11 August 2020

AMINO TECHNOLOGIES PLC

("Amino", the "Company" or the "Group")

HALF YEAR RESULTS
Software-led model driving resilience

Amino Technologies plc (LSE AIM: AMO), the global provider of media and entertainment technology solutions, announces unaudited results for the six months ended 31 May 2020 ("H1 2020").

Financial summary

$m unless otherwise stated	**H1 2020**	**H1 2019**	**Change**
Revenue	38.0	34.6	10%
Adjusted gross profit [(1)]	19.0	15.4	24%
Adjusted gross profit margin (%)	50.1%	44.5%	6pp
Adjusted operating profit	4.2	4.7	(11%)
Adjusted profit before tax [(1)]	3.9	4.7	(17%)
Adjusted basic earnings per share (US cents)[(1)]	4.88c	6.12c	(21%)
Statutory gross profit	19.2	15.9	20%
Statutory operating profit	0.7	2.1	(68%)
Statutory profit before tax	0.5	2.2	(79%)
Statutory basic earnings per share (US cents)	0.92c	2.94c	(69%)
Net cash	2.1	19.3	
Interim dividend per share (GBP pence)	-	1.68p	

Strategic and operational highlights

- Transformation to software-led strategy leading to improved quality of earnings
- Strong platform to capitalise on changing market dynamics
  - Well diversified business: TV Solutions (Amino) and streaming / online video (24i)
  - Accelerated use of streaming services globally
- Continuing to win new business (particularly OTT streaming) with new and existing customers
- Managing the impact of Covid-19
  - Health and well-being of people and customers top priority
  - Supply chain disruption minimised by close collaboration with customers and suppliers
  - Factory capacity at manufacturing partners back to pre-Covid-19 levels
- Amino device business continues to generate cash
- Investment in product development for long-term profitable growth
  - 24i: end-to-end platform deployment in the Netherlands
  - SmartVideo: first deployment outside EMEA
  - AminoOS: Android TV device deployments; Amazon Prime certification; and Disney+

Financial highlights

- Revenues up 10%, reflecting focus on software-led strategy
  - Software and services revenues now account for 26% group revenues (H119: 10%)
  - Recurring revenues doubled to c.$10m
- Adjusted operating profit decreased by 11%, as expected, as a result of ongoing investment into 24i next generation platform and delays to some customer orders due to Covid-19 lockdown conditions

- Adjusted cash flow from operations was $4.8m (H1 2019: $8.1m) reflecting the impact on working capital from the mix of orders from customers with longer payment terms than at the end of FY 2019
- Managing liquidity carefully: $4.3m gross cash; $13m undrawn credit facilities
- Well diversified business continues to deliver strong margins

Current trading and outlook

- Visibility of orders and sales pipeline support management's FY20 revenue expectations
- However, it is possible that new business wins in H2 2020 may be impacted by any further negative Covid-19 impacts on the global economy and potential knock on impact for our customers and our supply chain

Karen Bach, Non-Executive Chairman, said:

"Amino has a clear strategy: in the long term, to focus on software-led business, and in the near term, to place the needs and wellbeing of customers and employees above all else. This has supported a resilient performance during Covid-19, with significant growth in software-led and recurring revenues, and an excellent improvement in gross margins given the macro backdrop.

Our goal is to provide our operator, broadcast and media customers with enabling technologies that fulfil and anticipate consumer-led expectations and requirements. The Board is confident that Amino has the right foundation to meet its goals, and expect to make further progress in the second half of the year."

This announcement is released by Amino Technologies plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Mark Carlisle, Chief Financial Officer.

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About Amino Technologies plc

Amino Technologies plc is a new breed of Media Tech business, focused on enabling operators to meet the challenge of the rapidly converging worlds of broadcast and next-generation streaming services. We believe the operators that will succeed will be those that allow consumers to control how, when and where they "watch TV" and consume video. The smart operator will enable each consumer to define what TV means to them.

It is our mission to anticipate the technological and consumer behavioural trends so that we can keep on creating the solutions that enable operators and media companies to drive growth in engagement and profitability while embracing the inevitable disruption to the video market. The Group meets these challenges through combining its award-winning IP/cloud platforms and deep deployment expertise to create solutions that enable our customers to design and deliver innovative and profitable next-generation video experiences.

About Amino Technologies plc (continued)

Amino Technologies plc consists of two operating companies providing transformational media experiences: **Amino Communications**, with TV-centric solutions and **24i**, focused on streaming and OTT experiences.

24i and Amino Communications are subsidiaries of Amino Technologies plc which is listed on the London Stock Exchange Alternative Investment Market (AIM: symbol AMO), headquartered in Cambridge, Amino has offices in New York, Los Angeles, San Francisco, Amsterdam, Helsinki, Madrid, Porto, Brno and Hong Kong. For more details, visit www.aminotechnologies.com/

Notes

(1) Adjusted gross profit, adjusted gross profit margin, adjusted operating profit, adjusted profit before tax and adjusted basic earnings per share are non-GAAP measures and exclude amortisation of acquired intangibles, exceptional items and share-based payment charges. Further details of these adjustments are set out in note 6.

Chief Executive Officer's review

Transformation to a software-led business supporting resilience and long-term growth

In January 2019, we launched a transformation programme with the purpose of improving our quality of earnings through a software-led strategy. We have made significant progress and 26% of Group revenues in H120 were derived directly from software and services, compared to 10% in H119. In addition, we have maintained margins in our devices business where we continue to focus on adding value to our customers through our software. This has supported a resilient performance since the outbreak of Covid-19 and positions the Group well for future growth in our key strategic markets.

Early and decisive action to mitigate Covid-19 risks

Covid-19 has affected all of us. Our ability to adapt quickly and decisively reflects our agile business model. From the early stages of the pandemic, in which we had to navigate supply chain delays, through to the effects of lockdown and social distancing, our plans have had to change and react to a new normal.

