

AVEVA GROUP PLC

RESULTS FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2022

AVEVA delivers 11.6% growth in Annualised Recurring Revenue

AVEVA Group plc ('AVEVA' or 'the Group') announces its results for the six months ended 30 September 2022.

Highlights

Key highlights

- Annualised Recurring Revenue (ARR)¹ increased 11.6% to £876.2m (H1 FY22: £785.2m).
- Pro forma recurring revenue² grew 6.9% on an organic constant currency basis and increased as a proportion of total pro forma revenue to 70.2% (H1 FY22: 64.3%), driven by subscription revenues which grew 23.2%, with SaaS revenue growth of 85.8%.
- On an organic constant currency basis³ pro forma revenue reduced by 2.5% and pro forma adjusted EBIT⁴ reduced 57.0% due to planned cost increases and seasonality in the phasing of cost increases. Including the benefit of currency translation, pro forma revenue grew by 7.3% and pro forma adjusted EBIT reduced by 41.8%.
- Cash conversion⁵ for the seasonally weaker first half improved year-on-year to 32.7%.
- R&D up 13%⁴ reflecting continued investment in cloud portfolio.

Statutory results

- Revenue was £551.5m (H1 FY22: £480.9m) representing an increase of 14.7%. This change was primarily due to FX translation. The performance differed from that of pro forma revenue due to a reduction in the deferred revenue haircut to £2.3 million (H1 FY22: £35.2 million).
- Loss from operations before tax was £77.6m (H1 FY22: loss of £74.3m). The loss was primarily due to the amortisation of intangible assets of £109.4 m (H1 FY22: £115.7m).
- Diluted loss per share was 26.52p (H1 FY22: 27.07p).
- Interim dividend of 13.0p (H1 FY22: 13.0p) payable on 9 December 2022 to shareholders on the register on 18 November 2022.

Summary results

Pro forma results

Six months ended 30 September	H1 2022	H1 2021	Change	Organic constant currency
Revenue	£553.8m	£516.1m	7.3%	(2.5)%
Annualised recurring revenue	£876.2m	£785.2m	-	11.6%
Adjusted EBIT	£72.9m	£125.2m	(41.8)%	(57.0)%
Adjusted diluted earnings per share	20.83p	37.38p	(44.3)%	-

Statutory results

Six months ended 30 September	H1 2022	H1 2021	Change
Revenue	£551.5m	£480.9m	14.7%
Loss from operations	£(77.6)m	£(74.3)m	4.4%
Basic loss per share	(26.52)p	(27.07)p	(2.0)%

Chief Executive Officer, Peter Herweck said:

“AVEVA’s business model transition to subscription and SaaS is accelerating with a good ARR progression to 11.6% in H1 driving recurring revenue up to over 70% of total revenue. The Group’s first half operating margin was impacted by higher costs, particularly relating to planned investment including in R&D and selling & distribution, plus the return of certain costs post-Covid.”

Notes

¹ ARR makes it easier to track recurring revenue progression by annualising revenue associated with subscription, cloud and maintenance contracts. It removes timing differences caused by revenue recognition standards by annualising the revenue associated with contracts at a point in time. ARR is calculated by dividing the non-cancellable contract consideration of subscription and maintenance contracts as at the reporting date by the number of days in the non-cancellable contract period and multiplying by 365. ARR is calculated on a constant currency basis, excludes the impact of lost business in Russia and is restated for consistency of methodology. ARR cannot be reconciled back to statutory results.

² Pro forma revenue excludes the impact of the deferred revenue haircut in both H1 FY23 and H1 FY22. In H1 FY23 it was £2.3 million and H1 FY22 it was £35.2 million. Recurring revenue is defined as all Subscription and Maintenance revenue. A reconciliation between non-GAAP and GAAP measures can be found in the Non-GAAP Measures section of this document.

³ Organic constant currency revenue and pro forma adjusted EBIT excludes a currency translation benefit of £53.2 million to revenue; the impact of the deferred revenue haircut; and adjusts for the disposals of the Acquis Software, Termis Software and Water Loss Management Software businesses in June 2021 and Bocad in April 2022, by removing the results of the disposals from the prior reporting period. A reconciliation between non-GAAP and GAAP measures can be found in the Non-GAAP Measures section of this document.

⁴ Pro forma adjusted metrics are calculated before the impact of the deferred revenue haircut, and where relevant amortisation of intangible assets, share-based payments, exceptional items and the tax effects of these adjustments. A reconciliation between non-GAAP and GAAP measures can be found in the Non-GAAP Measures section of this document.

⁵ Cash conversion is defined as free cash flow before tax excluding acquisition costs as a proportion of adjusted profit before tax. A reconciliation between non-GAAP and GAAP measures can be found in the Non-GAAP Measures section of this document.

Rule 26.1

In accordance with Rule 26.1 of the City Code on Takeovers and Mergers, a copy of this announcement will be available (subject to certain restrictions relating to persons resident in restricted jurisdictions) at <https://investors.aveva.com> by no later than 12 noon (London time) on the business day following the date of this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

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Presentation

There will not be a live presentation for these results. A recorded presentation is available on investors.aveva.com and AVEVA’s IR team are available to discuss the results.

Chief Executive's review

Summary

AVEVA made progress with its transition to greater subscription based revenues during the first half. On an organic constant currency basis ARR increased 11.6%, revenue reduced by 2.5% and pro forma adjusted EBIT decreased 57.0%. The reduction in revenue largely reflects the loss of point-in-time recognition associated with sales of perpetual licences, versus greater over time revenue recognition relating to sales of on premise and SaaS subscription licences.

On 21 September 2022, the boards of Schneider Electric and Ascot Acquisitions Holdings Limited and the AVEVA Independent Committee announced the terms of a recommended cash offer for AVEVA. The offer remains conditional on, among other matters, shareholders voting to approve the transaction at the shareholder meetings scheduled for 17 November 2022. The terms and conditions of the offer are outlined in the scheme document sent to shareholders dated 18 October 2022.

ARR and business model transition

AVEVA's business model is being moved towards a greater proportion of recurring revenue, through a focus on on-premises rental software and SaaS. ARR at 30 September 2022 was £876.2 million (H1 FY22: £785.2 million), representing a 12 month increase of 11.6%. The ARR growth in the half year period was driven by increased sales of on-premises rental software, which were supported by the move away from perpetual licences.

During the half year, on an organic constant currency basis, AVEVA grew on-premises rental software revenue by 17.4% to £144.4 million (H1 FY22: £123.0 million) and SaaS revenue by 85.8% to £21.0 million (H1 FY22: £11.3 million). The growth in SaaS revenue was primarily driven by orders won in FY22. Total recurring revenue increased 6.9% on an organic constant currency basis to reach 70.2% of total revenue (H1 FY22: 64.3%).

AVEVA made significant progress in developing its Cloud business. AVEVA DataHub continues to evolve progressively with a lot more capabilities to serve the demands of larger customers.

AVEVA Unified Operations in the cloud was accelerated to be released in early calendar year 2023. This further advanced product will enable hundreds of team members at a client to view the full operations of the enterprise without having to be in the physical control room, thus expanding the user base.

Lastly, the first version of Operations Control was released last quarter, which enables most of the HMI SCADA software to be purchased and available via the Group's SaaS platform, AVEVA Connect. This is all part of the hybrid strategy where AVEVA's on-premises software is interwoven with AVEVA Connect.

Pro forma regional performance

EMEA revenue was £184.5 million representing an increase of 7.1% (H1 FY22: £172.2 million) and an increase of 0.8% on an organic constant currency basis. AVEVA achieved good growth in the Middle East and Southern Europe. This was offset by a reduction in revenue in Central and Eastern Europe, with trading being impacted by the war in Ukraine. AVEVA won significant subscription orders with companies including Iberdrola and Enppi.

Americas revenue was £236.4 million representing an increase of 4.9% (H1 FY22: £225.3 million) and a decrease of 8.0% on an organic constant currency basis. This decrease was due to a fall in perpetual licence sales relating to AVEVA's business model transition, particularly in the indirect sales channel for HMI/SCADA licences.

Asia Pacific revenue was £132.9 million, representing an increase of 12.1% (H1 FY22: £118.6 million) and was up 3.3% on an organic constant currency basis. AVEVA saw good growth, particularly in the Marine industry where there has been increased activity in building ships which are powered by sustainable energy and also in the Energy sector. AVEVA won significant subscription orders with companies such as Hyundai Heavy Industries.

