

Avast plc.

Interim Financial Statements

For the one-month period ended 31 January 2021

Company number: 07118170





Avast Plc

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Avast PLC

Company information

Registered number 07118170

Registered office 110 High Holborn
London
England
United Kingdom
WC1V 6JS



STATEMENT OF COMPREHENSIVE INCOME

For the one month period ended 31 January 2021

	Notes	Period to 31 January 2021 \$M	Year to 31 December 2020 \$M
Income from group companies		1.5	12.4
Operating expenses	4	(2.2)	(17.3)
Loss from operating activities		(0.7)	(4.9)
Currency exchange rate difference		-	(0.7)
Finance income		-	(0.2)
Finance costs		-	-
Dividend income from subsidiary company	3	115.3	-
Profit (loss) for the period		114.6	(5.4)
Income tax expense		-	(0.9)
Comprehensive income (loss) for the period		114.6	(6.3)



COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 January 2021

	Notes	31 January 2021 \$M	31 December 2020 \$M
Non-current assets			
Investment in subsidiary	5	3,248.2	3,245.6
Deferred tax assets		0.9	0.9
Total non-current assets		3,249.1	3,246.5
Current assets			
Current tax receivables		0.2	0.2
Trade and other receivables:			
Amounts due from related party		143.3	26.4
Prepayments		0.6	0.7
Other accounts receivable		-	-
	6	143.9	27.1
Cash and cash equivalents		-	-
Total current assets		144.1	27.3
Total assets		3,393.3	3,273.8
Current liabilities			
Trade payables and other liabilities:			
Trade payables		3.2	3.2
Corporate Income Tax		-	-
Amounts due to related party		-	-
	7	3.2	3.2
Total current liabilities		3.2	3.2
Net assets		3,390.1	3,270.6
Capital and reserves			
Share capital	8	138.6	138.6
Share premium	8	88.6	87.6
Merger reserve	9	2,893.9	2,893.9
Other reserve	9	39.7	37.2
Retained earnings		229.3	113.3
Total equity		3,390.1	3,270.6

These interim financial statements were approved by the Board of Directors on 02 March 2021 and signed on its behalf by:

Philip Marshall

Chief Financial Officer

The accompanying notes form an integral part of these financial statements.



COMPANY STATEMENT OF CHANGES IN EQUITY

For the period-ended 31 January 2021

	Notes	Share capital \$M	Share premium \$M	Merger reserve \$M	Other reserve \$M	Retained earnings \$M	Total equity \$M
At 31 December 2019		136.0	55.6	2,893.9	30.8	258.9	3,375.2
Profit for the year		-	-	-	-	(6.2)	(6.2)
Total comprehensive profit for the year		-	-	-	-	(6.2)	(6.2)
Share-based payments deferred tax		-	-	-	-	0.4	0.5
Share-based payments transfer to retained earnings	9	-	-	-	(15.4)	15.4	-
Share-based payments	9	-	-	-	21.8	-	21.8
Exercise of options	8	2.6	32.0	-	-	(0.6)	34.0
Cash dividend		-	-	-	-	(154.7)	(154.7)
At 31 December 2020		138.6	87.6	2,893.9	37.2	113.3	3,270.6
Profit for the year		-	-	-	-	114.6	114.6
Total comprehensive profit /(loss) for the year		-	-	-	-	114.6	114.6
Share-based payments deferred tax		-	-	-	-	-	-
Share-based payments transfer to retained earnings	9	-	-	-	(1.4)	1.4	-
Share-based payments	9	-	-	-	3.9	-	3.9
Exercise of options	8	-	1.0	-	-	-	1.0
Cash dividend		-	-	-	-	-	-
At 31 January 2021		138.6	88.6	2,893.9	39.7	229.3	3,390.1



1. GENERAL

Avast plc ("Company") is a public limited company incorporated and domiciled in the UK, and registered under the laws of England & Wales under company number 07118170 with its registered address at 110 High Holborn, London WC1V 6JS. The ordinary shares of Avast plc are admitted to the premium listing segment of the Official List of the UK Financial Conduct Authority and trade on the London Stock Exchange plc's main market for listed securities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Financial Statements are abridged and unaudited but have been prepared using accounting policies consistent with Financial Reporting Standard 102 ("FRS 102") and under the historical cost accounting rules.

The financial information contained within this report does not constitute full statutory accounts as defined in the Companies Act 2006. The financial information for the period ended 31 January 2021 has not been audited or reviewed by Company's Auditor.

These interim financial accounts have been prepared to provide the Directors with the financial position of the Company as at 31 January 2021 for the purpose of ensuring sufficient distributable reserves are available for a dividend payment in accordance with sections 836 and 838 of the Companies Act 2006.

Going concern

The Company and its subsidiaries have considerable financial resources and a large number of customer contracts across different geographic areas and industries. The Directors have reviewed the projected cash flows for the Group and have a reasonable expectation that the Company is well placed to manage its business risk successfully and has adequate resources to continue in operational existence for the foreseeable future, and a period of at least 12 months from the signing of the accounts. For this reason, the directors have adopted the going concern assumption in preparing the financial statements.

Investment in subsidiary

The investment in subsidiary is stated in the Company's separate financial statements at cost less impairment losses. The carrying value of the investment in subsidiary is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less.



