48.5
Right-of-use assets		**102.2**	73.3	111.9
Deferred tax assets		**38.4**	13.6	21.4
Trade and other receivables	13	**16.0**	22.7	19.4
Customer acquisition costs		**2.4**	–	0.3
Investments		**0.4**	–	0.4
Retirement benefit surplus		**15.1**	10.9	13.1
		5,733.8	1,911.2	5,781.4
Current assets				
Trade and other receivables	13	**266.5**	185.1	317.0
Contract assets		**241.2**	159.5	215.6
Treasury deposits		**0.3**	0.1	0.3
Cash and cash equivalents		**136.3**	79.8	286.6
Restricted cash		**7.3**	–	7.3
Financial assets		**0.4**	–	0.7
Current tax assets		**18.1**	27.5	18.9
		670.1	452.0	846.4
Total assets		**6,403.9**	2,363.2	6,627.8
Equity				
Issued share capital		**10.7**	5.7	10.7
Share premium	15	**2,842.1**	574.5	3,842.1
Other reserves		**1,292.4**	1,180.7	1,209.6
Retained earnings	15	**991.6**	111.8	130.3
Total equity		**5,136.8**	1,872.7	5,192.7
Current liabilities				
Trade and other payables	14	**140.9**	134.3	271.3
Contract liabilities		**232.5**	132.9	239.7
Loans and borrowings		–	20.0	–
Lease liabilities		**20.6**	15.5	22.9
Financial liabilities		–	0.5	–
Current tax liabilities		**10.9**	1.1	45.6
		404.9	304.3	579.5
Non-current liabilities				
Loans and borrowings	16	**669.5**	–	654.0
Lease liabilities		**81.8**	48.7	88.9
Deferred tax liabilities		**81.4**	104.6	82.0
Other liabilities	14	**15.5**	20.9	18.2
Retirement benefit obligations		**14.0**	12.0	12.5
		862.2	186.2	855.6
Total equity and liabilities		**6,403.9**	2,363.2	6,627.8

Consolidated Statement of Changes in Shareholders' Equity

30 September 2021

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves: Cumulative translation adjustments £m	Other reserves: Capital redemption reserve £m	Other reserves: Reverse acquisition reserve £m	Treasury shares £m	Total other reserves £m	Retained earnings £m	Total equity £m
At 1 April 2020 (audited)	5.7	574.5	615.6	22.6	101.7	452.5	(12.1)	1,180.3	181.2	1,941.7
Loss for the period	–	–	–	–	–	–	–	–	(20.3)	(20.3)
Other comprehensive loss	–	–	–	(4.5)	–	–	–	(4.5)	(3.6)	(8.1)
Total comprehensive loss	–	–	–	(4.5)	–	–	–	(4.5)	(23.9)	(28.4)
Share-based payments	–	–	–	–	–	–	–	–	4.6	4.6
Tax arising on share-based payments	–	–	–	–	–	–	–	–	2.7	2.7
Investment in own shares	–	–	–	–	–	–	(1.1)	(1.1)	–	(1.1)
Cost of employee benefit trust shares issued to employees	–	–	–	–	–	–	6.0	6.0	(6.0)	–
Equity dividends	–	–	–	–	–	–	–	–	(46.8)	(46.8)
At 30 September 2020 (unaudited)	5.7	574.5	615.6	18.1	101.7	452.5	(7.2)	1,180.7	111.8	1,872.7
Profit for the period	–	–	–	–	–	–	–	–	45.1	45.1
Other comprehensive income	–	–	–	25.2	–	–	–	25.2	1.6	26.8
Total comprehensive income	–	–	–	25.2	–	–	–	25.2	46.7	71.9
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	–	–	–	–	–	–	–	–	11.7	11.7
Tax arising on share-based payments	–	–	–	–	–	–	–	–	(0.6)	(0.6)
Cost of employee benefit trust shares issued to employees	–	–	–	–	–	–	3.7	3.7	(3.7)	–
Equity dividends	–	–	–	–	–	–	–	–	(35.6)	(35.6)
At 31 March 2021 (audited)	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 period	–	–	–	–	–	–	–	–	(81.5)	(81.5)
Other comprehensive income	–	–	–	80.9	–	–	–	80.9	0.8	81.7
Total comprehensive income	–	–	–	80.9	–	–	–	80.9	(80.7)	0.2
Share-based payments	–	–	–	–	–	–	–	–	14.1	14.1
Tax arising on share-based payments	–	–	–	–	–	–	–	–	1.1	1.1
Investment in own shares	–	–	–	–	–	–	(0.5)	(0.5)	–	(0.5)
Cost of employee benefit trust shares issued to employees	–	–	–	–	–	–	2.4	2.4	(2.4)	–
Equity dividends	–	–	–	–	–	–	–	–	(70.8)	(70.8)
Capital reduction	–	(1,000.0)	–	–	–	–	–	–	1,000.0	–
At 30 September 2021 (unaudited)	**10.7**	**2,842.1**	**615.6**	**124.2**	**101.7**	**452.5**	**(1.6)**	**1,292.4**	**991.6**	**5,136.8**

