

## **Avast plc.**

Non-Statutory Interim Financial Statements

For the year ended 31 December 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

**Bank**                      HSBC Great Britain  
2nd Floor, Donington Court  
Pegasus Business Park  
Herald Way  
Castle Donington  
United Kingdom  
DE74 2BU

**STATEMENT OF COMPREHENSIVE INCOME**

For the period-ended 31 December 2021

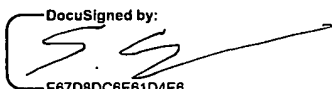
	Notes	Year to 31 December 2021 \$M	Year to 31 December 2020 \$M
Income from group companies		40.0	12.4
Operating expenses	4	(52.8)	(17.3)
<b>Loss from operating activities</b>		<b>(12.8)</b>	<b>(4.9)</b>
Currency exchange rate difference		0.2	(0.7)
Finance income		-	(0.2)
Finance costs		-	-
Dividend income from subsidiary company	3	290.5	-
<b>Profit (loss) for the period</b>		<b>277.9</b>	<b>(5.4)</b>
Income tax income / (expense)		0.3	(0.9)
<b>Comprehensive income (loss) for the period</b>		<b>278.2</b>	<b>(6.3)</b>

**COMPANY STATEMENT OF FINANCIAL POSITION**

As at 31 December 2021

	Notes	31 December 2021 \$M	31 December 2020 \$M
<b>Non-current assets</b>			
Investment in subsidiary	5	3,277.3	3,245.6
Deferred tax assets		1.8	0.9
<b>Total non-current assets</b>		<b>3,279.1</b>	<b>3,246.5</b>
<b>Current assets</b>			
Tax receivables		1.8	0.2
Trade and other receivables:			
<i>Amounts due from related party</i>		171.8	26.4
<i>Prepayments</i>		0.9	0.7
<i>Other accounts receivable</i>		-	-
	6	172.7	27.1
Cash and cash equivalents		-	-
<b>Total current assets</b>		<b>174.5</b>	<b>27.3</b>
<b>Total assets</b>		<b>3,453.6</b>	<b>3,273.8</b>
<b>Current liabilities</b>			
Trade payables and other liabilities:			
<i>Trade payables</i>		9.1	3.2
<i>Corporate Income Tax</i>		-	-
<i>Amounts due to related party</i>		0.5	-
	7	9.6	3.2
Provisions	8	3.0	-
<b>Total current liabilities</b>		<b>12.6</b>	<b>3.2</b>
<b>Net assets</b>		<b>3,441.0</b>	<b>3,270.6</b>
<b>Capital and reserves</b>			
Share capital	9	139.8	138.6
Share premium	9	97.8	87.6
Merger reserve	10	2,893.9	2,893.9
Other reserve	10	69.1	37.2
Retained earnings		240.4	113.3
<b>Total equity</b>		<b>3,441.0</b>	<b>3,270.6</b>

These interim financial statements were approved by the Board of Directors on 22 February 2022 and signed on its behalf by:

DocuSigned by:  
  
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**Stuart Simpson**

Chief Financial Officer

**COMPANY STATEMENT OF CHANGES IN EQUITY**

For the period-ended 31 December 2021

	Notes	Share capital \$M	Share premium \$M	Merger reserve \$M	Other reserve \$M	Retained earnings \$M	Total equity \$M
<b>At 31 December 2019</b>		<b>136.0</b>	<b>55.6</b>	<b>2,893.9</b>	<b>30.8</b>	<b>258.9</b>	<b>3,375.2</b>
Profit for the year		-	-	-	-	(6.2)	(6.2)
<b>Total comprehensive profit for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6.2)</b>	<b>(6.2)</b>
Share-based payments deferred tax		-	-	-	-	0.4	0.5
Share-based payments transfer to retained earnings	10	-	-	-	(15.4)	15.4	-
Share-based payments	10	-	-	-	21.8	-	21.8
Exercise of options	9	2.6	32.0	-	-	(0.6)	34.0
Cash dividend		-	-	-	-	(154.7)	(154.7)
<b>At 31 December 2020</b>		<b>138.6</b>	<b>87.6</b>	<b>2,893.9</b>	<b>37.2</b>	<b>113.3</b>	<b>3,270.6</b>
Profit for the year		-	-	-	-	278.2	278.2
<b>Total comprehensive profit /(loss) for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278.2</b>	<b>278.2</b>
Share-based payments deferred tax		-	-	-	-	0.5	0.5
Share-based payments transfer to retained earnings	10	-	-	-	(14.1)	14.1	-
Share-based payments	10	-	-	-	46.0	-	46.0
Exercise of options	9	1.2	10.2	-	-	(0.7)	10.7
Cash dividend		-	-	-	-	(165.0)	(165.0)
<b>At 31 December 2021</b>		<b>139.8</b>	<b>97.8</b>	<b>2,893.9</b>	<b>69.1</b>	<b>240.4</b>	<b>3,441.0</b>

## **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 December 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 December 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.