During this period, we have focussed more than ever on the safety and well-being of our staff, their families and our wider client and partner community. In doing this we have bolstered team morale and deepened bonds across the organisation. Our staff have responded by maintaining high service levels for our customers, enabling them to satisfy the surge in consumer demand for digital content linked to lockdown. Streaming and network usage has increased as consumers react to government restrictions by consuming more media and data in the home.

With our customers in mind, in the early part of the Covid-19 crisis we launched a series of programmes designed to offer our self-install, remote device management and customer support software free of charge. These programs have proved to be popular and are helping our customers deliver their services more effectively in these difficult times.

Evolving strategic landscape

Throughout the history of video entertainment, the dominant media distributors have always delivered consumers the greatest choice and convenience: from cinema, to broadcast TV, to the VHS store and now broadband-enabled streaming services. All with the media distributor firmly in control. But this is changing, and it is changing fast.

Technological evolution through IP connectivity enabled by fast fixed and mobile broadband, the cloud and the mass-market availability of powerful connected consumer devices, all combine to enable the exponential growth of new media providers. This widening base of media providers, many with new attractive business models and consumer-friendly access, means that it is now the consumers that have the power, as they vote with their feet if expectations are not met.

As competition increases so too do the potential benefits: as the industry moves from the one-way broadcast paradigm of yesterday, new revenue streams materialise from the personalised data-driven interactions of tomorrow.

Our modern video eco-system

Our goal is to provide our operator, broadcast and media customers with enabling technologies that fulfil and anticipate consumer led expectations and requirements.

The Group runs two business units that are closely aligned with a joint go-to-market sales strategy and sales teams: Amino, and 24i. Our Amino business focusses on its TV centric solutions and our 24i business on streaming and online video services.

Our products and services are aligned to create a unique and industry-leading eco-system. A full end-to-end solution but importantly also highly modular. This powerful product suite is combined with industry professional services, support, and partner ecosystem.

Strategic market opportunities

Aligned with our products and services, we focus on addressing three strategic market opportunities:

- **Multiscreen** - We target OTT providers, Pay-TV operators, broadcasters and media companies who aim to deliver content to consumers via any device, 24/7. Our cloud-based modular, video platform integrates service creation, video processing, content management, analytics and third party back-office components to deliver live, time-shifted or on-demand video content to a wide range of white label clients - all with a consistent user experience.
- **PayTV+** - Operators are seeking the opportunity to cost-effectively add OTT content to their linear TV services. With Operator Ready Android TV or our Linux-based Super Aggregator solutions, operators can sustain customer relationships, help subscribers overcome cord confusion and offer a variety of service bundles to appeal to their demographically diverse subscriber base.
- **Upcycling** - We provide Operators with a cost-effective solution to extend device lifecycles while delivering improved experiences to subscribers.

Key performance indicators

Consistent with our strategy, we have significantly increased software and services revenue (up 167%), annual run rate recurring revenue (up 100%), and adjusted gross margin (up 5.6 basis points to 50.1) in H1 2020. The Group also continues to generate strong operating cash flows.

	2020 **$m**	2019 $m
Total revenue	**38.0**	34.6
Software and services revenue	**9.7**	3.6
Annual run rate recurring revenue at 31 May	**10.1**	4.9
Adjusted gross profit margin %(2)	**50.1%**	44.5%
Adjusted operating cash flow (see note 7)	**4.8**	8.1

24i

24i continues to grow. Organic year-on-year revenue growth for this division was 30% in the first half of the year as a result of increased volumes from existing customers and new customer implementations.

Government lockdowns in response to the Covid-19 pandemic resulted in significantly increased streaming volumes and user sign-ups from our existing customer base. Amongst our customer base in April one broadcaster in EMEA saw streaming starts increase by 35% and another media VoD customer in North America increased active users by 2,000%.

During the period we have continued to invest in our next generation Smart Apps platform which has a faster deployment time and is more cost effective for our customers. Having successfully deployed this at Slovak Telecom in the latter half of 2019 it has now been rolled out to three more new customers in 2020 in EMEA and Latin America.

In the first half of the financial year, our full end-to-end platform was also deployed at Dutch mobile virtual network operator Youfone in conjunction with Amino's Operator Ready Android TV devices, device management and customer support software. In addition, deployment of our Android TV custom launcher incorporating Netflix is currently ongoing at a customer in LATAM.

Our Smart Apps and Smart Video platforms were deployed at Topic, an ambitious new entertainment and storytelling studio based in New York. This is the first deployment of Smart Video outside EMEA.

Amino

As part of our long-term strategy to focus on software and services revenues, and as operators look to add more OTT content to their linear services, we have made further progress. This is reflected in progress for our PayTV+ strategy, with five operators across North America, EMEA and Asia choosing Operator Ready Android TV devices and three operators now choosing devices running AminoOS certified with Netflix. We have also completed Amazon Prime certification on our Android devices on which our customers are also able to provide Disney+.

Further to the two upcycling projects delivered in the second half of last year, we are also now undertaking a new project for another European operator which will save them c.$5 million of capital expenditure. We have also entered trials with three North American operators to upcycle already deployed Amino devices in partnership with MOBITV's next generation multiscreen PayTV platform.

We have offered our self-install, remote device management and customer support software free of charge during the Covid-19 pandemic period. We anticipate that many customers would want to maintain this service. Active devices managed on this platform have increased 98% year on year and we continue to invest in additional data analysis tools to allow operators better insights into device and network performance in the home.

Operationally, we have worked very closely with our customers and suppliers to ensure that Covid-19 had a minimal impact on our supply chain. Whilst we have seen and continue to experience some production delays due to restrictions on the movement of goods as a result of government lockdowns, factory capacity at our manufacturing partners in Asia is back at pre-Covid-19 levels.