Consolidated Cash Flow Statement

for the six months ended 30 September 2021

	Six months ended 30 September		Year ended 31 March
	2021	2020	2021
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Cash flows from operating activities			
(Loss)/profit for the period	**(81.5)**	(20.3)	24.8
Income tax expense/(credit)	**1.2**	(3.9)	9.4
Net finance expense	**6.0**	1.0	2.4
Amortisation of intangible assets	**115.8**	46.2	96.3
Depreciation of property, plant and equipment and right-of-use assets	**18.7**	13.5	28.2
Loss on disposal of property, plant and equipment	**0.8**	0.2	1.0
Loss on disposal of intangibles	–	0.1	–
Impairment of intangibles	**14.9**	–	–
Gain on disposal of pension scheme	–	(0.4)	(0.3)
Loss on disposal of business	**2.8**	–	–
Share-based payments	**14.1**	4.6	16.3
Difference between pension contributions paid and amounts charged to operating profit	**0.4**	0.3	0.3
Research & Development expenditure tax credit	**(1.0)**	(1.4)	(3.1)
Changes in working capital:			
Trade and other receivables	**61.9**	39.2	(4.8)
Contract assets	**(25.2)**	(17.1)	(70.8)
Customer acquisition costs	**(2.1)**	–	(0.3)
Trade and other payables	**(133.1)**	5.5	5.5
Contract liabilities	**(8.4)**	(43.9)	(13.0)
Changes to fair value of forward foreign exchange contracts	**0.3**	0.1	(0.7)
Cash generated from operating activities before tax	**(14.4)**	23.7	91.2
Income taxes paid	**(44.5)**	(11.3)	(32.8)
Net cash generated from operating activities	**(58.9)**	12.4	58.4
Cash flows from investing activities			
Purchase of property, plant and equipment	**(4.3)**	(6.3)	(10.9)
Purchase of intangible assets	**(0.1)**	(0.8)	(0.5)
Payment on disposal of pension scheme	–	(0.3)	(0.3)
Acquisition of subsidiaries, net of cash acquired	–	–	(3,029.5)
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	**1.6**	–	–
Purchase of treasury deposits	–	–	(0.2)
Interest received	**0.5**	0.1	0.5
Net cash flows used in investing activities	**(2.3)**	(7.3)	(3,122.4)
Cash flows from financing activities			
Interest paid	**(6.6)**	(1.3)	(2.8)
Purchase of own shares	**(0.5)**	(1.1)	(1.1)
Proceeds from borrowings, net of fees incurred	–	20.0	645.6
Payment of principal element of lease liabilities	**(11.6)**	(8.6)	(18.5)
Proceeds from rights issue	–	–	2,835.5
Transaction costs on issue of shares	–	–	(28.6)
Payment of facility arrangement fees	–	–	(2.0)
Dividends paid to shareholders of the parent	**(70.8)**	(46.8)	(82.4)
Net cash flows used in financing activities	**(89.5)**	(37.8)	3,345.7
Net (decrease)/increase in cash and cash equivalents	**(150.7)**	(32.7)	281.7
Net foreign exchange difference	**0.4**	(2.0)	(109.6)
Opening cash and cash equivalents	**286.6**	114.5	114.5
Closing cash and cash equivalents	**136.3**	79.8	286.6

Notes to the Interim Report

1 The Interim Report

The Interim Report was approved by the Board on 9 November 2021. The interim condensed financial statements set out in the Interim Report are unaudited but have been reviewed by the auditor, Ernst & Young LLP, and their report to the Company is set out above.

2 Basis of preparation and accounting policies

a) Basis of preparation

This Interim Report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and as adopted by the UK, and the disclosure requirements of the Listing Rules.

The Interim Report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Annual Report for the year ended 31 March 2021.

The financial information set out within this report does not constitute AVEVA's consolidated statutory financial statements as defined in Section 434 of the Companies Act 2006. The results for the year ended 31 March 2021 have been extracted from the consolidated statutory financial statements for AVEVA Group plc for the year ended 31 March 2021 on which the auditor gave an unqualified report (which made no statement under Section 498(2) or 498(3) respectively of the Companies Act 2006 and did not draw attention to any matters by way of emphasis) and have been filed with the Registrar of Companies.

b) Accounting policies

Except for the application of UK-adopted international accounting standards, for which there are no material differences from International Financial Reporting Standards as issued by the IASB and adopted by the EU when applied to AVEVA, the Interim Report has been prepared on the basis of the accounting policies set out in the most recently published Annual Report of the Group for the year ended 31 March 2021. New standards and amendments effective from 1 April 2021 have not had an impact on the interim consolidated financial statements of the Group.

c) Non-GAAP measures

The Group presents the non-GAAP performance measure 'adjusted earnings before interest and tax (EBIT)' on the face of the Consolidated Income Statement and reconciles this to profit from operations as required to be presented under the applicable accounting standards. Adjusted EBIT is not defined by IFRSs and therefore may not be directly comparable with the adjusted EBIT measures of other companies. It is not intended to be a substitute for, or superior to, GAAP measures of profit. 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 same 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.

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 important and which could, if included, distort the understanding of the performance for the year and the comparability between periods.

The Group also presents pro forma results within the Chief Executive's Review and Finance Review. For the six months ended 30 September 2021, these represent 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. For the six months ended 30 September 2020, these include pre-acquisition OSIsoft results for the period, assumes no synergies or trading between the groups, and assumes 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 newly enlarged Group's results.

Additional information, definitions and reconciliations from GAAP measures are provided in the non-GAAP measures section below.

3 Going concern

In adopting the going concern basis for preparing the interim financial statements, the Group has considered the business activities, and principal risks and uncertainties in the context of the current operating environment. This includes expectations of business performance and estimated potential ongoing impact of global Covid-

19 pandemic and its subsequent impact upon the Group's cashflow, liquidity headroom and covenant forecasts.

At 30 September 2021, the Group held external debt in the form of a £669.5 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 30 September 2021. This facility is due for renewal in February 2024, with two one-year extension options subject to the lender's approval.

The Group has developed working capital financial models covering the period from the signing of this Interim Report to 31 December 2022. These include:

- **Scenario 1**: A base case scenario, representing the Group's forecasts for the period.
- **Scenario 2**: A stress case scenario, representing a severe but plausible downside where revenue is decreased 10% from the base case and there are moderate delays in cash collection (a 10-day increase in debtor days).
- **Scenario 3**: A more severe stress case where revenue is decreased 20% from the base case and there are severe delays in cash collection (a 20-day increase in debtor days).

Under Scenarios 1 and 2, there is no expected requirement to draw down on the RCF across the going concern period. Under Scenario 3, the Group would utilise the RCF, but within the current liquidity levels available. Throughout all scenarios, the Group has liquidity headroom on existing facilities and against the RCF financial covenants during the assessment period. Should a more extreme downside scenario occur, additional mitigating actions could be taken such as the cancellation or deferral of dividend payments and reductions in other discretionary operating costs.

The interim financial statements for the six months ended 30 September 2021 have therefore been prepared under the going concern basis of accounting.