Business areas

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 31.1% of pro forma revenue in the period (H1 FY22: 29.9%). On an organic constant currency basis, revenue increased by 5.9%. Market conditions were helped by stronger energy prices and the need to build and operate industrial assets more sustainably, both of which are driving capital investment. Although supply chains and limits on access to materials are disruptive for AVEVA's customers revenue growth was solid across AVEVA's product areas, with particularly good growth in Simulation.

Operations consists of Asset Performance, Monitoring & Control and Information Management (PI System). 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 68.9% of pro forma revenue in the period (H1 FY22: 70.1%). On an organic constant currency basis, revenue decreased by 6.1%. Market conditions were mixed, with increased energy prices putting pressure on manufacturing margins. PI System revenue recognition was impacted by a move away from perpetual licences, although the business was more robust on an order win basis, and Asset Performance Management saw strong growth. Monitoring & Control was relatively weak, primarily due to factors including business model transition and a decline in HMI SCADA licences sold through the indirect channel.

Outlook

AVEVA serves a range of end markets. While some of these, such as Energy, Power and Infrastructure are relatively strong, others face a more uncertain economic and geopolitical outlook.

The Board continues to expect further improvement in AVEVA's ARR growth rate in the second half due to a greater weighting of contract wins and contract renewals, on which previously announced list price increases will take effect.

On a constant currency basis, AVEVA expects to achieve some revenue growth in the second half, notwithstanding a tough comparative in the third quarter driven by a large contract win in the prior year. Cost increases are expected to be significantly lower in the second half.

In addition, if current rates of FX persist, AVEVA second half revenues will continue to benefit from a significant currency translation gain relative to the prior year, due to the strength of the US dollar versus Sterling.

Peter Herweck
Chief Executive Officer
7 November 2022

Finance review

Overview

The finance review begins with a commentary of statutory results and then covers pro forma adjusted results to show the underlying performance of AVEVA's business. Pro forma adjusted metrics are calculated before the impact of the deferred revenue haircut relating to the acquisition of OSIsoft in March 2021, and where relevant amortisation of intangible assets, share-based payments, exceptional items and the tax effects of these adjustments.

Statutory results

On a statutory basis, revenue for the half year was £551.5 million which was 14.7% higher compared with the previous year (H1 FY22: £480.9 million). This change was due to an FX translation benefit of £53.2 million and a reduction in the deferred revenue haircut to £2.3 million (H1 FY22: £35.2 million).

Subscription revenue, which includes on-premise rental contracts and SaaS contracts, grew 33.3% to £178.8 million (H1 FY22: £134.1 million), due to increased sales of subscription products in line with AVEVA's strategy and an FX translation benefit.

Maintenance revenue grew by 27.6% to £207.6 million (H1 FY22: £162.7 million). This was due to a slight decline in revenue as certain contracts were moved to subscription, being more than offset by a reduction in the deferred revenue haircut and an FX translation benefit.

Perpetual licences declined 26.4% to £93.9 million (H1 FY22: £127.6 million). This was due to a reduction in sales in line with AVEVA's strategy to move towards greater subscription revenue being partly offset by an FX translation benefit.

Services revenue grew by 26.0% to £71.2 million (H1 FY22: £56.5 million) due to an increase in project implementations and an FX translation benefit.

Total statutory costs increased to £629.1 million (H1 FY22: £555.2 million). This was due to an increase in costs, particularly in R&D and Selling & Distribution, together with the impact of FX translation, partly offset by lower amortisation. The amortisation charge decreased to £109.4 million (H1 FY22: £115.7 million).

Cost of sales was £130.4 million (H1 FY21: £106.7 million) representing an increase of 22.2%. This was due to inflation, higher costs associated with delivering SaaS (such as hosting costs) and Services (such as labour costs), together with FX translation.

Research & Development costs were £182.0 million (H1 FY22: £164.9 million) representing an increase of 10.4%. This was due to inflation, investment made to deliver future growth and FX translation, partly offset by lower amortisation.

Selling and distribution expenses were £180.5 million (H1 FY22: £157.5 million) representing an increase of 14.6%. This was mainly due to inflation, increased investment in people and travel and FX translation, partly offset by lower amortisation and exceptional costs.

Administrative expenses were £133.1 million (H1 FY22: £112.5 million) representing an increase of 18.3%. This reflected cost inflation and FX translation.

The Group made a loss before tax of £89.1 million (H1 FY22: loss of £80.3 million). This was largely due to the amortisation of intangible assets relating to AVEVA's combinations with the Schneider Electric industrial software business and OSIsoft and exceptional costs.

Basic loss per share was 26.52 pence (H1 FY22: 27.07 pence) and diluted loss per share was also 26.52 pence (H1 FY22: 27.07 pence).

The statutory tax credit was £9.1 million (H1 FY22: charge of £1.2 million). The increase in the tax credit compared to the prior year largely relates to the recognition of the cost of the increase in the UK tax rate from 19% to 25% in H1 FY22.

Operating cash flow

Cash generated from operating activities before tax was £53.4 million, compared to £(14.4) million in the previous year due to a better working capital performance.

Cash conversion, defined as free cash flow before tax excluding acquisition costs as a proportion of pro forma adjusted profit before tax, was 32.7% (H1 FY22: 23.9%) also due to a better working capital performance.

Dividend

AVEVA announced an interim dividend of 13.0 pence per share (H1 FY22: 13.0 pence). The interim dividend will be payable on 9 December 2022 to shareholders on the register on 18 November 2022. The record date and payment date for the interim dividend have been brought forward for FY23. In the event that Schneider Electric's recommended offer for AVEVA, the terms of which are set out in the scheme document sent to shareholders dated 18 October 2022, completes in the first part of Q1 2023, this will ensure that the interim dividend is paid to shareholders ahead of such completion date.

Balance sheet

On 30 September 2022, AVEVA had net debt of £601.6 million (31 March 2022: £405.2 million). Net debt is defined as loans and borrowings minus cash and cash equivalents. This reflects the \$900 million term loan taken out to partly finance the acquisition of OSIsoft, together with cash of £203.8 million (31 March 2022: £279.3 million). The increase in net debt was largely due to a negative impact of currency translation £105.3 million and the payment of dividends of £73.9 million.

Non-current assets were £6.3 billion (31 March 2022: £5.7 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 £6.0 billion (31 March 2022: £5.5 billion). This movement was due to amortisation being more than offset by FX translation.

Trade and other receivables were £287.2 million (31 March 2022: £381.2 million). Contract assets increased to £343.4 million from £302.1 million at 31 March 2022. This increase included the impact of new on-premises subscription contract wins with point in time revenue recognition and FX translation of £29.5 million.

Contract liabilities were £313.0 million (31 March 2022: £328.2 million). This reflected the conversion of maintenance contracts to on-premises subscription contracts, a reduction in Maintenance contract wins, and the unwinding of the deferred revenue haircut, which arose from the acquisition of OSIsoft and FX translation.

Pro forma results

The pro forma results are summarised below:

£m	H1 FY23	H1 FY22	Change	Organic constant currency
Revenue	553.8	516.1	7.3%	(2.5)%
Cost of sales	(130.4)	(106.6)	22.3%	13.2%
Gross profit	423.4	409.5	3.4%	(6.6)%
Operating expenses	(350.5)	(284.3)	23.3%	15.5%
Pro forma adjusted EBIT	72.9	125.2	(41.8)%	(57.0)%
Net interest	(11.5)	(6.0)	91.7%	
Pro forma adjusted profit before tax	61.4	119.2	(48.5)%	
Tax credit / (charge)	1.9	(6.0)	(131.7)%	
Pro forma adjusted profit after tax	63.3	113.2	(44.1)%	
Pro forma adjusted diluted EPS (pence)	20.83	37.38	(44.3)%	-
Gross margin	76.5%	79.3%	(280)bps	(330)bps
Pro forma adjusted EBIT margin	13.2%	24.3%	(1,110)bps	(1,350)bps
Tax (credit) / charge	(3.1)%	5.0%	(810)bps	-

Pro forma adjusted metrics are calculated before the impact of the deferred revenue haircut, and where relevant amortisation of intangible assets, share-based payments, exceptional items and the tax effects of these adjustments.