We have seen good volume demand from our customers for devices during the period and, importantly, have maintained our gross margins. Device revenue has declined year on year since the devices shipped are now lower cost. Our largest market for devices continues to be North America which had similar levels of activity year on year. However, the impact of Covid-19 on demand for devices, particularly in North America, in the second half of the year remains subject to any further impacts of the Covid-19 pandemic.

Current trading and outlook

We took early and effective action in mitigating Covid-19 risk, making the health and well-being of our employees and customers our top priority. The first half of the year has been a highly dynamic period in which I have seen our organisation grow stronger and more resilient. Covid-19 continues to present challenges in the short term and create some uncertainty for the second half of the financial year. However, I am very proud of what our team has achieved during this period. The combination of a motivated team and a clear, effective plan – which we are confident is the right plan – gives me confidence of delivering our strategy.

Donald McGarva
Chief Executive Officer
10 August 2020

Notes

(2) Adjusted gross profit margin, is a non-GAAP measure and excludes exceptional items. Further details of these adjustments are set out in note 5.

Chief Financial Officer's review

Revenue increased by 10% to $38.0m (H1 2019: $34.6m). Adjusted operating profit(1) for the period decreased by 11% to $4.2m (H1 2019: $4.7m) as expected, as a result of ongoing investment into the 24i next generation platform and delays to some customer orders due to Covid-19 lockdown conditions. Operating profit decreased by 68% to $0.7m (H1 2019 restated: $2.2m).

The Group reported gross cash of $4.3m and debt drawn of $2.1m resulting in net cash balances at 31 May 2020 of $2.1m (31 May 2019: $19.3m, 30 November 2019: $1.3m)(3) and has undrawn credit facilities of $13m.

Revenue

	H1 2020 $m	H1 2019 $m	Change
Recurring	5.1	2.4	109%
Non-recurring	4.6	1.2	288%
Software and services	9.7	3.6	167%
Devices including integrated	28.3	31.0	(9%)
Revenue	**38.0**	**34.6**	**10%**

Software and services now represent 26% of total revenues for the period (H1 2019: 10%), comprising revenues from our 24i division, upcycling projects, our AminoOS and AminoSM software (sold independently from devices) and support for our AminoVU devices. At 31 May 2020 annual run rate recurring revenues increased to $10.1m (31 May 2019: $4.9m).

Software and service revenues increased by 167% in H1 2020, primarily as a result of the acquisition of 24i Unit Media BV in July 2019. Including proforma revenue for 24i in H1 2019, organic growth in software and service revenues for the Group was 24% a result of increased volumes from existing customers and new customer implementations.

Volumes of devices shipped in the period year on year increased. However, device revenue declined as expected because the devices shipped are lower cost products and some customer orders were delayed into the second half due to lockdown restrictions.

Segment result

	Revenue		Segment result	
	2020 $m	2019 $m	**2020 $m**	2019 $m
24i	**7.7**	1.7	**0.2**	(0.2)
Amino	**30.3**	32.9	**8.0**	8.0
Central costs	**-**	-	**(1.1)**	(0.9)
Total	**38.0**	34.6	**7.1**	6.9

Notes

(3) Net cash balance is the net of Cash and Bank loans

Segment result (continued)

The segment result shown above is in accordance with those shown to the Chief Operating Decision Maker. Segment result has been calculated as Adjusted EBITDA for each segment; the Adjusted EBITDA for the six months to 31 May 2020 was $7.1m (2019: $6.9m). Adjusted EBITDA is a company specific measure which is calculated as operating profit before depreciation, interest, tax, amortisation, exceptional items and employee share-based payment charges. This is consistent with the way the financial performance of the Group is presented to the Board and Chief Operating Decision Maker.

The result of implementing IFRS 16 Leases has been to move $0.6m of costs in H1 2020 from operating expenses into depreciation and amortisation, and interest. Further details are included in note 9.

The Directors believe that this provides a more meaningful comparison of how the business is managed and measured on a day-to-day basis.

24i Segment result

	2020 $m	2019 $m
Software and services	7.7	1.7
Devices including integrated software	-	-
Revenue	**7.7**	1.7
Cost of Sales	**(1.7)**	(0.4)
Gross margin	**6.0**	1.3
Gross margin %	**78.7%**	75.7%
Operating costs	**(5.8)**	(1.5)
Segment result	**0.2**	(0.2)
Segment margin	**3.1%**	(12.8%)
Capitalised development costs	**1.6**	0.7

The 24i segment comprises the results of 24i Unit Media BV, acquired in July 2019 and the results of Amino Communications Oy, the group company that was contributed to the 24i division at that time. Amino Communications Oy runs the Smart Video online video service.

Amino Segment result

	2020 $m	2019 $m
Software and services	2.0	1.9
Devices including integrated software	28.3	31.0
Revenue	**30.3**	32.9
Cost of Sales	**(17.3)**	(18.8)
Gross margin	**13.0**	14.1
Gross margin %	**42.8%**	42.9%
Operating costs	**(5.0)**	(6.1)
Segment result	**8.0**	**8.0**
Segment margin	**26.2%**	24.4%
Capitalised development costs	**1.0**	1.1

The Amino segment comprises the results of the sales of AminoVU devices, related support as well as the AminoOS middleware and AminoSM device management platform.

Central costs

	2020 **$m**	2019 $m
Operating costs	**(1.1)**	(0.9)
Segment result	**(1.1)**	(0.9)

Central costs comprise the costs of the Board, including executive directors as well as costs associated with the Company's listing on the London Stock Exchange. These costs increased by $0.2m because of additional non-recurring advisers fees in respect of financing matters.

Operating profit

A reconciliation of Adjusted EBITDA to operating profit is provided as follows:

As reported in $m	H1 2020 $m	H1 2019 $m
Adjusted EBITDA	7.1	6.9
Exceptional items	(0.6)	(0.3)
Share-based payment charge	(0.3)	(0.5)
Depreciation and amortisation	(5.5)	(3.9)
Operating profit	**0.7**	**2.2**

The Group continues to invest in research and the development of new products and capitalised $2.6m (H1 2019: $1.8m). Share based payment charges totalled $0.3m (H1 2019: $0.5m).