4 Risks and uncertainties

There are several potential risks and uncertainties which could have a material impact on the Group's long-term performance. The principal risks and uncertainties as set out in the Annual Report for the year ended 31 March 2021 remain unchanged, except for Industrial digitalisation strategy which is no longer considered a principal risk. The unchanged risks are:

- Talent;
- Subscription;
- Cloud;
- Sustainability;
- OSIsoft integration;
- Competitors;
- Dependency on cyclical markets;
- AVEVA software products implicated in industrial accidents or customer cyber attack;
- Cyber attack;
- Regulatory compliance;
- Global economic disruption and declining GDPs;
- Internal IT systems (suitability and continuity); and
- Disruptive technologies.

Industrial digitalisation strategy is no longer considered to be a principal risk because:

- The market has evolved; the move towards digitalisation has accelerated within the last 24 months where customers have understood and accepted the imperative need to evolve. There is now a diminished need to convince customers to digitalise, rather it is the expected standard.
- Given this market evolution and AVEVA's strategic acquisition of OSIsoft, which further consolidates its position within the industrial digitalisation market, this is no longer a material threat to AVEVA over the next 18 months.
- AVEVA's strategy to grow its market share of industrial digitalisation now morphs into other existing principal risks, namely strategic risk elements of Cloud, Competitors, Sustainability, Subscription and OSIsoft integration.

These risks are described in more detail on pages 36 to 46 of the 2021 Annual Report. The Directors routinely monitor these risks and uncertainties, and appropriate actions are taken to manage them within agreed risk appetites. Included in the Chief Executive's Review is a commentary on the outlook of the Group for the remaining six months of the year.

At an executive level, risk management remains the responsibility of the Executive Risk Committee, who report to the Board on risk matters.

5 Revenue

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

Six months ended 30 September 2021 (unaudited)	**Services transferred at a point in time £m**	**Services transferred over time £m**	**Total £m**
Subscription	**60.6**	**73.5**	**134.1**
Maintenance	–	**162.7**	**162.7**
Perpetual licences	**127.6**	–	**127.6**
Services	–	**56.5**	**56.5**
	188.2	**292.7**	**480.9**

Six months ended 30 September 2020 (unaudited)	Services transferred at a point in time £m	Services transferred over time £m	Total £m
Subscription	53.2	60.7	113.9
Maintenance	–	99.6	99.6
Perpetual licences	61.7	–	61.7
Services	–	57.4	57.4
	114.9	217.7	332.6

Year ended 31 March 2021 (audited)	Services transferred at a point in time £m	Services transferred over time £m	Total £m
Subscription	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

6 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 Management, Finance and Legal. Balance sheet information is not included in the information provided to the ELT.

	Six months ended 30 September 2021 (unaudited)				
	Americas	**Asia Pacific**	**EMEA**	**Corporate**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Revenue					
Subscription	50.7	33.4	50.0	–	134.1
Maintenance	79.5	27.8	55.4	–	162.7
Perpetual licences	51.1	40.2	36.3	–	127.6
Services	23.1	13.6	19.8	–	56.5
Regional revenue total	**204.4**	**115.0**	**161.5**	**–**	**480.9**
Cost of sales[1]	(28.0)	(10.5)	(16.3)	(51.8)	(106.6)
Selling and administrative expenses[1]	(45.6)	(24.2)	(42.3)	(95.4)	(207.5)
Net impairment loss on financial assets	0.7	3.1	0.3	–	4.1
Regional contribution	**131.5**	**83.4**	**103.2**	**(147.2)**	**170.9**
Research & Development costs[1]					(80.9)
Adjusted EBIT					**90.0**
Exceptional items, other normalised adjustments[1] and net interest					(170.3)
Loss before tax					**(80.3)**

1. Cost of sales, Selling and administrative expenses and Research & Development costs exclude the impact of exceptional and normalised adjustments. Normalised adjustments include amortisation of intangible assets (excluding other software), share-based payments, and movements on fair value of forward exchange contracts.

	Six months ended 30 September 2020 (unaudited)				
	Americas	Asia Pacific	EMEA	Corporate	Total
	£m	£m	£m	£m	£m
Revenue					
Subscription	34.8	29.2	49.9	–	113.9
Maintenance	42.5	23.4	33.7	–	99.6
Perpetual licences	18.9	20.8	22.0	–	61.7
Services	22.1	13.7	21.6	–	57.4
Regional revenue total	118.3	87.1	127.2	–	332.6
Cost of sales[1]	(24.8)	(8.6)	(16.1)	(34.2)	(83.7)
Selling and administrative expenses[1]	(28.0)	(18.8)	(31.3)	(53.4)	(131.5)
Net impairment loss on financial assets	0.4	0.8	(2.0)	–	(0.8)
Regional contribution	65.9	60.5	77.8	(87.6)	116.6
Research & Development costs[1]					(60.3)
Adjusted EBIT					56.3
Exceptional items, other normalised adjustments[1] and net interest					(80.5)
Loss before tax					(24.2)

1. Cost of sales, Selling and administrative expenses and Research & Development costs exclude the impact of exceptional and normalised adjustments. Normalised adjustments include amortisation of intangible assets (excluding other software), share-based payments, and movements on fair value of forward exchange contracts.

	Year ended 31 March 2021 (audited)				
	Americas	Asia Pacific	EMEA	Corporate	Total
	£m	£m	£m	£m	£m
Revenue					
Subscription	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
Cost of sales[1]	(50.0)	(19.8)	(39.9)	(70.8)	(180.5)
Selling and administrative expenses[1]	(64.4)	(40.7)	(68.0)	(120.3)	(293.4)
Net impairment loss on financial assets	(1.0)	(1.8)	(0.9)	–	(3.7)
Regional contribution	150.0	159.0	224.9	(191.1)	342.8
Research & Development costs[1]					(116.4)
Adjusted EBIT					226.4
Exceptional items, other normalised adjustments[1] and net interest					(192.2)
Profit before tax					34.2

1. Cost of sales, Selling and administrative expenses and Research & Development costs exclude the impact of exceptional and normalised adjustments. Normalised adjustments include amortisation of intangible assets (excluding other software), share-based payments, and movements on fair value of forward exchange contracts.