Organic constant currency revenue and pro forma adjusted EBIT excludes a currency translation benefit of £53.2 million to revenue; the impact of the deferred revenue haircut; and adjusts for the disposals of the Acquis Software, Termis Software and Water Loss Management Software businesses in June 2021 and Bocad in April 2022, by removing the results of the disposals from the prior reporting period.

Pro forma revenue

Revenue was £553.8 million, representing an increase of 7.3% (H1 FY22: £516.1 million) due to a positive FX translation benefit. Organic constant currency revenue reduced 2.5%, after removing the currency translation benefit and adjusting for £2.8 million of disposals in the prior year.

The revenue mix for the combined Group is shown below:

	H1 FY23	H1 FY22	Reported change	Organic constant currency change	% of H1 FY23 total
On-premises rental	156.3	123.0	27.1%	17.4%	28.2%
SaaS	22.5	11.3	99.1%	85.8%	4.1%
Total subscription revenue	178.8	134.3	33.1%	23.2%	32.3%
Maintenance	209.9	197.5	6.3%	(4.3)%	37.9%
Total recurring revenue	388.7	331.8	17.1%	6.9%	70.2%
Perpetual licences	93.9	127.8	(26.5)%	(35.3)%	17.0%
Services	71.2	56.5	26.0%	16.5%	12.8%
Total	553.8	516.1	7.3%	(2.5)%	100.0%

Subscription revenue growth was driven by sales of on-premises rental contracts, which grew 17.4% on an organic constant currency basis, as the transition to a recurring revenue model continued, particularly at OSIsSoft, as it accelerated its business model transition. Within subscription, SaaS revenue grew 85.8% on the

same basis to £22.5 million (H1 FY22: £11.3 million) and SaaS ACV grew 26.7% in the first half driven by an increase in Flex subscription contracts.

Maintenance revenue declined on an organic constant currency basis due to a focus on selling subscription and conversions from maintenance to subscription in both the prior and current financial years.

Total recurring revenue increased 6.9% on an organic constant currency basis to reach 70.2% of total revenue (H1 FY22: 64.3%).

The decline in Perpetual licences was primarily due to AVEVA's focus on selling subscription contracts, together with a decline in HMI SCADA licenses sold through the indirect channel.

The increase in Services revenue was due to project delivery for certain growth areas of the business, such as Asset Performance Management.

The revenue mix for the combined Group showing point in time versus overtime revenue recognition is shown below:

£m	H1 FY23			H1 FY22		
	Revenue point in time	Revenue over time	Total	Revenue point in time	Revenue over time	Total
On-premises rental	86.3	70.0	156.3	60.6	62.4	123.0
SaaS	-	22.5	22.5	-	11.3	11.3
Total subscription	86.3	92.5	178.8	60.6	73.7	134.3
Maintenance	-	209.9	209.9	-	197.5	197.5
Total recurring revenue	86.3	302.4	388.7	60.6	271.2	331.8
Perpetual licences	93.9	-	93.9	127.8	-	127.8
Services	-	71.2	71.2	-	56.5	56.5
Total	180.2	373.6	553.8	188.4	327.7	516.1

Of the total revenue recognised in H1 FY23, £373.6 million (H1 FY22: £327.7million) was recognised over time representing 67.5% of the total (H1 FY22: 63.5%).

Revenue recognised at a point in time was £180.2 million (H1 FY22: £188.4 million) representing 32.5% of total revenue (H1 FY22: 36.5%). Of this £86.3 million (H1 FY22: £60.6 million) related to on-premises rental subscription contracts and represented 15.6% of total revenue in the year (H1 FY22: 11.7%).

Pro forma costs

An analysis of total expenses is summarised below. Overall, on an organic constant currency basis costs were impacted by wage inflation and the return of certain costs that were suppressed during the Covid pandemic, such as travel and in-person events. On a reported basis, Sterling costs were further impacted by currency translation as Sterling has weakened versus some other currencies, particularly the US dollar, and it accounts for a relatively small proportion of AVEVA's costs.

£m	Cost of sales	R&D	Selling and distribution	Admin.	Net impairment gain / loss from financial assets	Total
Adjusted costs	130.4	100.0	152.4	98.1	-	480.9
H1 FY22	106.6	80.9	123.1	84.4	(4.1)	390.9
<i>Change</i>	22.3%	23.6%	23.8%	16.2%	(100.0)%	23.0%
<i>Organic constant currency</i>	13.2%	13.0%	15.2%	12.8%	(100.0)%	14.9%

Cost of sales increased on an organic constant currency basis, primarily due to higher costs associated with delivering services in line with the increase in service revenue and an increase in hosting costs relating to the delivery of SaaS solutions as this area of the business grew.

Research & Development costs increased on an organic constant currency basis due to investment in the development of cloud products and higher employment costs.

Selling and distribution expenses increased on an organic constant currency basis due to increased investment in the sales force and marketing, together with higher travel costs and in-person sales and customer events.

Administrative expenses increased on an organic constant currency basis due to higher costs in support functions, particularly Legal, Finance and HR.

Net impairment loss from financial assets represents the impairment of accounts receivable and contract assets. The reduction is due to a credit in the previous year. This related to the reversal of forward-looking provisions against contract assets which had been made in response to the Covid-19 pandemic.

Pro forma adjusted EBIT

Pro forma adjusted EBIT decreased by 41.8% to £72.9 million (H1 FY22: £125.2 million). This resulted in a pro forma adjusted EBIT margin of 13.2% (H1 FY22: 24.3%).

Net interest charge

Total net interest was £11.5 million (H1 FY22: £6.0 million). The year-on-year increase was due to higher LIBOR rates, which impact the rate that AVEVA pays on its \$900 million term loan and currency translation.

Pro forma taxation

The pro forma tax credit on pro forma profit before tax was £1.9 million (H1 FY22: charge of £6.0 million), which equates to an effective tax rate of (3.1)% (H1 FY22: 5.0%). This tax credit includes the cost of irrecoverable withholding tax and alternative minimum taxes.

Pro forma earnings per share

Pro forma diluted adjusted EPS decreased by 44.3% to 20.83 pence (H1 FY22: 37.38 pence) primarily due to the lower pro forma adjusted EBIT.

Normalised and exceptional items

The normalised and exceptional items below have been excluded in presenting the adjusted results. See below for a summary and Note 7 for fuller details.

£m	H1 FY23	H1 FY22
Acquisition costs relating to OSIssoft	-	0.7
Integration of OSIssoft	14.9	7.8
Integration of Schneider Electric industrial software business	3.4	8.3
Disposals (see note 7)	3.1	2.8
Retirement of steel fabrication business	-	14.9
Proposed acquisition of AVEVA by Schneider Electric	3.4	-
Total exceptional items	24.8	34.5
Amortisation	109.4	115.7
Share-based payments	14.0	14.1
Total normalised items	123.4	129.8

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 OSIssoft acquisition. Of the £109.4 million amortisation charge, £83.0 million relates to the intangibles acquired through the OSIssoft acquisition.

Brian DiBenedetto
Chief Financial Officer
7 November 2022

Independent review report to AVEVA Group plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed AVEVA Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Report of AVEVA Group plc for the 6 month period ended 30 September 2022 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Consolidated Balance Sheet as at 30 September 2022;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Cash Flow Statement for the period then ended;
- the Consolidated Statement of Changes in Shareholders' Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report of AVEVA Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. 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.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with this ISRE. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim Report, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Cambridge
7 November 2022

Consolidated Income Statement

for the six months ended 30 September 2022

	Notes	Six months ended		Year ended
		30 September		31 March
		2022	2021	2022
		£m	£m	£m
		(unaudited)	(unaudited)	(audited)
Revenue	5	551.5	480.9	1,185.3
Cost of sales		(130.4)	(106.7)	(232.5)
Gross profit		421.1	374.2	952.8
Operating expenses				
Research & Development costs		(182.0)	(164.9)	(343.3)
Selling and distribution expenses		(180.5)	(157.5)	(345.4)
Administrative expenses		(133.1)	(112.5)	(246.3)
Net impairment gain/(loss) on financial assets		–	4.1	(6.7)
Other expense		(3.1)	(17.7)	(17.6)
Total operating expenses		(498.7)	(448.5)	(959.3)
Loss from operations		(77.6)	(74.3)	(6.5)
Finance income		1.3	0.7	1.9
Finance expense		(12.8)	(6.7)	(14.0)
Loss before tax from continuing operations		(89.1)	(80.3)	(18.6)
Income tax credit/(expense)	8	9.1	(1.2)	(44.0)
Loss for the period attributable to equity holders of the parent		(80.0)	(81.5)	(62.6)
Loss from operations		(77.6)	(74.3)	(6.5)
Amortisation of intangible assets		109.4	115.7	226.1
Share-based payments		14.0	14.1	27.4
Exceptional items	7	24.8	34.5	67.8
Adjusted EBIT		70.6	90.0	314.8
Loss per share (pence)				
- basic	10	(26.52)	(27.07)	(20.78)
- diluted	10	(26.52)	(27.07)	(20.78)

All activities relate to continuing activities.