The result of implementing IFRS 16 Leases has been to move $0.6m of costs in H1 2020 from operating expenses into depreciation and amortisation, and interest. Further details are included in note 9.

Exceptional items

Exceptional items included within operating expenses in H1 2020 comprised $0.8m expensed contingent post-acquisition remuneration in respect of the acquisition of 24i Unit Media BV and a credit of $0.2m relating to royalty costs recognised in prior years and subsequently renegotiated.

Depreciation and amortisation

Excluding amortisation of intangibles recognised on acquisition, depreciation and amortisation was $3.0m (H1 2019: $2.2m) including $0.5m in respect of right of use assets as a result of implementing IFRS 16 (H1 2019: $nil). Amortisation of intangibles recognised on acquisitions was $2.5m (H1 2019 restated: $1.7m).

Operating profit

Adjusted operating profit was $4.2m (H1 2019: $4.7m) excluding share-based payment charges of $0.3m, exceptional items of $0.6m and amortisation of intangibles recognised on acquisition of $2.5m. Statutory operating profit was $0.7m (H1 2019 restated: $2.2m).

Taxation

The tax charge comprises a $0.5m credit relating to the unwinding of the deferred tax liability recognised in respect of the amortisation of intangible assets recognised on acquisition and a $0.5m current tax charge for the period.

Profit after tax

Profit after tax was $0.5m (H1 2019 restated: $2.1m).

Earnings per share

After adjusting for the after-tax impact of exceptional items, share-based payment charges and amortisation of intangibles recognised on acquisition, adjusted basic earnings per share decreased by 20% to 4.88 US cents (H1 2019: 6.12 US cents) and adjusted diluted earnings per share decreased by 23% to 4.69 US cents (H1 2019: 6.06 US cents). Basic earnings per share was 0.92 US cents (H1 2019 restated: 2.94 US cents) and diluted earnings per share was 0.88 US cents (H1 2019 restated: 2.91 US cents).

Cash flow

Adjusted cash flow from operations was $4.8m (H1 2019: $8.1m) and represented 68% of adjusted EBITDA (H1 2019: 119%). This reflects a cash outflow for working capital which is primarily due to orders shipped to customers at the end of the H1 2020 with longer average payment terms than those at the end of FY 2019. Cash generated from operations was $4.8m (H1 2019: $6.3m).

During the period the Group spent $0.1m (H1 2019: $0.1m) on capital expenditure and capitalised $2.6m of research and development costs (H1 2019: $1.8m).

As a result of implementing IFRS 16, lease payments of $0.6m are presented in cash flow from financing activities; in H1 2019, lease payments of $0.4m were presented in cash flow from operations.

Financial position

The Group had gross cash of $4.3m and debt drawn of $2.1m resulting in net cash balances at 31 May 2020 of $2.1m (31 May 2019: $19.3m, 30 November 2019: $1.3m), with a reduction from the comparable period last year primarily as a result of the acquisition of 24i Unit Media BV in July 2019. The Group also has a $13m undrawn on its multicurrency working capital loan facility, which expires in November 2022.

At 31 May 2020 the Group had total equity of $83.5m (31 May 2019: $80.8m, 30 November 2019: $82.6m) and net current liabilities of $0.5m (31 May 2019: net current assets $18.6m, 30 November 2019: net current liabilities of $2.3m). 63% of trade receivables were insured (31 May 2019: 87%) and debtor days were 43 days (31 May 2019: 24 days).

The reduction in percentage of debtors insured reflects the make-up of the debtor balance at 31 May 2020, rather than a general lack of availability of credit insurance. It remains the Group’s policy to obtain insurance and where this is not possible, due to the territory or customer involved, payment in advance is required to a level that limits exposure to the margin on the sale of devices.

Dividend

In line with the statement made on 30 March 2020, due to the continuing uncertainty of the impact of Covid-19, the Board does not recommend payment of an interim dividend.

The Board has become aware of an irregularity concerning the Company's technical compliance with statutory requirements in respect of the final dividend relating to FY2018 of £4.11m and the interim dividend of £1.55m paid to shareholders on 26 April and 2 September 2019 respectively. Regrettably, as a result of an administrative oversight, the funding of these dividends from a subsidiary company was not recorded as a distribution from that subsidiary to the Company as it should have been, but as an intra-group loan. As a consequence, while the group as a whole had available distributable reserves greater than the dividends, the requisite distributable reserves were not available within the Company itself prior to the payment of the dividends and interim accounts for the Company showing the required reserves were not filed with the Registrar of Companies prior to the payments. The Group's historic reported trading results, financial condition and ability to pay future dividends are entirely unaffected by this irregularity. Consistent with the approach taken by other companies in similar circumstances, in order to put all potentially affected parties so far as possible in the position in which they were always intended to be had the statutory requirements been observed, the Company intends today to send a circular to shareholders giving notice of a general meeting at which a resolution authorising a number of rectifying actions will be proposed and giving further information in relation to these actions.

Prior year restatement

As disclosed in the full year consolidated financial statements for the year ended 30 November 2019, goodwill and intangible assets and related deferred tax liabilities recognised on the acquisition of Booxmedia Oy and Entone Inc, in 2015 had been recorded in an incorrect currency. They had been recorded in the functional currency of the parent company. However, IAS 21 requires them to be treated as assets and liabilities of the foreign operation and expressed in the functional currency of the foreign operation. They have now been recorded in their correct currency and the prior year comparatives have been restated. For the six months to 31 May 2019 the restatement has resulted in an increase in net assets of $9.9m, a decrease in profit for that financial year of $0.2m and a decrease in basic and diluted earnings per share of 0.34 US cents. the impact of this restatement is set out in note 8 below.