The Company's receivables qualify as basic financial instruments under Section 11 of FRS 102 and are included at amortised cost.

### **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.

### **Provision of services**

Revenue from a reseller's agreement between the company and related party is recognised monthly in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract

### **Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

### **Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.



### 3. DIVIDEND

The dividend income for the period ended 31 December 2021 was \$290.5m (2020: \$nil).

### 4. PERSONNEL EXPENSES

Personnel expenses of the Company consist of the following:

(\$ 'm)	2021	2020
Wages and salaries	20.0	6.7
Social security and health insurance	2.0	1.0
Social costs	0.7	0.4
Share-based payments (including employer's costs)	6.5	2.5
<b>Total personnel expense</b>	<b>29.2</b>	<b>10.6</b>

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

	2021	2020
<b>Average number of employees</b>	<b>53</b>	<b>18</b>

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)	2021	2020
Avast Option Plan	0.1	0.1
LTIP	5.8	2.1
<b>Total share-based payment expense</b>	<b>5.9</b>	<b>2.2</b>

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
<b>Cost at 31 December 2019</b>	<b>3,231.1</b>
Capitalisation of share-based payments	14.5
<b>Cost at 31 December 2020</b>	<b>3,245.6</b>
Capitalisation of share-based payments	31.7
<b>Cost at 31 December 2021</b>	<b>3,277.3</b>

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

Details of the Company's direct subsidiaries at 31 December 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 December 2021	31 December 2020
Amounts due from related party	171.8	26.4
Prepayments	0.9	0.7
<b>Total</b>	<b>172.7</b>	<b>27.1</b>

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 \$143.0m (2020: \$15.0m), repayable on demand, with a variable interest rate based on 3-month USD LIBOR -0.19% (2020: -0.5%) assessed quarterly. The interest income for the period ended 31 December 2021 was \$nil (2020: \$0.2m). The interest rates for both credit and debit balances are floored at 0%.

The cash pool agreement is tied to the 3-month USD LIBOR. 3-month USD LIBOR will cease on 30 June 2023. The Company is in process of determining the changes to the current cash pool agreement.

Amendments to FRS 102, effective for periods beginning on or after 1 January 2021, introduced a practical expedient for interest rate benchmark reform similar to that under IFRS. While the practical expedient had no impact on the financial statements for the current financial year, it will be applied in future periods to any changes to the basis for determining the contractual cash flows as a consequence of the cessation of USD LIBOR.

In addition, the amounts due from related party also include \$28.6m (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 AND OTHER PAYABLES

(\$ 'm)	31 December 2021	31 December 2020
Trade payables	9.1	3.2
Amounts due to related party (subsidiary)	0.5	-
<b>Total</b>	<b>9.6</b>	<b>3.2</b>

## 8. PROVISIONS

The movements in the provision accounts were as follows:

(\$ 'm)	Provision for restructuring
<b>As at 1 January 2021</b>	-
Additions	3.0
<b>As at 31 December 2021</b>	<b>3.0</b>

The above provision relates to the cost of restructuring programme that is focused on transformation of operation that will be completed in 2022.

## 9. CALLED UP, ALLOTTED AND FULLY PAID SHARE CAPITAL

Shares issued and fully paid:	Number of shares	Share Capital (\$ 'm)	Share Premium (\$ 'm)
<b>Share capital on 31 December 2019 (Ordinary share of £0.10 each)</b>	<b>1,008,020,035</b>	<b>136.0</b>	<b>55.6</b>
Issuance of shares under share-based payments plans	20,492,710	2.6	32.0
<b>Share capital on 31 December 2020 (Ordinary share of £0.10 each)</b>	<b>1,028,512,742</b>	<b>138.6</b>	<b>87.6</b>
Issuance of shares under share-based payments plans	8,843,143	1.2	10.2
<b>Share capital on 31 December 2021 (Ordinary share of £0.10 each)</b>	<b>1,037,355,885</b>	<b>139.8</b>	<b>97.8</b>

## 10. 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 \$46.0m (2020: \$21.8m) represents the expense from the share awards granted under Avast's incentive plans for the year ended 31 December 2021. In addition, the amount of \$14.1m (2020: \$15.4m) represents reclassification of accumulated share-based payments reserve into retained earnings in relation to share-based payments relating to the company's employees and recharges made to subsidiaries. This reflects the extent to which the share-based payment credits are considered realised.

### *Retained earnings*

The amount in retained earnings reflects the distributable reserves at the end of 31 December 2021.