Consolidated Statement of Comprehensive Income

for the six months ended 30 September 2022

	Six months ended		Year ended
	30 September		31 March
	2022	2021	2022
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Loss for the period	(80.0)	(81.5)	(62.6)
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange gain arising on translation of foreign operations	603.5	80.9	159.1
Total of items that may be reclassified to profit or loss in subsequent periods:	603.5	80.9	159.1
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial remeasurements on retirement benefits	(4.1)	1.9	3.4
Deferred tax on actuarial remeasurements on retirement benefits	1.3	(1.1)	(2.2)
Deferred tax on losses and other timing differences	–	–	2.9
Total of items that will not be reclassified to profit or loss in subsequent periods	(2.8)	0.8	4.1
Total comprehensive income for the period, net of tax	520.7	0.2	100.6

Consolidated Balance Sheet

30 September 2022

		30 September 2022 £m (unaudited)	30 September 2021 £m (unaudited)	31 March 2022 £m (audited)
	Notes			
Non-current assets				
Goodwill	12	4,483.9	3,955.0	4,004.6
Other intangible assets	12	1,558.3	1,558.3	1,472.5
Property, plant and equipment		48.3	46.0	44.7
Right-of-use assets		104.1	102.2	95.1
Deferred tax assets		72.9	38.4	47.2
Trade and other receivables	13	6.9	16.0	8.4
Customer acquisition costs		7.0	2.4	6.3
Investments		2.2	0.4	0.4
Retirement benefit surplus		10.7	15.1	16.6
		6,294.3	5,733.8	5,695.8
Current assets				
Trade and other receivables	13	287.2	267.2	381.2
Contract assets		343.4	241.2	302.1
Cash and cash equivalents	14	203.8	136.3	279.3
Restricted cash		–	7.3	–
Current tax assets		8.6	18.1	12.1
		843.0	670.1	974.7
Total assets		7,137.3	6,403.9	6,670.5
Equity				
Issued share capital		10.7	10.7	10.7
Share premium		2,842.1	2,842.1	2,842.1
Other reserves		1,972.1	1,292.4	1,370.4
Retained earnings		841.8	991.6	986.0
Total equity		5,666.7	5,136.8	5,209.2
Current liabilities				
Trade and other payables	15	156.0	140.9	224.0
Contract liabilities		313.0	232.5	328.2
Lease liabilities		22.7	20.6	22.1
Current tax liabilities		12.9	10.9	33.8
		504.6	404.9	608.1
Non-current liabilities				
Loans and borrowings	16a	805.4	669.5	684.5
Lease liabilities		83.8	81.8	73.3
Deferred tax liabilities		63.3	81.4	71.2
Other liabilities	15	–	15.5	10.7
Retirement benefit obligations		13.5	14.0	13.5
		966.0	862.2	853.2
Total equity and liabilities		7,137.3	6,403.9	6,670.5

Consolidated Statement of Changes in Shareholders' Equity

30 September 2022

	Share capital £m	Share premium £m	Other reserves				Treasury shares £m	Total other reserves £m	Retained earnings £m	Total equity £m
			Merger reserve £m	Cumulative translation adjustments £m	Capital redemption reserve £m	Reverse acquisition reserve £m				
At 1 April 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/(loss)	–	–	–	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
Profit for the period	–	–	–	–	–	–	–	–	18.9	18.9
Other comprehensive income	–	–	–	78.2	–	–	–	78.2	3.3	81.5
Total comprehensive income	–	–	–	78.2	–	–	–	78.2	22.2	100.4
Share-based payments	–	–	–	–	–	–	–	–	13.3	13.3
Tax arising on share-based payments	–	–	–	–	–	–	–	–	(1.3)	(1.3)
Investment in own shares	–	–	–	–	–	–	(0.8)	(0.8)	–	(0.8)
Cost of employee benefit trust shares issued to employees	–	–	–	–	–	–	0.6	0.6	(0.6)	–
Equity dividends	–	–	–	–	–	–	–	–	(39.2)	(39.2)
At 31 March 2022 (audited)	10.7	2,842.1	615.6	202.4	101.7	452.5	(1.8)	1,370.4	986.0	5,209.2
Loss for the period	–	–	–	–	–	–	–	–	(80.0)	(80.0)
Other comprehensive income	–	–	–	603.5	–	–	–	603.5	(2.8)	600.7
Total comprehensive income	–	–	–	603.5	–	–	–	603.5	(82.8)	520.7
Share-based payments	–	–	–	–	–	–	–	–	14.0	14.0
Tax arising on share-based payments	–	–	–	–	–	–	–	–	–	–
Investment in own shares	–	–	–	–	–	–	(3.3)	(3.3)	–	(3.3)
Cost of employee benefit trust shares issued to employees	–	–	–	–	–	–	1.5	1.5	(1.5)	–
Equity dividends	–	–	–	–	–	–	–	–	(73.9)	(73.9)
At 30 September 2022 (unaudited)	10.7	2,842.1	615.6	805.9	101.7	452.5	(3.6)	1,972.1	841.8	5,666.7

Consolidated Cash Flow Statement

for the six months ended 30 September 2022

	Six months ended		Year ended
	30 September		31 March
	2022	2021	2022
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Cash flows from operating activities			
Loss for the period	(80.0)	(81.5)	(62.6)
Income tax (credit)/expense	(9.1)	1.2	44.0
Net finance expense	11.5	6.0	12.1
Amortisation of intangible assets	109.4	115.8	226.1
Depreciation of property, plant and equipment and right-of-use assets	19.0	18.7	36.6
Loss on disposal of property, plant and equipment	0.2	0.8	0.4
Impairment of intangible assets	–	14.9	14.9
Impairment of right-of-use assets	1.1	–	–
Loss on disposal of business	3.1	2.8	2.8
Share-based payments	14.0	14.1	27.4
Difference between pension contributions paid and amounts charged to operating profit	1.1	0.4	(0.5)
Research & Development expenditure tax credit	(0.6)	(1.0)	(2.2)
Changes in working capital:			
Trade and other receivables	110.6	62.2	(53.6)
Contract assets	(41.3)	(25.2)	(78.3)
Customer acquisition costs	(0.7)	(2.1)	(5.4)
Trade and other payables	(70.8)	(133.1)	(45.5)
Contract liabilities	(14.1)	(8.4)	81.0
Cash generated/(used) from operating activities before tax	53.4	(14.4)	197.2
Income taxes paid	(35.1)	(44.5)	(59.8)
Net cash generated/(used) from operating activities	18.3	(58.9)	137.4
Cash flows from investing activities			
Purchase of property, plant and equipment	(6.1)	(4.3)	(8.6)
Purchase of intangible assets	–	(0.1)	–
Adjustment to consideration on completion of business combination	–	–	6.2
Proceeds from sale of business, net of cash	–	1.6	1.6
Purchase of investments	(2.0)	–	–
Interest received	1.2	0.5	1.9
Net cash flows (used)/generated in investing activities	(6.9)	(2.3)	1.1
Cash flows from financing activities			
Interest paid	(12.0)	(6.6)	(12.7)
Purchase of own shares	(3.3)	(0.5)	(1.3)
Payment of principal element of lease liabilities	(13.1)	(11.6)	(23.3)
Dividends paid to shareholders of the parent	(73.9)	(70.8)	(110.0)
Net cash flows used in financing activities	(102.3)	(89.5)	(147.3)
Net decrease in cash and cash equivalents	(90.9)	(150.7)	(8.8)
Net foreign exchange difference	15.4	0.4	1.5
Opening cash and cash equivalents	279.3	286.6	286.6
Closing cash and cash equivalents	203.8	136.3	279.3

Notes to the Interim Report

1 The Interim Report

The Interim Report was approved by the Board on 7 November 2022. The interim condensed financial statements set out in the Interim Report are unaudited but have been reviewed by the auditor, PricewaterhouseCoopers 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 2022.