Principle risks and uncertainties

The principle risks and uncertainties facing the Group remain broadly consistent with the Principle Risks and Uncertainties reported in Amino's 2019 Annual Report. Since the 2019 Annual Report, the Board has been monitoring and mitigating the effects of the following international events on the Group's business:

Covid-19

In March 2020, the World Health Organisation declared a global pandemic due to the Covid-19 virus that has spread across the globe, causing different governments and countries to enforce restrictions on people movements, international travel, and other precautionary measures. This has had a widespread impact economically and a number of industries have been heavily impacted. This has resulted in impacts on certain industries and a more general need to consider whether budgets and targets previously set are realistic in light of these events.

As described above, the Covid-19 pandemic has impacted our business but the Board believes that the business is well positioned to be able to navigate through the impact of Covid-19 due to the strength and flexibility of its software-led strategy, its strong balance sheet and cash position.

Brexit

The United Kingdom ('UK') formally left the European Union ('EU') on 30 January 2020. The period of time from when the UK voted to exit the EU on 23 June 2016 and the formal process initiated by the UK government to withdraw from the EU, or Brexit, created volatility in the global financial markets. The UK now enters a transition period, being an intermediary arrangement covering matters like trade and border arrangements, citizens' rights and jurisdiction on matters including dispute resolution, taking account of The EU (Withdrawal Agreement) Act 2020, which ratified the Withdrawal Agreement, as agreed between the UK and the EU. The transition period is currently due to end on 31 December 2020 and ahead of this date, negotiations are ongoing to determine and conclude a formal agreement between the UK and EU on the aforementioned matters.

As the Group operates subsidiaries in many countries, there are several channels available to us to continue business with the same customers, should the need arise, with little to no effect from Brexit changes. As such, the Directors currently deem that the effects of the UK's current transitional period outside the EU and the impact of ongoing discussions with the EU will not have a significant impact on the Group's operations due to the global geographical footprint of the business and the nature of its operations. However, the Board and Executive Team are closely monitoring the situation to be in a position to manage the risk of any volatility in global financial markets and impact on global economic performance due to Brexit.

Mark Carlisle
Chief Financial Officer
10 August 2020

Consolidated Income Statement

For the six months ended 31 May 2020

	Notes	**Six months ended 31 May 2020 Unaudited**	Six months ended 31 May 2019 Unaudited restated
	Notes	**$000s**	$000s
Revenue	3	**38,033**	34,634
Cost of sales		**(18,796)**	(18,694)
Gross profit		**19,237**	15,940
Operating expenses		**(18,540)**	(13,786)
Operating profit		**697**	2,154
Analysed as:			
Adjusted operating profit		**4,172**	4,691
Share based payment charge		**(334)**	(473)
Exceptional items	5	**(646)**	(317)
Amortisation of acquired intangible assets		**(2,495)**	(1,747)
Operating profit		**697**	2,154
Finance expense		**(318)**	(9)
Finance income		**73**	60
Net finance (expense)/income		**(245)**	51
Profit before tax		**452**	2,205
Tax credit/(charge)		**33**	(62)
Profit after tax		**485**	2,143
Profit for the period from continuing operations attributable to equity holders		**697**	2,143
Non-controlling interest		(212)	-
Profit for the period		**485**	2,143
Basic earnings per 1p ordinary share	6	0.92c	2.94c
Diluted earnings per 1p ordinary share	6	0.88c	2.91c

Consolidated Statement of Comprehensive Income

For the six months ended 31 May 2020

	Six months ended 31 May 2020	Six months ended 31 May 2019
	Unaudited	Unaudited restated
	$000s	$000s
Profit for the period	**485**	2,143
Foreign exchange difference arising on consolidation	**57**	(119)
Other comprehensive income/(expense)	**57**	(119)
Total comprehensive income for the period	**542**	2,024

Consolidated Balance Sheet

As at 31 May 2020

Assets	Notes	As at 31 May 2020 Unaudited $000s	As at 31 May 2019 Unaudited Restated $000s	As at 30 November 2019 Audited $000s
Non-current assets				
Property, plant and equipment		**354**	559	395
Right of use assets	9	**2,792**	-	-
Intangible assets	8	**90,143**	62,883	91,919
Deferred tax assets		**608**	707	637
Other receivables		**225**	423	430
		94,122	64,572	93,381
Current assets				
Inventories		**2,463**	3,281	2,399
Trade and other receivables		**15,706**	11,589	16,483
Corporation tax receivable		**-**	-	8
Cash and cash equivalents		**4,268**	19,326	8,612
		22,437	34,196	27,502
Total assets		**116,559**	98,768	120,883
Capital and reserves attributable to equity holders of the business				
Called-up share capital		**1,367**	1,327	1,367
Share premium		**35,907**	32,300	35,907
Capital redemption reserve		**12**	12	12
Foreign exchange reserves		**(3,485)**	(3,167)	(3,461)
Merger reserve		**30,122**	30,122	30,122
Other reserve		**(1,673)**	-	(1,750)
Retained earnings		**20,817**	20,160	19,790
Equity attributable to the owners of the parent		**83,067**	80,754	81,987
Non-controlling interest		**394**	-	598
Total equity		**83,461**	80,754	82,585
Liabilities				
Current liabilities				
Trade and other payables		**19,256**	14,916	21,800
Lease liabilities		**1,053**	-	-
Corporation tax payable		**515**	673	684
Loans and borrowings		**2,119**	-	7,314
		22,943	15,589	29,798
Non-current liabilities				
Trade and other payables		**3,253**	14	2,785
Lease liabilities		**1,736**	-	-
Provisions		**1,200**	1,320	1,298
Deferred tax liability		**3,966**	1,091	4,417
		10,155	2,425	8,500
Total liabilities		**33,098**	18,014	38,298
Total equity and liabilities		**116,559**	98,768	120,883