Financial instruments

Financial assets and liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a contractual party to the instrument. When financial instruments are recognised initially, they are measured at fair value, which is the transaction price plus, in the case of financial assets and financial liabilities not measured at fair value through profit and loss, directly attributable transaction costs.

Capitalisation of share-based payments

Where the Company grants share-based awards over its own shares in exchange for employee services rendered to its subsidiaries, it recognises an increase to the cost of investment equivalent to the share-based payment expense recognised in the consolidated financial statements and a corresponding credit in other reserves in equity.

The Company recharges the expenses for share-based awards relating to employees employed in US and UK subsidiaries to the subsidiary which employs the respective employee at an amount equivalent to the respective share based payment expense recognised in the consolidated financial statements relating to those subsidiary employees. The company recognises in its individual financial statements an increase to amounts due from related parties and a corresponding decrease in the cost of investment. Therefore, the cost of investment increases by the share-based payment expense recognised in the consolidated financial statements net of any recharges and amounts relating to services supplied to the company.

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange valid at the balance sheet date and the gains or losses on translation are included in profit or loss as finance income and expenses. Non-monetary assets and liabilities denominated in foreign currencies are stated at historical foreign exchange rates.

Functional Currency

The Company's functional currency is US dollars.



3. DIVIDEND

The dividend income for the period ended 31 January 2021 was \$115.3 (2020: \$nil).

4. PERSONNEL EXPENSES

Personnel expenses of the Company consist of the following:

(\$ 'm)	January 2021	2020
Wages and salaries	0.9	6.7
Social security and health insurance	0.1	1.0
Social costs	0.0	0.4
Share-based payments (including employer's costs)	0.3	2.5
Total personnel expense	1.3	10.6

The average number of employees during the period was as follows:

	January 2021	2020
Average number of employees	31	18

The total expense that relates to the equity-settled share-based payment transactions of employees of the Company during the period is as follows:

(\$ 'm)	January 2021	2020
Avast Option Plan	0.0	0.1
LTIP	0.3	2.1
Total share-based payment expense	0.3	2.2

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

5. INVESTMENT IN SUBSIDIARY

The investment in subsidiary represents the investment in Avast Holding B.V. ("Avast Holding"), a wholly owned subsidiary of the Company

	\$M
Cost at 31 December 2019	3,231.1
Capitalisation of share-based payments	14.5
Cost at 31 December 2020	3,245.6
Capitalisation of share-based payments	2.6
Cost at 31 January 2021	3,248.2

The additions in the year relate to IFRS 2 share-based payment expense.



Details of the Company's direct subsidiaries at 31 January 2021 are as follows:

Country of incorporation	Registered office	Registered address	Class of shares held	Percentage of share held
Netherlands	Avast Holding B.V.	Databankweg 26, Amersfoort, 3821 AL, The Netherlands	Ordinary	100%

6. TRADE AND OTHER RECEIVABLES

(\$ 'm)	31 January 2021	31 December 2020
Amounts due from related party	143.3	26.4
Prepayments	0.6	0.7
Total	143.9	27.1

As of 15 May 2018, the Company entered into a cash management agreement with Avast Corporate Services B.V., its indirect subsidiary, which operates a cash pooling arrangement for the Group. Under this agreement the Company has a short-term loan receivable of \$140.9m (2020: \$15.0m), repayable on demand, with a variable interest rate based on 3-month USD LIBOR -0.5% (2020: -0.5%) assessed quarterly. The interest income for the period ended 31 January 2021 was \$nil (2020: \$0.2m). The interest rates for both credit and debit balances are floored at 0%.

In addition, the amounts due from related party also includes \$2.4m (2020: \$11.3m) of recharges for management services provided by the Company to Group subsidiaries and of recharges for share-based payment expense to US and UK.

7. TRADE PAYABLES AND OTHER LIABILITIES

(\$ 'm)	31 January 2021	31 December 2020
Trade payables	3.2	3.2
Corporate Income Tax	-	-
Total	3.2	3.2

8. SHARE CAPITAL

Shares issued and fully paid:	Number of shares	Share Capital (\$ 'm)	Share Premium (\$ 'm)
Share capital on 31 December 2019 (Ordinary share of £0.10 each)	1,008,020,035	136.0	55.6
Issuance of shares under share-based payments plans	20,492,710	2.6	32.0
Share capital on 31 December 2020 (Ordinary share of £0.10 each)	1,028,512,742	138.6	87.6
Issuance of shares under share-based payments plans	303,282	0.0	1.0
Share capital on 31 January 2021 (Ordinary share of £0.10 each)	1,028,816,024	138.6	88.6



9. RESERVES

Merger reserve

Merger reserve includes a reserve for the share-for-share exchange transaction that qualified for merger relief in accordance with section 612. This reserve also includes the value of the options over PLC shares that were subsequently not exercised on the IPO, in excess of the share capital and premium arising on exercise. The merger reserve is non-distributable.

Other reserve

The fair value of share awards granted to employees is recorded over the vesting periods of individual options granted as a personnel expense (or where appropriate, capitalised as investment in subsidiary) with a corresponding entry to other reserves. The amount of \$0.3m (2019: \$21.8m) represents the expense from the share awards granted under Avast's incentive plans for the period ended 31 January 2021.

Retained earnings

The amount in retained earnings reflect the distributable reserves at the end of 31 January 2021.