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 2022 have been extracted from the consolidated statutory financial statements for AVEVA Group plc for the year ended 31 March 2022 on which the auditor, Ernst & Young LLP, 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.

Consistent with the Annual Report for the year ended 31 March 2022, Selling and distribution expenses and Administrative expenses have been separated on the face of the Consolidated Income Statement. These were previously combined within Selling & administrative expenses.

A prior period restatement has been made to the Trade and other payables disclosure note as at 30 September 2021 resulting in an increase to Accruals of £10.5 million and a corresponding decrease to Social security, employee and sales taxes of the same amount. This is due to a classification error identified in the previously reported notes.

b) Accounting policies

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 2022. The impact of new or amended standards for the current reporting period is immaterial.

c) Significant judgements and estimates

There have been no changes to the Group's significant judgement and estimates since the year ended 31 March 2022, with the following exception:

Determination of lease term for contracts with renewal or termination option

This is not considered a significant judgement for H1 FY23 as it was linked to the acquisition of OSIsoft in March 2021, and hence is no longer relevant to the financial statements. The assessment of lease terms for the Group's wider lease portfolio is not considered a material judgement on an ongoing basis.

d) Non-GAAP measures

The Group presents multiple non-GAAP measures throughout this Interim 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 below and on pages 203 to 214 of the 2022 Annual Report. 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, 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 (adjusted 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 OSIssoft's contract liabilities on acquisition, and the tax effect of the deferred revenue haircut.

Normalised items

Normalised items are removed from statutory results to achieve adjusted results. 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 OSIssoft, 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.

Exceptional items

Exceptional items are removed from statutory results to achieve adjusted results. 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 7.

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

Pro forma results

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 OSIssoft's contract liabilities on acquisition. Pro forma results do not form part of the financial statements and are unaudited.

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

3 Going concern

In adopting the going concern basis for preparing the interim 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 reviews of liquidity and covenant forecasts, and possible ongoing impacts upon the Group of economic sanctions following the Russian invasion of Ukraine and the global Covid-19 pandemic.

At 30 September 2022, the Group held external debt in the form of a £805.4 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 30 September 2022. This facility is due for renewal in February 2025, with a one-year extension option subject to lender approval.

To support the going concern conclusion, the Group has developed several working capital financial models covering the period from the signing of the interim financial statements to 31 December 2023. The specific scenarios modelled are:

Scenario	Outcome
Base case Based upon the Group's most recent Board approved forecasts. This is the same scenario modelled for the base case going concern scenario for the 2022 Annual Report, updated for the Group's most recent revised forecasts to 31 March 2023.	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 forecast obligations as they fall due.
Sensitised A severe downside scenario, including reducing revenue (10% from base case) and introducing delays to 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 forecast 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. Two separate reverse stress cases were developed:

- reducing revenue (17% decrease from the base case) and delays in cash collection (10 day increase in debtor days from the base case).
- Increasing cost (29% increase from the base case) and delays in cash collection (10 day increase in debtor days from the base case).

This scenario is designed to result 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.

Proposed acquisition of AVEVA by Schneider Electric

On 21 September 2022, the Group announced that it was recommending an offer from Schneider Electric to purchase the remaining share capital of AVEVA Group plc, subject to shareholder and regulatory approvals. It is expected that the acquisition will complete in Q4 FY23. The Directors have considered the implications for this proposed acquisition on the Group's ability to continue as a going concern.

Schneider Electric released their full year results to 31 December 2021 and half year results to 30 June 2022 on 11 March 2022 and 27 July 2022 respectively. Both were prepared on a going concern basis with no material uncertainties over going concern. The Schneider Electric group is profitable, cash generative and has significant cash facilities available.

The Rule 2.7 announcement on 21 September 2022, together with the scheme document sent to shareholders dated 18 October 2022, detailed Schneider Electric's intentions regarding the AVEVA Group post-acquisition. These included:

- AVEVA remaining as a distinct legal group with its own board of directors.
- Preservation of AVEVA's business autonomy, meaning the AVEVA name and brand will continue and AVEVA will have its own, dedicated go-to-market, marketing and R&D capabilities, as well as its own P&L.
- Retention of AVEVA's specific culture as a software company, meaning the AVEVA teams will not be merged or integrated with existing Schneider Electric hardware businesses, or country operations.

Therefore, the Directors believe that the Group would continue as a going concern in the event of an acquisition by Schneider Electric.

Conclusion

The interim financial statements for the six months ended 30 September 2022 have 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 2022 remain unchanged. The unchanged risks are:

- Talent;
- SaaS subscription;
- Sustainability;
- Integration;
- Competitors;
- Dependency on energy sector;
- Product security;
- Cyber security;
- Regulatory compliance;
- Pandemic-related economic disruption;
- Internal IT systems (suitability and continuity); and
- Disruptive technologies.

These risks are described in more detail on pages 56 to 61 of the 2022 Annual Report.

The Directors have considered the impact of the proposed acquisition by Schneider Electric. They have determined no changes to existing risks are currently required as it remains subject to shareholder approval and, should the acquisition complete, Schneider Electric have indicated their intention to preserve AVEVA's business autonomy and culture.

A risk for Global Persistent Inflation is registered and kept under close review by the Executive Risk Committee and the Board. It is not currently considered to be a principal risk

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:

	Services transferred at a point in time £m	Services transferred over time £m	Total £m
Six months ended 30 September 2022 (unaudited)			
On-premises rental	86.3	70.0	156.3
SaaS	–	22.5	22.5
Total subscription revenue	86.3	92.5	178.8
Maintenance	–	207.6	207.6
Perpetual licences	93.9	–	93.9
Services	–	71.2	71.2
	180.2	371.3	551.5

	Services transferred at a point in time £m	Services transferred over time £m	Total £m
Six months ended 30 September 2021 (unaudited)			
On-premises rental	60.6	62.2	122.8
SaaS	–	11.3	11.3
Total subscription revenue	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

	Services transferred at a point in time £m	Services transferred over time £m	Total £m
Year ended 31 March 2022 (audited)			
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

Contract balances are as follows:

	30 September 2022	30 September 2021	31 March 2022
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Trade receivables	186.0	189.4	287.3
Contract assets	343.4	241.2	302.1
Contract liabilities	313.0	232.5	328.2

Contract assets have increased year-on-year due to an increase in the value of multi-year subscription licenses. The structure of these contracts results in the cumulative revenue recognised in the initial years being higher than the invoiced total. Contract assets increased by £102.2 million from 30 September 2021, of which £33.8 million was attributable to foreign exchange.

Contract liabilities increased by £80.5 million from 30 September 2021, of which £44.8 million was attributable to foreign exchange, and £16.1 million to the reduction in revenue haircut taken on acquisition of OSISOFT, LLC.

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 2022 (unaudited)				
	Americas	Asia Pacific	EMEA	Corporate	Total
	£m	£m	£m	£m	£m
Revenue					
On-premises rental	51.8	46.7	57.8	–	156.3
SaaS	10.1	3.5	8.9	–	22.5
Total subscription revenue	61.9	50.2	66.7	–	178.8
Maintenance	108.1	34.2	65.3	–	207.6
Perpetual licences	35.9	32.1	25.9	–	93.9
Services	28.9	16.1	26.2	–	71.2
Regional revenue total	234.8	132.6	184.1	–	551.5
Adjusted cost of sales ¹	(29.8)	(13.2)	(16.2)	(71.2)	(130.4)
Adjusted selling and distribution expenses ¹	(65.9)	(27.6)	(49.2)	(9.7)	(152.4)
Adjusted administrative expenses ¹	–	–	–	(98.1)	(98.1)
Net impairment loss on financial assets	(0.1)	0.6	(0.5)	–	–
Regional contribution	139.0	92.4	118.2	(179.0)	170.6
Adjusted Research & Development costs ¹					(100.0)
Adjusted EBIT					70.6
Exceptional items, normalised adjustments ¹ and net interest					(159.7)
Loss before tax					(89.1)

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 adjustments. Normalised adjustments include amortisation of intangible assets and share-based payments.