7 Selling and administrative expenses

An analysis of selling and administrative expenses is set out below:

	Six months ended 30 September		Year ended 31 March
	2021	2020	2021
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Selling and distribution expenses	**157.5**	103.2	226.8
Administrative expenses	**112.5**	78.3	193.0
	270.0	181.5	419.8

8 Exceptional items

	Six months ended 30 September		Year ended 31 March
	2021	2020	2021
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Acquisition costs	**0.7**	16.3	44.4
Integration and restructuring	**15.8**	15.8	39.6
Other expense/(income)	**17.7**	(3.1)	(5.5)
	34.2	29.0	78.5

The total cash outflow during the year as a result of exceptional items was £35.1 million (H1 FY21: £31.1 million).

a) Acquisition costs
Current and prior year acquisition costs relate to adviser fees incurred as a result of the acquisition of OSIsoft, LLC which completed on 19 March 2021. These costs are not expected to significantly increase in the second half of the financial year.

b) Integration and restructuring
Integration and restructuring included £7.8 million in relation to the integration of OSIsoft, LLC, consisting primarily of consultancy fees paid to advisers and the costs of additional temporary resources. Costs of £8.0 million were incurred in relation to the integration of heritage AVEVA and Schneider Electric industrial software business, relating primarily to the implementation of a global ERP system.

Prior year integration and restructuring related to the integration of heritage AVEVA and the Schneider Electric industrial software business. Key activities included work undertaken to exit the Transitional Service Agreements (TSA) provided by Schneider Electric; costs incurred in the initial design and build phases of the new ERP system; and assistance from consultants to the Group in running programmes designed to deliver revenue and cost synergies.

c) Other expense/(income)
Other expense includes a £2.8 million loss on sale resulting from the disposal of the Acquis Software, Termis Software and Water Loss Management Software business. See note 12(b) for further details. £14.9 million relates to an impairment of intangible assets (developed technology and customer relationships) associated with the Group's steel fabrication business, following the announcement in July 2021 of these products' retirement. These assets are allocated across all operating segments. A discounted cash flow model was used to determine the value in use over the remaining life.

Prior year other income related to the reimbursement from Schneider Electric for capital expenditure incurred as part of the Group's migration activities covered by Transitional Services Agreements (TSA) following the combination of heritage AVEVA and SES in February 2018.

d) Tax impact
The tax credit on the exceptional items of £34.2 million (H1 FY21: £29.0 million) is £5.9 million (H1 FY21: £4.2 million).

9 Income tax expense
The total tax expense for the half year ended 30 September 2021 is £1.2 million (H1 FY21: credit of £3.9 million).

The effective tax rate on the loss before tax is (1.5)% (H1 FY21: 16.1%). The difference between the Group's effective tax rate and the US tax rate of 24.0% is due to a £17.0 million expense relating to the increase in the UK tax rate to 25% from 1 April 2023 and higher overseas tax rates.

The tax credit on adjusted profit before tax is £3.2 million (H1 FY21: expense of £9.5 million) which equates to an effective tax rate of (3.8)% (H1 FY21: 17.2%).

10 Ordinary dividends
The proposed interim dividend of 13.0 pence per ordinary share will be payable on 4 February 2022 to shareholders on the register on 7 January 2022. In accordance with IFRS, no provision for the interim dividend has been made in these financial statements.

The dividends relating to year ended 31 March 2021 were declared and paid relating to AVEVA Group plc.

An analysis of dividends paid is set out below:

	Six months ended 30 September		Year ended 31 March
	2021	2020	2021
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Final 2020/21 paid at 23.5 pence per ordinary share	70.8	–	–
Interim 2020/21 paid at 12.4 pence per ordinary share[1]	–	–	35.6
Final 2019/20 paid at 23.3 pence per ordinary share[1]	–	46.8	46.8
	70.8	46.8	82.4

1. Dividends per share for comparative periods have been restated and adjusted for a bonus factor of 0.80, to reflect the bonus element of the November 2020 rights issue. Previously stated dividends per ordinary share were interim 2019/20 dividend at 15.5 pence per ordinary share and final 2019/20 dividend at 29.0 pence per ordinary share.

11 Earnings per share

	Six months ended 30 September		Year ended 31 March
	2021	2020 (restated)[1]	2021
	pence	pence	pence
	(unaudited)	(unaudited)	(audited)
(Loss)/earnings per share for the period:			
- basic	**(27.07)**	(10.11)	11.35
- diluted	**(27.07)**	(10.11)	11.27
Adjusted earnings per share:			
- basic	**37.59**	22.82	81.86
- diluted	**37.38**	22.68	81.31

	Six months ended 30 September		Year ended 31 March
	2021	2020 (restated)[1]	2021
	number	number	number
	(unaudited)	(unaudited)	(audited)
EPS			
Weighted average number of ordinary shares for basic EPS	**301,103,964**	200,852,783	218,531,149
Effect of dilution: employee share options[2]	–	–	1,489,318
Weighted average number of ordinary shares adjusted for the effect of dilution	**301,103,964**	200,852,783	220,020,467
Adjusted EPS			
Weighted average number of ordinary shares for basic EPS	**301,103,964**	200,852,783	218,531,149
Effect of dilution: employee share options	**1,756,647**	1,178,921	1,489,318
Weighted average number of ordinary shares adjusted for the effect of dilution	**302,860,611**	202,031,704	220,020,467

1. Basic and adjusted EPS for September 2020 has been restated and adjusted for a bonus factor of 0.80 to reflect the bonus element of the November 2020 rights issue. Amounts originally stated as at 30 September 2020 were (12.60) pence basic earnings per share, (12.60) pence diluted earnings per share, 28.43 pence adjusted basic earnings per share, and 28.26 pence adjusted diluted earnings per share.
2. The effect of share options are anti-dilutive in the six months ended 30 September 2021 and the six months ended 30 September 2020 due to the Group recognising a net loss for the periods. They are therefore excluded from the diluted earnings per share calculation.

The calculation of EPS is based on the net loss attributable to equity holders of the parent for the six months ended 30 September 2021 of £81.5 million and the weighted average number of shares stated above.