Consolidated Cash Flow Statement

For the six months ended 31 May 2020

	Notes	**Six months ended 31 May 2020 Unaudited**	Six months ended 31 May 2019 Unaudited
	Notes	**$000s**	$000s
Cash flows from operating activities			
Cash generated from operations	7	**4,798**	6,273
Net corporation tax paid		**(597)**	(66)
Net cash generated from operating activities		**4,201**	6,207
Cash flows from investing activities			
Expenditure on intangible assets		**(2,578)**	(1,819)
Purchase of property, plant and equipment		**(87)**	(77)
Interest received		**44**	51
Net cash used in investing activities		**(2,621)**	(1,845)
Cash flows from financing activities			
Interest paid		**(142)**	-
Repayment of borrowings		**(5,236)**	-
Lease payments		**(550)**	-
Dividends paid		**-**	(5,336)
Net cash used in financing activities		**(5,928)**	(5,336)
Net decrease in cash and cash equivalents		**(4,348)**	(974)
Cash and cash equivalents at start of the period		**8,612**	20,310
Effects of exchange rate fluctuations on cash held		**4**	(10)
Cash and cash equivalents at end of period		**4,268**	19,326

1 General information

Amino Technologies plc ('the Company') and its subsidiaries (together 'the Group') specialise in the delivery of next generation video experiences over IP using its end-to-end solution. This comprises the 24i online video solution and Amino set-top box devices and associated operating and device management software.

The Company is a public limited company which is listed on the AIM market of the London Stock Exchange and is incorporated and domiciled in England and Wales.

2 Basis of preparation

These interim consolidated financial statements have been prepared using accounting policies based on International Financial Reporting Standards (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 30 November 2019 Annual Report. The financial information for the six months ended 31 May 2020 and 31 May 2019 does not constitute statutory accounts within the meaning of Section 434 (3) of the Companies Act 2006 and both periods are unaudited.

The annual financial statements of Amino Technologies Plc ('the Group') are prepared in accordance with IFRS as adopted by the European Union. The statutory Annual Report and Financial Statements for 2019 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 30 November 2019 was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) - (3) of the Companies Act 2006.

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2019 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 December 2019, and will be adopted in the 2020 financial statements. The new standard impacting the Group that will be adopted in the annual financial statements for the year ended 30 November 2020, and which has given rise to changes in the Group's accounting policies is IFRS 16 Leases ("IFRS 16").

Details of the impact of this standard are given below. Other new and amended standards and interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to have a material impact on the Group.

IFRS 16 Leases

The Group adopted IFRS 16 from 1 December 2019, replacing the existing guidance in IAS 17 – Leases ("IAS 17"). IFRS 16 changes the existing guidance in IAS 17 and requires lessees to recognise a lease liability that reflects future lease payments and a "right-of-use asset" in all lease contracts within scope, with no distinction between financing and operating leases. IFRS 16 exempts lessees in short-term leases or when the underlying asset has a low value. The Group has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets.

The adoption of IFRS 16 has resulted in the Group recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease of $2.9m and $2.8m respectively. For leases historically classified as operating leases, under legacy accounting requirements the Group does not recognise related assets or liabilities, disclosing instead the total commitment in its annual financial statements. The Group has elected to apply the modified retrospective method, which means that prior periods are not updated for the new standard.

Therefore, there will be no impact on any comparative accounting period (interim or annual), with any leases recognised on balance sheet on the date of initial application of IFRS 16, being 1 December 2019. Finally, instead of recognising an operating expense for its operating lease payments, the Group now recognises interest on its lease liabilities and amortisation on its right of use assets. This has increased the reported adjusted EBITDA by the amount of its current operating lease cost, which for six months ended 31 May 2020 was approximately $0.6m.

2 Basis of preparation (continued)

Going Concern
In March 2020, the World Health Organisation declared a global pandemic due to the COVID-19 virus that has spread across the globe, causing different governments and countries to enforce restrictions on people movements, a stop to international travel, and other precautionary measures. This has had a widespread impact economically and a number of industries have been heavily impacted. This has resulted in supply chain disruption in certain industries, uncertainty over cash collection from certain customers, and a more general need to consider whether budgets and targets previously set are realistic in light of these events.

In carrying out the going concern assessment, the Directors have considered a number of scenarios, taking account of the possible impacts of the pandemic, in relation to revenue forecasts for the next 12 months. A material downside scenario assumed that current agreed contractual minimum revenues will be maintained over the period, other variable revenue and revenue from new customers will reduce by 47%. In such a scenario, the Group has identified cost reductions which could be implemented, to help mitigate the impact on cash outflows.

In reaching their going concern assessment, the Directors have considered the foreseeable future, a period extending 12 months from the date of approval of this interim financial report. This assessment has included consideration of the forecast performance of the business, as noted above, and the cash and financing facilities available to the Group. In light of all of this analysis, the Directors are satisfied that, even if this downside scenario were to occur, the Group has sufficient cash resources over the period. As such, the consolidated financial statements have been prepared on a going concern basis.

The Board of Directors approved this interim report on 10 August 2020.

3 Revenue

The geographical analysis of revenue from external customers generated by the identified operating segment is:

	Six months ended 31 May 2020 Unaudited $000s	Six months ended 31 May 2019 Unaudited $000s
North America	**13,224**	17,273
Latin America	**6,632**	5,095
Netherlands	**10,147**	4,835
Rest of EMEA	**6,997**	6,346
EMEA	**17,144**	11,181
Rest of the World	**1,033**	1,085
	38,033	34,634

The Group's revenue disaggregated by product is as follows:

	Six months ended 31 May 2020 Unaudited $000s	Six months ended 31 May 2019 Unaudited $000s
Devices incorporating integrated Amino software and associated accessories	**28,292**	30,983
Software and services	**9,741**	3,651
	38,033	34,634

4 Segmental Analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the Amino Technologies plc chief operating decision maker ("CODM") for the use in strategic decision making and monitoring of performance. The CODM has been identified as the Group Chief Executive and the Chief Financial Officer. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Performance of the operating segments is based on adjusted EBITDA. Information provided to the CODM is measured in a manner consistent with that in the Financial Statements.