Six months ended 30 September 2021 (unaudited)

	Americas	Asia Pacific	EMEA	Corporate	Total
	£m	£m	£m	£m	£m
Revenue					
On-premises rental	47.0	31.2	44.6	–	122.8
SaaS	3.7	2.2	5.4	–	11.3
Total subscription revenue	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
Adjusted cost of sales ¹	(28.0)	(10.5)	(16.3)	(51.8)	(106.6)
Adjusted selling and distribution expenses ¹	(45.6)	(24.2)	(42.3)	(11.0)	(123.1)
Adjusted administrative expenses ¹	–	–	–	(84.4)	(84.4)
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
Adjusted Research & Development costs ¹					(80.9)
Adjusted EBIT					90.0
Exceptional items, normalised adjustments ¹ and net interest					(170.3)
Loss before tax					(80.3)

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 adjustments. Normalised adjustments include amortisation of intangible assets and share-based payments.

Year ended 31 March 2022 (audited)

	Americas	Asia Pacific	EMEA	Corporate	Total
	£m	£m	£m	£m	£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 adjustments 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 adjustments. Normalised adjustments include amortisation of intangible assets and share-based payments.

7 Exceptional items

	Six months ended		Year ended
	30 September		31 March
	2022	2021	2022
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Acquisition of OSIsoft	–	0.7	0.8
Integration of OSIsoft and associated activities	14.9	7.8	28.0
Integration of SES and associated activities	3.4	8.3	13.5
Disposal of Acquis Software, Termis Software and Water Loss Management Software business	–	2.8	2.8
Disposal of Bocad series 2 (note 11)	3.1	–	–
Retirement of steel fabrication business	–	14.9	15.4
Impairment of balances with Russia-based counterparties	–	–	7.3
Proposed acquisition of AVEVA by Schneider Electric	3.4	–	–
	24.8	34.5	67.8

The total cash outflow during the period as a result of exceptional items was £17.8 million (H1 FY22: £35.1 million). Of this, £17.8 million related to operating activities (H1 FY22: £36.7 million) and £nil related to investing activities (H1 FY22: £1.6 million inflow).

a) Integration of OSIsoft and associated activities

Costs incurred in the integration of OSIsoft, primarily consisting of consultancy and adviser fees, and additional temporary resources paid relating to the merging of IT systems and real estate. Costs are anticipated to continue until at least the end of the year ended 31 March 2024.

This has resulted in a cash outflow of £13.8 million (H1 FY22: £10.8 million).

b) Integration of SES and associated activities

Costs relating to the continued build and implementation of a global ERP system and legal entity rationalisation. These costs are expected to continue until 2024.

This has resulted in a cash outflow of £3.7 million (H1 FY22: £8.0 million).

c) Proposed acquisition of AVEVA by Schneider Electric

On 24 August 2022, Schneider Electric confirmed that it was considering the possible acquisition of the remaining share capital of AVEVA Group plc. On 21 September 2022, the boards of Schneider Electric and Ascot Acquisitions Holdings Limited and the AVEVA Independent Committee announced the terms of a recommended cash offer for AVEVA. Fees have been incurred relating to this proposed acquisition, primarily for financial and legal advice, and corporate brokers. Additional cost will be incurred up to any potential completion date. Should the acquisition complete, further cost of approximately £35 million is anticipated.

This has resulted in a cash outflow of £nil (H1 FY22: £nil).

d) Tax impact

The tax credit on the exceptional items of £24.8 million (H1 FY22: £34.5 million) is £3.7 million (H1 FY22: £5.9 million).

8 Income tax expense

The total tax credit for the half year ended 30 September 2022 is £9.1 million (H1 FY22: expense of £1.2 million). The movement in deferred tax assets net of liabilities is £33.6 million, of which £27.6 million was as a result of an income statement credit largely relating to tax losses incurred in the period.

The effective tax rate on the loss before tax is 10.2% (H1 FY22: (1.5)%). This has been calculated by estimating and applying a separate average annual effective income tax rate for each jurisdiction. The Group's tax credit has been reduced by the cost of irrecoverable holding taxes and alternative minimum taxes.

The tax credit on adjusted profit before tax is £2.5 million (H1 FY22: £3.2 million) which equates to an effective tax rate of (4.2)% (H1 FY22: (3.8)%).

9 Ordinary dividends

The proposed interim dividend of 13.0 pence per ordinary share will be payable on 9 December 2022 to shareholders on the register on 18 November 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 2022 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
	2022	2021	2022
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Final 2021/22 paid at 24.5 pence per ordinary share	73.9	–	–
Interim 2021/22 paid at 13.0 pence per ordinary share	–	–	39.2
Final 2020/21 paid at 23.5 pence per ordinary share	–	70.8	70.8
	73.9	70.8	110.0

As disclosed in the Rule 2.7 announcement made on 21 September 2022, and in the scheme document sent to shareholders dated 18 October 2022, the proposed interim dividend would be paid without a reduction in consideration in the event that the proposed acquisition by Schneider Electric completes.

10 Earnings per share

	Six months ended 30 September		Year ended 31 March
	2022	2021	2022
	pence	pence	pence
	(unaudited)	(unaudited)	(audited)
Loss per share for the period:			
- basic	(26.52)	(27.07)	(20.78)
- diluted	(26.52)	(27.07)	(20.78)
Adjusted earnings per share:			
- basic	20.98	37.59	100.37
- diluted	20.83	37.38	99.58

	Six months ended 30 September		Year ended 31 March
	2022	2021	2022
	number	number	number
	(unaudited)	(unaudited)	(audited)
Loss per share			
Weighted average number of ordinary shares for basic EPS	301.7	301.1	301.3
Effect of dilution: employee share options ¹	–	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	301.7	301.1	301.3
Adjusted earnings per share			
Weighted average number of ordinary shares for basic EPS	301.7	301.1	301.3
Effect of dilution: employee share options	2.1	1.8	2.4
Weighted average number of ordinary shares adjusted for the effect of dilution	303.8	302.9	303.7

1. The effect of share options are anti-dilutive in all periods presented due to the Group recognising a net loss. 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 2022 of £80.0 million and the weighted average number of shares stated above.

Adjusted profit after tax is used in the calculation of adjusted EPS. A reconciliation to the nearest GAAP measure is set out below:

	Six months ended 30 September		Year ended 31 March
	2022	2021	2022
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Loss after tax for the period	(80.0)	(81.5)	(62.6)
Intangible amortisation	109.4	115.7	226.1
Share-based payments	14.0	14.1	27.4
Exceptional items	24.8	34.5	67.8
Effect of acquisition accounting adjustments ¹	2.3	35.2	50.3
Tax effect on exceptional items	(3.7)	(5.9)	(9.5)
Tax effect on other normalised adjustments (excluding net finance expense)	(2.9)	10.3	16.0
Tax effect on acquisition accounting adjustments ¹	(0.6)	(9.2)	(13.1)
Adjusted profit after tax	63.3	113.2	302.4

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

11 Business combinations and disposals

Disposal of Bocad series 2

On 30 April 2022 the Group completed the disposal of Bocad series 2, part of the steel fabrication business. Consideration is variable based upon the revenue of the disposed operations for the period 1 May 2022 to 31 December 2024 and is measured at the estimated fair value. The consideration is deferred and will be received over the period to 31 December 2024.

A loss on disposal of £3.1 million was recognised within other expense, calculated as follows:

	£m
	(unaudited)
Consideration	2.0
Professional fees	(0.3)
Net assets disposed	(4.8)
Loss on disposal	(3.1)

Net assets disposed comprised:

	£m
	(unaudited)
Non-current assets	
Goodwill	5.7
Right-of-use assets	0.1
Total non-current assets	5.8
Current liabilities	
Contract liabilities	(1.0)
Total current liabilities	(1.0)
Net assets	4.8

Disposed goodwill of £5.7 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: £0.1 million
- Asia Pacific: £0.5 million