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

	Six months ended 30 September		Year ended 31 March
	2021	2020	2021
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
(Loss)/profit after tax for the period	**(81.5)**	(20.3)	24.8
Intangible amortisation (excluding other software)	**115.7**	45.8	95.7
Share-based payments	**14.1**	4.6	16.3
Loss/(gain) on fair value of forward foreign exchange contracts	**0.3**	0.1	(0.7)
Exceptional items	**34.2**	29.0	78.5
Effect of acquisition accounting adjustments[1]	**35.2**	–	3.3
Tax effect on exceptional items	**(5.9)**	(4.2)	(15.1)
Tax effect on other normalised adjustments (excluding net finance expense)	**10.3**	(9.2)	(23.0)
Tax effect on acquisition accounting adjustments[1]	**(9.2)**	–	(0.9)
Adjusted profit after tax	**113.2**	45.8	178.9

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

12 Business combinations

a) Acquisition of OSIsoft, LLC

The Group acquired 100% of the voting shares of OSIsoft, LLC on 19 March 2021. See the Group's 2021 Annual Report for further details. Provisional fair values at acquisition were reported in note 14 of the 2021 Annual Report. This was revised in the six months to 30 September 2021 due to the finalisation of the completion accounts process. The revised fair values of identifiable assets acquired and liabilities assumed at the acquisition date, alongside the carrying values at acquisition, are:

	Carrying value at acquisition £m	Provisional fair value adjustment £m	Provisional 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	(11.2)	**10.8**
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	1,210.1	**1,303.3**
Current assets			
Trade and other receivables	75.6	(2.5)	**73.1**
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	(6.5)	**226.5**
Current liabilities			
Trade and other payables	(115.1)	(3.3)	**(118.4)**
Contract liabilities	(136.2)	60.5	**(75.7)**
Lease liabilities	(6.8)	–	**(6.8)**
Current tax liabilities	(29.9)	(7.6)	**(37.5)**
Total current liabilities	(288.0)	49.6	**(238.4)**
Non-current liabilities			
Lease liabilities	(37.9)	–	**(37.9)**
Retirement benefit obligations	(0.9)	–	**(0.9)**
Total non-current liabilities	(38.8)	–	**(38.8)**
Net identifiable assets and liabilities	(0.6)	1,253.2	**1,252.6**
Goodwill			**2,572.4**
Total consideration			**3,825.0**

These provisional fair values are subject to change. Final fair values will be reported in the Group's 2022 Annual Report.

b) Disposal of Acquis Software, Termis Software and Water Loss Management Software businesses

On 11 May 2021 the Group entered into an agreement whereby it agreed 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.

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

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

Net assets disposed comprised:

	Total £m (unaudited)
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.

Disposed goodwill of £5.2 million has been allocated to the following CGUs:
- £nil million to Americas
- £1.9 million to APAC
- £3.3 million to EMEA

13 Trade and other receivables

	30 September 2021 £m (unaudited)	30 September 2020 £m (unaudited)	31 March 2021 £m (audited)
Current			
Trade receivables	**189.4**	99.3	245.3
Amounts owed from related parties (note 16)	**21.9**	35.7	21.6
Prepayments and other receivables	**55.2**	50.1	50.1
	266.5	185.1	317.0
Non-current			
Prepayments and other receivables	**16.0**	22.7	19.4
	16.0	22.7	19.4

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

14 Trade and other payables

	30 September 2021	30 September 2020	31 March 2021
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Current			
Trade payables	**20.3**	20.4	39.6
Amounts owed to related parties (note 16)	**2.4**	1.9	1.5
Social security, employee and sales taxes	**21.1**	20.6	28.5
Accruals	**72.2**	76.4	176.8
Other payables	**24.9**	15.0	24.9
	140.9	134.3	271.3
Non-current			
Other liabilities	**15.5**	20.9	18.2
	15.5	20.9	18.2

Accruals as at 30 September 2021 has decreased from 31 March 2021 due to payment of one-off costs relating to the acquisition of OSIsoft, LLC and employee annual bonuses in the six months to 30 September 2021.

15 Capital reduction

The Group 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.

16 Related party transactions

Transactions between Group subsidiaries have been eliminated on consolidation.

a) Schneider Electric Group companies

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

	Six months ended 30 September		Year ended 31 March
	2021	2020	2021
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Sales of goods and services	**30.0**	33.4	62.2
Purchase of goods and services	**(1.1)**	(4.2)	(3.4)
Interest expense on term loan	**(3.9)**	–	(0.2)
Other non-trading transactions	**1.6**	9.2	13.7

At 30 September 2021, other non-trading transactions comprised the £1.6 million sale of Acquis Software, Termis Software and Water Management Software to Schneider Electric. See note 12(b) for further details. For the year-ended 31 March 2021, this comprised the reimbursement for expenditure incurred during the Group’s migration away from activities covered as part of the TSA with Schneider Electric. See note 8 for further details.

As at the balance sheet date, Group companies held the following balances with Schneider Electric Group companies:

	30 September 2021 £m (unaudited)	30 September 2020 £m (unaudited)	31 March 2021 £m (audited)
Trade and other receivables	**21.8**	24.6	18.9
Trade and other payables	**(2.4)**	(1.9)	(1.5)
Non-trading receivables	**0.1**	11.1	2.7
Term loan[1]	**(670.2)**	–	(654.8)

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

b) Transactions with other related parties

Dr J Patrick Kennedy controls 4.42% 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 companies in which Dr J Patrick Kennedy has a shareholding:

	Six months ended 30 September		Year ended 31 March
	2021 £m (unaudited)	2020 £m (unaudited)	2021 £m (audited)
Purchase of goods and services	**2.0**	–	0.1

17 Commitments and contingencies

	30 September 2021 £m (unaudited)	30 September 2020 £m (unaudited)	31 March 2021 £m (audited)
Bank guarantees	**10.9**	23.9	12.8
Parent Company guarantees	**49.4**	29.0	44.7
	60.3	52.9	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.

Non-GAAP Measures (unaudited)

Various non-GAAP measures are presented throughout this Interim Report, which management believe 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 a substitute for them.

The Group's adjusted results exclude the costs relating to major integration or restructuring events while including the benefits. They also exclude significant recurring expense relating to normalised items. Therefore, adjusted results will present a more favourable view than GAAP measures and should not be considered to be a complete picture of the Group's financial performance.