Following the acquisition of 24i and the integration of the Group's AminoTV solution into 24i in 2019, the Group reports three operating segments to the CODM:

- the development and sale of TV centric devices and solutions, including licensing and support services ("Amino");
- development and sale of online video solutions ("24i"); and
- central costs which comprise the costs of the Board, including the executive directors as well as costs associated with the Company's listing on the London Stock Exchange.

The comparative information has been reported to reflect the change to the composition of reportable segments in the prior year.

Revenues and costs by segment are shown below.

2020		**Amino $000s**	**24i $000s**	**Central costs $000s**	**Total $000s**
Revenue	Software and services	2,065	7,676	-	9,741
	Devices *	28,292	-	-	28,292
	Total	30,357	7,676	-	38,033
	% Recurring	6%	44%	-	13%
Cost of sales		(17,355)	(1,638)	-	(18,993)
Gross profit		13,002	6,038	-	19,040
Operating expenses		(4,990)	(5,801)	(1,117)	(11,908)
Segment result		**8,012**	**237**	**(1,117)**	**7,132**
Exceptional items	Cost of Sales				196
	Operating expenses				(842)
Share based payment charge					(334)
Depreciation, amortisation and loss on disposal of fixed assets					(5,455)
Operating profit					**697**
Finance costs					(245)
Profit before tax					**452**
Additions to non-current assets: Capitalised development costs		951	1,615	-	2,566

* incorporating integrated Amino software and associated accessories.

4 Segmental Analysis (continued)

2019 restated		Amino $000s	24i $000s	Central costs $000s	Total $000s
Revenue	Software and services	1,960	1,691	-	3,651
	Devices *	30,983	-	-	30,983
	Total	32,943	1,691	-	34,634
	% Recurring	5%	53%	-	7%
Cost of sales		(18,806)	(411)	-	(19,217)
Gross profit		14,137	1,280	-	15,417
Operating expenses		(6,101)	(1,496)	(946)	(8,543)
Segment result		**8,036**	**(216)**	**(946)**	**6,874**
Exceptional items	Cost of Sales				523
	Operating expenses				(840)
Share based payment charge					(473)
Depreciation, amortisation and loss on disposal of fixed assets (restated)					(3,930)
Operating profit					**2,154**
Finance income					51
Profit before tax					**2,205**
Additions to non-current assets: Capitalised development costs		1,105	672	-	1,777

5 Exceptional items

Exceptional items included within cost of sales and operating expenses comprised:

	Six months ended 31 May 2020	Six months ended 31 May 2019
	Unaudited	Unaudited
	$000s	$000s
Credit relating to royalty costs recognised in prior years and subsequently negotiated	**(196)**	(523)
Subtotal cost of sales	**(196)**	(523)
Redundancy and associated costs	**-**	840
Acquisition costs	**72**	-
Expensed contingent post-acquisition remuneration in respect of the acquisition of 24i Unit Media BV	**770**	-
Subtotal operating expenses	**842**	840
Total exceptional items	**646**	317

The Group identifies and reports material, non-recurring and incremental costs and income as exceptional items separately from underlying operating expenses and income. Exceptional and other costs may include: restructuring costs (as defined in IAS 37 Provisions, Contingent Liabilities and Contingent Assets), legal and professional advisors fees in respect of acquisition costs, including aborted acquisitions, and the release of royalty costs recognised in prior years and subsequently renegotiated. Exceptional income comprises material amounts outside the course of normal trading activities.

6 Earnings per share

	Six months ended 31 May 2020	Six months ended 31 May 2019
	Unaudited	Unaudited restated
	$000s	$000s
Profit attributable to shareholders	**697**	2,143
Exceptional items	**646**	317
Share-based payment charges	**334**	473
Amortisation of acquired intangible assets	**2,495**	1,747
Tax effect thereon	**(466)**	(226)
Profit attributable to shareholders excluding exceptional items, share-based payments and amortisation of acquired intangibles and associated taxation	**3,706**	4,454
	Number	Number
Weighted average number of shares (Basic)	**76,030,228**	72,832,502
Weighted average number of shares (Diluted)	**78,972,089**	73,530,593
Basic earnings per share (cents)	**0.92**	2.94
Diluted earnings per share (cents)	**0.88**	2.91
Adjusted basic earnings per share (cents)	**4.88**	6.12
Adjusted diluted earnings per share (cents)	**4.69**	6.06

The calculation of basic earnings per share is based on profit after taxation and the weighted average number of ordinary shares of 1p each in issue during the period, as adjusted for shares held by an Employee Benefit Trust and held by the Company in treasury.

Adjusted earnings per share is a non-GAAP measure and therefore the approach may differ between companies.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary share options. The Group has only one category of dilutive potential ordinary share options: those share options where the exercise price is less than the average market price of the Company's ordinary. Amortisation of acquired intangible assets and the tax effect thereon for the period to 31 May 2019 have been restated, see note 8 for details.

7 Cash generated from operations

	Six months ended 31 May 2020 Unaudited	Six months ended 31 May 2019 Unaudited
	$000s	$000s
Profit before tax	**452**	2,205
Net finance charges/(income)	**245**	(51)
Amortisation charge	**4,827**	3,930
Depreciation of right of use assets	**503**	-
Depreciation of property. plant & equipment	**118**	(25)
Loss on disposal of property, plant & equipment	**6**	15
Share based payment charge	**334**	472
Exchange differences	**180**	(32)
(Increase)/decrease in inventories	**(63)**	352
Decrease in trade and other receivables	**777**	8,701
(Decrease)/increase in provisions	**(98)**	2
Decrease in trade and other payables	**(2,483)**	(9,296)
Cash generated from operations	**4,798**	6,273

Adjusted operating cash flow before exceptional cash outflows was $4,831k (H1 2019 $8,143k) and is reconciled to cash generated from operations as follows:

	Six months ended 31 May 2020 Unaudited	Six months ended 31 May 2019 Unaudited
	$000s	$000s
Adjusted operating cashflow	**4,831**	8,143
Redundancy and associated costs	**-**	(1,565)
Acquisition costs	**(33)**	-
Escrow release paid to employees	**-**	(305)
Cash generated from operations	**4,798**	6,273

Adjusted cash generated from operations is a non-GAAP measure and excludes cash from exceptional items.