- EMEA: £5.1 million

12 Goodwill and other intangible assets

	Goodwill £m	Other intangible assets £m	Total £m
Cost			
At 1 April 2021 (audited)	3,904.1	2,116.6	6,020.7
Measurement period adjustments	(5.6)	-	(5.6)
Disposals	(5.2)	(0.1)	(5.3)
Exchange adjustment	61.7	35.6	97.3
At 30 September 2021 (unaudited)	3,955.0	2,152.1	6,107.1
Measurement period adjustments	(10.0)	-	(10.0)
Exchange adjustment	59.6	35.1	94.7
At 31 March 2022 (audited)	4,004.6	2,187.2	6,191.8
Disposals	(5.7)	(18.5)	(24.2)
Exchange adjustments	485.0	280.2	765.2
At 30 September 2022 (unaudited)	4,483.9	2,448.9	6,932.8
Amortisation and impairment			
At 1 April 2021 (audited)	-	454.3	454.3
Charge for the year	-	116.1	116.1
Impairment	-	14.9	14.9
Exchange adjustment	-	8.5	8.5
At 30 September 2021 (unaudited)	-	593.8	593.8
Charge for the year	-	110.0	110.0
Exchange adjustment	-	10.9	10.9
At 31 March 2022 (audited)	-	714.7	714.7
Charge for the year	-	109.4	109.4
Disposals	-	(18.5)	(18.5)
Exchange adjustment	-	85.0	85.0
At 30 September 2022 (unaudited)	-	890.6	890.6
Net book value			
At 1 April 2021 (audited)	3,904.1	1,662.3	5,566.4
At 30 September 2021 (unaudited)	3,955.0	1,558.3	5,513.3
At 31 March 2022 (audited)	4,004.6	1,472.5	5,477.1
At 30 September 2022 (unaudited)	4,483.9	1,558.3	6,042.2

13 Trade and other receivables

	30 September 2022 £m (unaudited)	30 September 2021 £m (unaudited)	31 March 2022 £m (audited)
Current			
Trade receivables	186.0	189.4	287.3
Amounts owed from related parties (note 16)	35.8	21.9	37.6
Prepayments and other receivables	65.4	55.9	56.3
	287.2	267.2	381.2
Non-current			
Trade and other receivables	6.9	16.0	8.4
	6.9	16.0	8.4

14 Cash and cash equivalents

	30 September 2022	30 September 2021	31 March 2022
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Cash at bank and in hand	107.1	93.5	105.7
Short-term deposits	96.7	42.8	173.6
Net cash and cash equivalents per cash flow	203.8	136.3	279.3
Restricted cash	-	7.3	-
	203.8	143.6	279.3

£16.9 million of cash at bank and in hand was held in Russia at 30 September 2022 (31 March 2022: £11.6 million). Due to international sanctions upon Russian entities, cash is likely to remain deployed within Russian operations whilst sanctions remain in force.

15 Trade and other payables

	30 September 2022	30 September 2021	31 March 2022
	£m	£m	£m
	(unaudited)	(unaudited) (restated)	(audited)
Current			
Trade payables	27.1	20.3	30.0
Amounts owed to related parties (note 16)	7.6	2.4	6.2
Social security, employee and sales taxes	11.7	10.6	21.1
Accruals	88.5	82.7	148.7
Other liabilities	21.1	24.9	18.0
	156.0	140.9	224.0
Non-current			
Other liabilities	-	15.5	10.7
	-	15.5	10.7

16 Related party transactions

Transactions between Group subsidiaries have been eliminated on consolidation.

a) Schneider Electric Group companies

Schneider Electric SE is the Group's majority shareholder and controls 59.1% of the total issued share capital of AVEVA Group plc.

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

	Six months ended		Year ended
	30 September		31 March
	2022	2021	2022
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Sales of goods and services	28.3	30.0	104.6
Purchase of goods and services	(2.8)	(1.1)	(6.8)
Interest expense on term loan	(10.4)	(3.9)	(8.6)
Other non-trading transactions	-	1.6	1.6

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

	30 September 2022	30 September 2021	31 March 2022
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Trade and other receivables	35.8	21.8	37.6
Trade and other payables	(6.9)	(2.4)	(5.8)
Non-trading receivables	–	0.1	–
Non-trading payables	(0.7)	–	(0.4)
Term loan ¹	(805.9)	(670.2)	(685.1)

1. Representing 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 4.5% (H1 FY22: 4.4%) 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:

	Six months ended 30 September	30 September 2021	Year ended 31 March 2022
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Purchase of goods and services	2.8	2.0	4.1
Chairman Emeritus salary	0.1	–	0.2

17 Commitments and contingencies

	30 September 2022	30 September 2021	31 March 2022
	£m	£m	£m
	(unaudited)	(unaudited)	(audited)
Bank guarantees and sureties	13.0	10.9	11.1
Parent Company guarantees	64.2	49.4	50.6
	77.2	60.3	61.7

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

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 2022 Annual Report, except for:

- organic and organic constant currency results are adjusted to exclude the impact of:
 - Bocad series 2, following disposal in April 2022 (see note 11); and
 - the Acquis Software, Termis Software and Water Loss Management Software businesses, following disposal in June 2021.

Further information, definitions and the intent in presenting non-GAAP measures are included on pages 203 to 207 of the 2022 Annual Report. Where applicable, a reconciliation from the nearest IFRS measure is provided below.

a) Reconciliation to adjusted and pro forma results Six months ended 30 September 2022

	Statutory £m	Normalised items £m	Exceptional items £m	Adjusted £m	Deferred 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	551.5	–	–	551.5	2.3	553.8	(53.2)	500.6	(0.2)	500.4
Cost of sales	(130.4)	–	–	(130.4)	–	(130.4)	10.2	(120.2)	0.1	(120.1)
Gross profit	421.1	–	–	421.1	2.3	423.4	(43.0)	380.4	(0.1)	380.3
Operating expenses										
Research & Development costs	(182.0)	81.6	0.4	(100.0)	–	(100.0)	8.9	(91.1)	–	(91.1)
Selling and distribution expenses	(180.5)	27.8	0.3	(152.4)	–	(152.4)	11.1	(141.3)	–	(141.3)
Administrative expenses	(133.1)	14.0	21.0	(98.1)	–	(98.1)	3.6	(94.5)	–	(94.5)
Net impairment loss on financial assets	–	–	–	–	–	–	–	–	–	–
Other expense	(3.1)	–	3.1	–	–	–	–	–	–	–
Total operating expenses	(498.7)	123.4	24.8	(350.5)	–	(350.5)	23.6	(326.9)	–	(326.9)
(Loss)/profit from operations	(77.6)	123.4	24.8	70.6	2.3	72.9	(19.4)	53.5	(0.1)	53.4
Finance income	1.3	–	–	1.3	–	1.3	–	1.3	–	1.3
Finance expense	(12.8)	–	–	(12.8)	–	(12.8)	1.2	(11.6)	–	(11.6)
(Loss)/profit before tax	(89.1)	123.4	24.8	59.1	2.3	61.4	(18.2)	43.2	(0.1)	43.1

Six months ended 30 September 2021

	Statutory £m	Normalised items £m	Exceptional items £m	Adjusted £m	Deferred revenue haircut £m	Pro forma £m	Disposal of business £m	Pro forma organic £m
Revenue	480.9	–	–	480.9	35.2	516.1	(2.8)	513.3
Cost of sales	(106.7)	–	0.1	(106.6)	–	(106.6)	0.5	(106.1)
Gross profit	374.2	–	0.1	374.3	35.2	409.5	(2.3)	407.2
Operating expenses								
Research & Development costs	(164.9)	84.0	–	(80.9)	–	(80.9)	0.3	(80.6)
Selling and distribution expenses	(157.5)	31.7	2.7	(123.1)	–	(123.1)	0.4	(122.7)
Administrative expenses	(112.5)	14.1	14.0	(84.4)	–	(84.4)	0.6	(83.8)
Net impairment loss on financial assets	4.1	–	–	4.1	–	4.1	–	4.1
Other expense	(17.7)	–	17.7	–	–	–	–	–
Total operating expenses	(448.5)	129.8	34.4	(284.3)	–	(284.3)	1.3	(283.0)
(Loss)/profit from operations	(74.3)	129.8	34.5	90.0	35.2	125.2	(1.0)	124.2
Finance income	0.7	–	–	0.7	–	0.7	–	0.7
Finance expense	(6.7)	–	–	(6.7)	–	(6.7)	–	(6.7)
(Loss)/profit before tax	(80.3)	129.8	34.5	84.0	35.2	119.2	(1.0)	118.2