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

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

Non-GAAP measure	**Closest equivalent IFRS measure**	**Definition and purpose**	**Reconciliation / calculation**
Income statement – revenue measures			
Annualised recurring revenue (ARR)	No direct equivalent	The non-cancellable contract consideration related to 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 calculated on a constant currency basis. ARR growth is a component of the Group bonus scheme.	Consistent with definition given. This cannot be reconciled to an IFRS measure.
Revenue at constant currency	Revenue	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 potentially distorting effect of foreign exchange translation.	See section a below.
Organic revenue at constant currency	Revenue	Constant currency figures, adjusted for significant one-off events affecting year-on-year comparability, including acquisitions and disposals of subsidiaries. Organic constant currency enables measurement of performance on a comparable year-on-year basis without the potentially distorting effects of foreign exchange movements and merger & acquisition activity.	See section a below.
Recurring revenue	No direct equivalent	Recurring revenue is defined as subscription revenue plus maintenance revenue. 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 section a below.
Income statement – cost measures			
Adjusted costs	No direct equivalent	Expense excluding exceptional and normalised items. Adjusted costs allow for the comparison of results year-on-year without the potentially distorting effects of significant one-off items or items which do not relate to the underlying performance of the Group.	See section c below.

Adjusted costs at constant currency	No direct equivalent	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 potentially distorting effect of foreign exchange movements.	See section c below.
Exceptional items	No direct equivalent	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: • costs of significant restructuring exercises; • fees associated with business combinations; and • costs incurred in integrating acquired companies. In the six months ended 30 September 2021, exceptional items also includes the loss on disposal of a business and impairment of intangible assets following the decision to end-of-life the associated products. Exceptional items are excluded from statutory measures to determine adjusted results.	Exceptional items are included on the face of the Consolidated Income Statement. Further information on the nature of exceptional items is included within note 8 of the notes to the Interim Report.
Normalised items	No direct equivalent	These are recurring items which management consider to have a distorting effect on the underlying results of the Group. These include: • amortisation of intangible assets (excluding other software); • share-based payment charges; and • fair value adjustments on financial derivatives. Normalised items are excluded from statutory measures to determine adjusted results.	Normalised items are included on the face of the Consolidated Income Statement. Further information on the rationale for these items being normalised is included in note 2(c) of the notes to the Interim Report.
Income statement – profit measures			
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 potentially distorting 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.	A reconciliation is given on the face of the Consolidated Income Statement.
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 potentially distorting 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.	Consistent with definition given.
Adjusted EBIT margin	No direct equivalent	Adjusted EBIT as a percentage of revenue. Adjusted results allow for the comparison of results year-on-year without the potentially distorting 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.	Consistent with definition given.
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 potentially distorting effects of significant one-off items or items which do not relate to the underlying performance of the Group. Adjusted EPS is a	See note 11 of the notes to the Interim Report.

		measure of the underlying earnings per share for the Group. Adjusted diluted EPS growth is a performance condition for LTIP vesting.	
Adjusted profit after tax	Profit after tax	Profit after tax, adjusting for exceptional and normalised items and the tax effect of those items, and the revenue haircut and associated tax effect. The tax on normalised items includes the benefit from tax deductible goodwill and intangibles. Adjusted results allow for the comparison of results year-on-year without the potentially distorting effects of significant one-off items or items which do not relate to the underlying performance of the Group. Adjusted profit after tax is used in determining cash conversion, a long-term target for the Group.	See note 11 of the notes to the Interim Report.
Income statement – 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 b below.
Effective tax rate before exceptional items	No direct equivalent	Tax expense for the year per the income statement adjusted for the tax effect of exceptional items, expressed as a percentage of profit before tax and exceptional items. This provides an indication of the ongoing tax rate across the Group.	See section b below. The tax effect of exceptional items is provided in note 11 of the notes to the Interim Report.
Effective tax rate on adjusted profit before tax	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. The tax on normalised items includes the benefit from tax deductible goodwill and intangibles. This provides an indication of the ongoing tax rate across the Group.	See section b below. The tax effects of exceptional and normalised items are provided in note 11 of the notes to the Interim Report.
Income statement presentations			
Pro forma	Group GAAP results	Pro forma financial information does not represent the enlarged Group's actual results and does not purport to represent what the combined results would have been. Pro forma results are presented to provide a year-on-year performance comparison for the newly enlarged Group. Non-market performance conditions for LTIPs granted in the year-ended 31 March 2021 and the six months ended 30 September 2021 have been set using pro forma results as a baseline for measuring growth over the vesting period. Non-market performance conditions for unvested LTIPs granted in years prior to the year-ended 31 March 2021 have been revised to incorporate pro forma results. **Six months ended 30 September 2021** Pro forma results for the six months ended 30 September 2021 are prepared on an adjusted basis and modified for the deferred revenue haircut acquisition accounting adjustment made on acquisition of OSIsoft, LLC. **Six months ended 30 September 2020** Pro forma results for the six months ended 30 September 2020 have been prepared on the basis that: • The financial information is the combination of the consolidated financial statements of AVEVA Group	See section d below.

		plc and OSIsoft, LLC for the six months to 30 September 2020. • 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. **Pro forma organic constant currency** Pro forma organic constant currency results are prepared on the same basis as detailed above and additionally: • Results for the six months ended 30 September 2021 are translated at the comparative period exchange rates. • Results for disposed businesses are excluded from the current and prior year. **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.	