7 Cash generated from operations (continued)

	Six months ended 31 May 2020	Six months ended 31 May 2019
	Unaudited	Unaudited
	$000s	$000s
Adjusted EBITDA	**7,132**	6,849
Adjusted operating cashflow conversion %	***60%***	*119%*
Exceptional items	**(646)**	(317)
Share based payment charge	**(334)**	(472)
EBITDA	**6,152**	6,060
Operating cashflow conversion %	***69%***	*104%*

Adjusted EBITDA is a non-GAAP measure and is defined as earnings before interest, taxation, depreciation, loss on disposal of property, plant and equipment, amortisation, exceptional items and share based payment charges.

8 Prior year restatement

As reported in the consolidated financial statements for the year to 30 November 2019, in 2015, goodwill, acquired intangible assets and associated deferred tax liabilities recognised in respect of the acquisitions of Booxmedia Oy and Entone, Inc. were recorded in the consolidated financial statements in sterling, the functional currency of the parent company. When the Group's presentation currency changed to US dollars for the year ended 30 November 2018, these sterling values were translated to US dollars. However, IAS 21 requires these assets and liabilities to be treated as assets and liabilities of the foreign operation and expressed in the functional currency of the foreign operation.

For Booxmedia Oy this should have been Euro and for Entone, Inc. this should have been US dollars. Consequently, the prior period comparatives have been restated as if the goodwill, acquired intangible assets and associated deferred tax liabilities recognised on the acquisition of Booxmedia Oy had been recorded in Euro and those recognised on the acquisition of Entone, Inc. had been recorded in US dollars. The following tables summarise the impact of the prior period restatement.

Impact on earnings per share and profit for the period in the consolidated income statement

For the six months to 31 May 2019	Profit for the period from continuing operations $000s	Basic earnings per share US cents	Diluted earnings per share US cents
As previously reported	2,389	3.28	3.25
Increase in amortisation of acquired intangible	(308)	(0.42)	(0.42)
Additional deferred tax credit	62	0.08	0.08
As restated	2,143	2.94	2.91

8 Prior year restatement (continued)

Impact on net foreign exchange losses arising on consolidation in the consolidated statement of comprehensive income

For the six months to 31 May 2019	$000s
Net foreign exchange loss arising on consolidation (as previously reported)	226
Foreign exchange adjustment	(107)
Net foreign exchange loss arising on consolidation (as restated)	119

Impact on the consolidated statement of financial position	As at 31 May 2019 $000s
Intangible assets (as previously reported)	52,901
Foreign exchange adjustment	10,290
Amortisation charge	(308)
Intangible assets (as restated)	62,883
Deferred tax liabilities (as previously reported)	969
Foreign exchange adjustment and corresponding adjustment of deferred tax credit	122
Deferred tax liabilities (as restated)	1,091
Total equity (as previously reported)	70,893
Impact of the adjustments set out above	9,861
Total equity (as restated)	80,754

9 Effects of changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 December 2019 in note 9(b)below. The Group has adopted IFRS 16 retrospectively from 1 December 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 December 2019.

9 (a). Adjustments recognised on adoption IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 December 2019 in the currency in which payments under the lease are made. The range of discount rates used by the Group is 1.48% to 3.50%.

Impact on the consolidated statement of financial position	2019 $000s
Operating lease commitments at 30 November 2019	2,824
Capitalised extensions to remaining lease terms	596
Exempt small value and short-term leases	(28)
Discounted using incremental borrowing rate at 1 December 2019	(109)
Lease liability recognised as at 1 December 2019	3,283
Of which:	
Current lease liabilities	1,053
Non-current lease liabilities	2,230
	3,283

9 Effects of changes in accounting policies (continued)

The associated right-of-use assets for property leases and other right-of use assets were measured at the amount equal to the lease liability, reduced for any lease incentives received and adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 November 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 May 2020 $000s	1 December 2019 $000s
Properties	2,773	3,257
Motor vehicles and office equipment	19	26
Total right of use assets	2,792	3,283

The change in accounting policy affected the following items in the balance sheet on 1 December 2019:

- Right-of-use assets increased by $3,283,000
- Lease liabilities increased by $3,283,000

(i) Impact on segment disclosures and earnings per share
Adjusted EBITDA for the six months to 31 May 2020 increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	Net Assets at 1 December 2019 $000s	Adjusted operating profit $000s	Adjusted EBITDA $000s
Amino segment increase	-	16	313
24i segment increase	-	63	268
Total	-	79	581

Adjusted earnings per share for all operations and for continuing operations did not change for the 6 months to 31 May 2020 as a result of the adoption of IFRS 16.

(ii) Practical expedients applied
In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of; less than 12 months as at 1 December 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a lease.

9 Effects of changes in accounting policies (continued)

9 (b) The Group's leasing activities and how these are accounted for
The group leases various offices, equipment and cars. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 30 November 2019, leases of property, plant and equipment and cars were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease.

From 1 December 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payment that are based on an index or a rate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date less any lease incentives received.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(i) Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. None of the total lease payments made in the period to 31 May 2020 were optional.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

10 Cautionary statement

This document contains certain forward-looking statements relating to the Group. The Group considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risk and uncertainty that may cause actual results and the financial performance of the Group to differ materially from those contained in any forward-looking statement. These statements are made by the Directors in good faith based on information available to them and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.