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
Six months ended 30 September 2022								
Statutory revenue at actual rates	156.3	22.5	178.8	207.6	386.4	93.9	71.2	551.5
Deferred revenue haircut	–	–	–	2.3	2.3	–	–	2.3
Pro forma revenue at actual rates	156.3	22.5	178.8	209.9	388.7	93.9	71.2	553.8
Impact of foreign exchange	(11.9)	(1.5)	(13.4)	(22.9)	(36.3)	(11.4)	(5.5)	(53.2)
Pro forma revenue at constant currency rates	144.4	21.0	165.4	187.0	352.4	82.5	65.7	500.6
Disposal of business	–	–	–	(0.2)	(0.2)	–	–	(0.2)
Pro forma organic revenue at constant currency rates	144.4	21.0	165.4	186.8	352.2	82.5	65.7	500.4
Six months ended 30 September 2021								
Statutory revenue at actual rates	122.8	11.3	134.1	162.7	296.8	127.6	56.5	480.9
Deferred revenue haircut	0.2	–	0.2	34.8	35.0	0.2	–	35.2
Pro forma revenue at actual rates	123.0	11.3	134.3	197.5	331.8	127.8	56.5	516.1
Disposal of business	–	–	–	(2.4)	(2.4)	(0.3)	(0.1)	(2.8)
Pro forma organic revenue at actual rates	123.0	11.3	134.3	195.1	329.4	127.5	56.4	513.3
Change								
Statutory change	27.3%	99.1%	33.3%	27.6%	30.2%	(26.4)%	26.0%	14.7%
Pro forma change at actual rates	27.1%	99.1%	33.1%	6.3%	17.1%	(26.5)%	26.0%	7.3%
Pro forma change at constant currency	17.4%	85.8%	23.2%	(5.3)%	6.2%	(35.4)%	16.3%	(3.0)%
Pro forma change at organic constant currency	17.4%	85.8%	23.2%	(4.3)%	6.9%	(35.3)%	16.5%	(2.5)%

Revenue by geographic region

	Americas £m	Asia Pacific £m	EMEA £m	Total £m
Six months ended 30 September 2022				
Statutory revenue at actual rates	234.8	132.6	184.1	551.5
Deferred revenue haircut	1.6	0.3	0.4	2.3
Pro forma revenue at actual rates	236.4	132.9	184.5	553.8
Impact of foreign exchange	(29.2)	(10.6)	(13.4)	(53.2)
Pro forma revenue at constant currency rates	207.2	122.3	171.1	500.6
Disposal of business	–	–	(0.2)	(0.2)
Pro forma organic revenue at constant currency rates	207.2	122.3	170.9	500.4
Six months ended 30 September 2021				
Statutory revenue at actual rates	204.4	115.0	161.5	480.9
Deferred revenue haircut	20.9	3.6	10.7	35.2
Pro forma revenue at actual rates	225.3	118.6	172.2	516.1
Disposal of business	–	(0.2)	(2.6)	(2.8)
Pro forma organic revenue at actual rates	225.3	118.4	169.6	513.3
Change				
Statutory change	14.9%	15.3%	14.0%	14.7%
Pro forma change at actual rates	4.9%	12.1%	7.1%	7.3%
Pro forma change at constant currency	(8.0)%	3.1%	(0.6)%	(3.0)%
Pro forma change at organic constant currency	(8.0)%	3.3%	0.8%	(2.5)%

Cost by cost category

	Operating expenses						Total £m
	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	
Six months ended 30 September 2022							
Statutory cost at actual rates	130.4	182.0	180.5	133.1	–	3.1	629.1
Amortisation of intangible assets	–	(81.6)	(27.8)	–	–	–	(109.4)
Share-based payments	–	–	–	(14.0)	–	–	(14.0)
Exceptional items	–	(0.4)	(0.3)	(21.0)	–	(3.1)	(24.8)
Adjusted and pro forma costs at actual rates	130.4	100.0	152.4	98.1	–	–	480.9
Impact of foreign exchange	(10.2)	(8.9)	(11.1)	(3.6)	–	–	(33.8)
Adjusted and pro forma costs at constant currency rates	120.2	91.1	141.3	94.5	–	–	447.1
Disposal of business	(0.1)	–	–	–	–	–	(0.1)
Adjusted and pro forma organic costs at constant currency rates	120.1	91.1	141.3	94.5	–	–	447.0
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 of intangible assets	–	(84.0)	(31.7)	–	–	–	(115.7)
Share-based payments	–	–	–	(14.1)	–	–	(14.1)
Exceptional items	(0.1)	–	(2.7)	(14.0)	–	(17.7)	(34.5)
Adjusted and pro forma costs at actual rates	106.6	80.9	123.1	84.4	(4.1)	–	390.9
Disposal of business	(0.5)	(0.3)	(0.4)	(0.6)	–	–	(1.8)
Adjusted and pro forma organic costs at actual rates	106.1	80.6	122.7	83.8	(4.1)	–	389.1
Change							
Statutory change	22.2%	10.4%	14.6%	18.3%	(100.0)%	(82.5)%	13.3%
Adjusted and pro forma change at actual rates	22.3%	23.6%	23.8%	16.2%	(100.0)%	–	23.0%
Adjusted and pro forma change at constant currency	12.8%	12.6%	14.8%	12.0%	(100.0)%	–	14.4%
Adjusted and pro forma change at organic constant currency	13.2%	13.0%	15.2%	12.8%	(100.0)%	–	14.9%

c) Net debt

	30 September	30 September	31 March
	2022	2021	2022
	£m	£m	£m
Cash and cash equivalents	203.8	136.3	279.3
Loans and borrowings	(805.4)	(669.5)	(684.5)
Net debt	(601.6)	(533.2)	(405.2)

d) Cash conversion

	Six months ended		Year ended
	30 September		31 March
	2022	2021	2022
	£m	£m	£m
Cash flows from operating activities			
Net cash generated from operating activities before tax	53.4	(14.4)	197.2
Operating activities cash flow impact from exceptional items (M&A related)			
- Acquisition of OSIssoft	-	17.3	19.2
- OSIssoft transaction bonus ¹	-	48.2	48.2
	53.4	51.1	264.6
Cash flows from investing activities			
Purchase of property, plant and equipment	(6.1)	(4.3)	(8.6)
Purchase of intangible assets	-	(0.1)	-
Interest received	1.2	0.5	1.9
Cash flows from financing activities			
Interest paid	(12.0)	(6.6)	(12.7)
Purchase of own shares	(3.3)	(0.5)	(1.3)
Payment of principal element of lease liability	(13.1)	(11.6)	(23.3)
Free cash flow before tax	20.1	28.5	220.6
Adjusted EBIT	70.6	90.0	314.8
Deferred revenue haircut	2.3	35.2	50.3
Finance income	1.3	0.7	1.9
Finance expense	(12.8)	(6.7)	(14.0)
Adjusted profit before tax	61.4	119.2	353.0
Cash conversion	32.7%	23.9%	62.5%

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

e) Effective tax rate

	Six months ended 30 September		Year ended 31 March
	2022 £m	2021 £m	2022 £m
Profit			
Loss before tax	(89.1)	(80.3)	(18.6)
Exceptional items	24.8	34.5	67.8
Normalised items			
- Amortisation of intangible assets	109.4	115.7	226.1
- Share-based payments	14.0	14.1	27.4
Profit before tax, exceptional items, and normalised items	59.1	84.0	302.7
Pro forma adjustments ¹	2.3	35.2	50.3
Pro forma profit before tax	61.4	119.2	353.0

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

Income tax			
Income tax (credit)/expense	(9.1)	1.2	44.0
Tax effect on exceptional items	3.7	5.9	9.5
Tax effect on normalised items	2.9	(10.3)	(16.0)
Income tax (credit)/expense before exceptional items and normalised items	(2.5)	(3.2)	37.5
Tax effect on pro forma adjustments	0.6	9.2	13.1
Pro forma income tax (credit)/expense	(1.9)	6.0	50.6

Effective tax rate			
Income tax (credit)/expense	(9.1)	1.2	44.0
Loss before tax	(89.1)	(80.3)	(18.6)
Effective tax rate	10.2%	(1.5)%	(236.6)%

Effective tax rate before exceptional and normalised items			
Income tax (credit)/expense before exceptional items and normalised items	(2.5)	(3.2)	37.5
Profit before tax, exceptional items, and normalised items	59.1	84.0	302.7
Effective tax rate before exceptional and normalised items	(4.2)%	(3.8)%	12.4%

Pro forma effective tax rate			
Pro forma income tax (credit)/expense	(1.9)	6.0	50.6
Pro forma profit before tax	61.4	119.2	353.0
Pro forma effective tax rate	(3.1)%	5.0%	14.3%

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 2022 Annual Report and Accounts, except for:

- the resignation of Jennifer Allerton with effect 15 July 2022.

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

7 November 2022