a) Constant currency revenue

Pro forma revenue by fee type

	Subscription £m	Maintenance £m	**Total recurring revenue £m**	Perpetual licences £m	Services £m	**Total £m**
Six months ended 30 September 2021						
Statutory revenue at actual rates	134.1	162.7	296.8	127.6	56.5	480.9
Revenue haircut	0.2	34.8	35.0	0.2	–	35.2
Pro forma revenue at actual rates	134.3	197.5	331.8	127.8	56.5	516.1
Impact of foreign exchange	8.2	17.0	25.2	12.2	3.4	40.8
Pro forma revenue at constant currency rates	142.5	214.5	357.0	140.0	59.9	556.9
Disposal of business	–	(0.6)	(0.6)	(0.1)	(0.1)	(0.8)
Pro forma organic revenue at constant currency rates	142.5	213.9	356.4	139.9	59.8	556.1
Six months ended 30 September 2020						
Statutory revenue at actual rates	113.9	99.6	213.5	61.7	57.4	332.6
Pre-acquisition OSIsoft revenue at actual rates	9.8	109.9	119.7	58.1	1.8	179.6
Pro forma revenue at actual rates	123.7	209.5	333.2	119.8	59.2	512.2
Disposal of business	–	(0.8)	(0.8)	(0.8)	(0.3)	(1.9)
Pro forma organic revenue at actual rates	123.7	208.7	332.4	119.0	58.9	510.3
Pro forma change at actual rates	8.6%	(5.7)%	(0.4)%	6.7%	(4.6)%	0.8%
Pro forma change at constant currency	15.2%	2.4%	7.1%	16.9%	1.2%	8.7%
Pro forma change at organic constant currency	15.2%	2.5%	7.2%	17.6%	1.5%	9.0%

Pro forma revenue by geographic region

	Americas £m	Asia Pacific £m	EMEA £m	**Total £m**
Six months ended 30 September 2021				
Statutory revenue at actual rates	204.4	115.0	161.5	480.9
Revenue haircut	20.9	3.6	10.7	35.2
Pro forma revenue at actual rates	225.3	118.6	172.2	516.1
Impact of foreign exchange	19.4	9.5	11.9	40.8
Pro forma revenue at constant currency rates	244.7	128.1	184.1	556.9
Disposal of business	–	(0.2)	(0.6)	(0.8)
Pro forma organic revenue at constant currency rates	244.7	127.9	183.5	556.1
Six months ended 30 September 2020				
Statutory revenue at actual rates	118.3	87.1	127.2	332.6
Pre-acquisition OSIsoft revenue at actual rates	103.0	25.2	51.4	179.6
Pro forma revenue at actual rates	221.3	112.3	178.6	512.2
Disposal of business	-	(0.6)	(1.3)	(1.9)
Pro forma organic revenue at actual rates	221.3	111.7	177.3	510.3
Pro forma change at actual rates	1.8%	5.6%	(3.6)%	0.8%
Pro forma change at constant current	10.6%	14.1%	3.1%	8.7%
Pro forma change at organic constant currency	10.6%	14.5%	3.5%	9.0%

b) Effective tax rate

	Six months ended 30 September		Year ended 31 March
	2021	2020	2021
	£m	£m	£m
Profit			
(Loss)/profit before tax	**(80.3)**	(24.2)	34.2
Exceptional items	**34.2**	29.0	78.5
(Loss)/Profit before tax and exceptional items	**(46.1)**	4.8	112.7
Normalised items			
- Amortisation of intangibles (excluding other software)	**115.7**	45.8	95.7
- Share-based payments	**14.1**	4.6	16.3
- Loss/(gain) on fair value of forward foreign exchange contracts	**0.3**	0.1	(0.7)
Profit before tax, exceptional items, and normalised items	**84.0**	55.3	224.0
Income tax			
Income tax expense/(credit)	**1.2**	(3.9)	9.4
Tax effect on exceptional items	**5.9**	4.2	15.1
Income tax expense before exceptional items	**7.1**	0.3	24.5
Tax effect on normalised items	**(10.3)**	9.2	23.0
Income tax (credit)/expense before exceptional items and normalised items	**(3.2)**	9.5	47.5
Effective tax rate			
Income tax expense/(credit)	**1.2**	(3.9)	9.4
(Loss)/profit before tax	**(80.3)**	(24.2)	34.2
Effective tax rate	**(1.5)%**	16.1%	27.5%
Effective tax rate before exceptional items			
Income tax expense before exceptional items	**7.1**	0.3	24.5
(Loss)/Profit before tax and exceptional items	**(46.1)**	4.8	112.7
Effective tax rate before exceptional items	**(15.4)%**	6.3%	21.7%
Effective tax rate on profit before tax, exceptional items, and normalised items			
Income tax (credit)/expense before exceptional items and normalised items	**(3.2)**	9.5	47.5
Profit before tax, exceptional items, and normalised items	**84.0**	55.3	224.0
Effective tax rate on profit before tax, exceptional items, and normalised items	**(3.8)%**	17.2%	21.2%

c) **Adjusted and constant currency cost**

	Cost of sales	Operating expenses: Research & Development	Operating expenses: Selling and distribution	Operating expenses: Administrative expenses	Operating expenses: Net impairment loss from financial assets	Other income	Total
	£m	£m	£m	£m	£m	£m	£m
Six months ended 30 September 2021							
Statutory cost at actual rates	106.7	164.9	157.5	112.5	(4.1)	17.7	555.2
Amortisation excl. other software	–	(84.0)	(31.7)	–	–	–	(115.7)
Share-based payments	–	–	–	(14.1)	–	–	(14.1)
Loss on FX contracts	–	–	–	(0.3)	–	–	(0.3)
Exceptional items	(0.1)	–	(2.7)	(13.7)	–	(17.7)	(34.2)
Adjusted costs at actual rates	106.6	80.9	123.1	84.4	(4.1)	–	390.9
Impact of foreign exchange	7.0	5.7	8.2	7.3	0.2	–	28.4
Adjusted costs at constant currency rates	113.6	86.6	131.3	91.7	(3.9)	–	419.3
Disposal of business	(0.4)	(0.2)	–	–	–	–	(0.6)
Organic costs at constant currency rates	113.2	86.4	131.3	91.7	(3.9)	–	418.7
Six months ended 30 September 2020							
Statutory cost at actual rates	83.9	92.7	103.2	78.3	0.8	(3.1)	355.8
Amortisation excl. other software	–	(32.3)	(13.5)	–	–	–	(45.8)
Share-based payments	–	–	–	(4.6)	–	–	(4.6)
Loss on FX contracts	–	–	–	(0.1)	–	–	(0.1)
Exceptional items	(0.2)	(0.1)	(1.6)	(30.2)	–	3.1	(29.0)
Adjusted costs at actual rates	83.7	60.3	88.1	43.4	0.8	–	276.3
Pre-acquisition OSIsoft costs at actual rates	26.5	29.0	42.0	34.4	0.1	–	132.0
Pro forma costs at actual rates	110.2	89.3	130.1	77.8	0.9	–	408.3
Disposal of business	(0.4)	(0.2)	–	–	–	–	(0.6)
Pro forma organic costs at actual rates	109.8	89.1	130.1	77.8	0.9	–	407.7
Pro forma change at actual rates	(3.3)%	(9.4)%	(5.4)%	8.5%	(555.6)%	–	(4.3)%
Pro forma change at constant currency	3.1%	(3.0)%	0.9%	17.9%	(533.3)%	–	2.7%
Pro forma change at organic constant currency	3.1%	(3.0)%	0.9%	17.9%	(533.3)%	–	2.7%

d) Pro forma results

6 months ended 30 September 2021

	Statutory	Normalised items	Exceptional items	Adjusted	Revenue haircut	Pro forma	Impact of foreign exchange	Pro forma constant currency	Disposal of business	Pro forma organic constant currency
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	480.9	–	–	480.9	35.2	516.1	40.8	556.9	(0.8)	556.1
Cost of sales	(106.7)	–	0.1	(106.6)	–	(106.6)	(7.0)	(113.6)	0.4	(113.2)
Gross profit	374.2	–	0.1	374.3	35.2	409.5	33.8	443.3	(0.4)	442.9
Operating expenses										
Research & Development costs	(164.9)	84.0	–	(80.9)	–	(80.9)	(5.7)	(86.6)	0.2	(86.4)
Selling and administrative expenses	(270.0)	46.1	16.4	(207.5)	–	(207.5)	(15.5)	(223.0)	–	(223.0)
Net impairment loss on financial assets	4.1	–	–	4.1	–	4.1	(0.2)	3.9	–	3.9
Other expense	(17.7)	–	17.7	–	–	–	–	–	–	–
Total operating expenses	(448.5)	130.1	34.1	(284.3)	–	(284.3)	(21.4)	(305.7)	0.2	(305.5)
(Loss)/profit from operations	(74.3)	130.1	34.2	90.0	35.2	125.2	12.4	137.6	(0.2)	137.4
Finance revenue	0.7	–	–	0.7	–	0.7	–	0.7	–	0.7
Finance expense	(6.7)	–	–	(6.7)	–	(6.7)	(0.5)	(7.2)	–	(7.2)
(Loss)/profit before tax	(80.3)	130.1	34.2	84.0	35.2	119.2	11.9	131.1	(0.2)	130.9

6 months ended 30 September 2020

	Statutory	Normalised items	Exceptional items	Adjusted	Pre-acquisition OSIsoft	Term loan interest	Pro forma	Disposal of business	Pro forma organic
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	332.6	–	–	332.6	179.6	–	512.2	(1.9)	510.3
Cost of sales	(83.9)	–	0.2	(83.7)	(26.5)	–	(110.2)	0.4	(109.8)
Gross profit	248.7	–	0.2	248.9	153.1	–	402.0	(1.5)	400.5
Operating expenses									
Research & Development costs	(92.7)	32.3	0.1	(60.3)	(29.0)	–	(89.3)	0.2	(89.1)
Selling and administrative expenses	(181.5)	18.2	31.8	(131.5)	(76.4)	–	(207.9)	–	(207.9)
Net impairment loss on financial assets	(0.8)	–	–	(0.8)	(0.1)	–	(0.9)	–	(0.9)
Other income	3.1	–	(3.1)	–	–	–	–	–	–
Total operating expenses	(271.9)	50.5	28.8	(192.6)	(105.5)	–	(298.1)	0.2	(297.9)
(Loss)/profit from operations	(23.2)	50.5	29.0	56.3	47.6	–	103.9	(1.3)	102.6
Finance revenue	0.1	–	–	0.1	0.1	–	0.2	–	0.2
Finance expense	(1.1)	–	–	(1.1)	(0.6)	(7.8)	(9.5)	–	(9.5)
(Loss)/profit before tax	(24.2)	50.5	29.0	55.3	47.1	(7.8)	94.6	(1.3)	93.3

Adjusted diluted earnings per share

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

	Six months ended 30 September		Year ended 31 March
	2021	2020	2021
	number	number	number
Weighted average number of ordinary shares adjusted for the effect of dilution	**302,860,611**	202,031,704	220,020,467
Adjustment for timing of rights issue[1]	–	100,303,142	82,337,239
Pro forma weighted average number of ordinary shares adjusted for the effect of dilution	**302,860,611**	302,334,846	302,357,706

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:

	Six months ended 30 September		Year ended 31 March
	2021	2020	2021
	£m	£m	£m
Pro forma profit before tax	**119.2**	94.6	338.7
Pro forma income tax	**(1.2)**	(5.5)	(2.8)
Pro forma tax effect of normalised and exceptional items, and revenue haircut	**(4.8)**	10.6	(17.4)
Pro forma profit after tax	**113.2**	99.7	318.5

	Six months ended 30 September		Year ended 31 March
	2021	2021	2021
	pence	Pence	pence
Pro forma adjusted diluted earnings per share	**37.38**	32.98	105.34

Responsibility Statement of the Directors
in respect of the Interim Report

The Directors of the Company confirm that to the best of our knowledge:

- the Interim Report has been prepared in accordance with IAS 34;
- the Interim Report includes a fair review of the information required by DTR 4.2.7R, being an indication of the important events that have occurred during the first six months of the financial year and a description of the principal risks and uncertainties for the remaining six months of the year; and
- the Interim Report includes a fair review of the information required by DTR 4.2.8R, being disclosure of related party transactions and changes therein since the last Annual Report.

The Directors of the Company are consistent with those listed in the 2021 Annual Report and Accounts, except for:

- the resignation of Craig Hayman with effect 7 July 2021;
- the appointment of Hilary Maxson as a Non-Executive Director with effect 1 August 2021; and
- the appointment of Dr Ayesha Khanna as an independent Non-Executive Director with effect 28 October 2021.

A list of current directors is maintained on the Company's website www.aveva.com.

By order of the Board

Peter Herweck
Chief Executive Officer

9 November 2021