AFERIAN PLC

(“Aferian”, the “Company” or the “Group”)

HALF YEAR RESULTS
2025 Strategy driving earnings enhancement

Aferian plc (LSE AIM: AFRN), a software-led global media technology company that delivers modern TV experiences, announces unaudited results for the six months ended 31 May 2021 (“H1 2021”).

Strategic and operational highlights

- Significant progress against 2025 strategic goals:
  - Double digit growth in both revenue and annual recurring revenue (“ARR”) driving improved revenue quality and visibility.
  - Double digit growth also achieved in adjusted EBITDA and adjusted operating profit.
  - Acquisition of Nordija, a Danish streaming and Pay TV platform specialist, for €5.3m accelerating the Group’s TV as a Service offering.
  - A strong balance sheet to support M&A.
- Continued focus and investment to drive growth in recurring software revenues and conversion of the streaming and Pay TV convergence opportunity.
- Strategically important deployments with PCCW (Android TV), Canadian Hockey League (Smart Apps Next-Gen platform), Go Malta and Cablenet (Pay TV+).
- Rebrand to Aferian plc to better reflect the true scale, breadth and potential of the Group's operations and market positioning at minimal cost.
- We announce today that the 8% minority shareholders of 24i Unit Media B.V intend to exercise their right to sell their shares in 24i Unit Media B.V to the Company for either cash or shares, at the Company’s election.

Financial summary

$m unless otherwise stated	**H1 2021**	H1 2020	Change
Revenue	**45.3**	38.0	19%
Exit Annual Recurring Revenue (“ARR”) (1)	**13.8**	10.1	37%
Adjusted gross profit (2)	**20.6**	19.0	8%
Adjusted EBITDA(3)	**8.3**	7.1	17%
Adjusted operating profit (4)	**5.1**	4.2	21%
Adjusted profit before tax (4)	**4.7**	3.9	21%
Adjusted basic earnings per share (US cents)(4)	**5.05c**	4.88c	3%
Statutory gross profit	**20.6**	19.2	7%
Statutory operating profit	**1.9**	0.7	171%
Statutory profit before tax	**1.5**	0.5	200%
Statutory basic earnings per share (US cents)	**1.16c**	0.92c	26%
Net cash(5)	**10.1**	2.1	
Interim dividend per share (GBP pence)	**1.0**	-	

Donald McGarva, CEO of Aferian plc, said:

“Last February we launched our 2025 strategy to drive software-led growth and capitalise on the structural shifts in the TV market. Since then, Aferian has moved rapidly to convert the opportunity in front of us. The focus and dynamism within our business is delivering results, with a 19% rise in revenues and a 37% increase in recurring revenue, providing greater forward visibility than ever before.”

“Our 2025 strategy targets both organic growth and strategic M&A. We made the first of our software focussed acquisitions in May, adding Nordija’s streaming and Pay TV platform capabilities to our market leading 24i business. Having pivoted towards software and streaming, in June we became Aferian plc to reflect our updated market positioning at a Group level, with 24i and Amino continuing as our go-to-market brands.”

“We enter the second half of the year with a clear strategy, building recurring revenues and a strong balance sheet to support software focussed M&A. The Board remains confident in the Group’s ability to meet current full year expectations and in our future prospects as we execute our 2025 strategy.”

Current trading and outlook

- The Group has traded well in the first half, driving double digit revenue and ARR[1] growth, which in combination with earlier customer hardware orders due to longer supply lead times, provides excellent visibility.
- The integration of Nordija is underway and on track and is expected to be earnings enhancing in the first full financial year of ownership.
- Aferian enters H2 with a strong balance sheet and in a solid position to execute on its pipeline of potential M&A opportunities.
- The Board remains confident in the Group's ability to meet current full year expectations and in the Group's future prospects as it executes its 2025 strategy.

This announcement contains information that was previously Inside Information, as that term is defined in the Market Abuse Regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014) and successor UK legislation.

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 Aferian plc

Aferian plc (AIM: AFRN) is a software-led, global Media Technology company. We deliver modern TV experiences the way viewers want them, seamlessly integrating streaming and Pay TV services. Our award-winning Next Generation technology platforms enable operators, broadcasters and content owners to provide viewers the choice, usability and convenience they expect.

It is our belief that successful media companies and services will be those that are most consumer-centric, data driven and flexible to change. We focus on innovating technologies that enable our customers stay ahead of evolving viewer demand by providing smarter, more cost-effective ways of delivering end-to-end modern TV and video experiences to consumers. By anticipating technological and behavioural audience trends, our software solutions empower our customers to heighten viewer enjoyment, drive growth in audience share and ultimately, their profitability.

Aferian plc has two operating companies: 24i, which focusses on streaming video experiences, and Amino, which connects Pay TV to streaming services. Our two complementary companies combine their products and services to create solutions which ensure that people can consume TV and video how and when they want it. Our solutions deliver modern TV and video experiences every day to millions of viewers globally, via our growing global customer base of over 500 service providers.

Aferian plc is listed on the London Stock Exchange Alternative Investment Market (AIM: symbol AFRN). Headquartered in Cambridge, UK, the company has over 350 staff located in offices in San Francisco, Amsterdam, Helsinki, Copenhagen, Madrid, Porto, Brno, Buenos Aires and Hong Kong. For more information, please visit www.aferian.com.

Notes

1. Exit Annual Recurring Revenue (ARR) is annual run-rate recurring revenue as at 31 May 2021.
2. Adjusted gross profit is a non-GAAP measure and excludes exceptional items.
3. Adjusted EBITDA is a non-GAAP measure and excludes depreciation, amortisation, interest, tax, exceptional items and share-based payment charges.
4. Adjusted operating profit, adjusted profit before tax and adjusted basic earnings per share are non-GAAP measures and excludes amortisation of acquired intangibles, exceptional items, share-based payment charges, and non-recurring finance income and expenses.
5. Net cash is cash and cash equivalents less loans and bank borrowings.

Chief Executive Officer's review

Strong first half progress towards our 2025 strategy

At the full year results in February we set out our ambitious new 2025 strategy to address the convergence of streaming services and traditional Pay TV. We have an ambition to triple Group revenues to c$250m and drive recurring revenue as a percentage of Group software revenues to 70% by 2025.

This new strategy capitalises on the increasing consumer expectation that we should all be able to connect to the TV and video we love on any device, at any time, wherever we may be. Aferian is well positioned to capture this opportunity, making it easy for people to connect to the TV and video in the way they want.

During the first half of the year we have made early progress towards our 2025 strategy. We report revenue of $45.3m (H1 2020: $38.0m), up 19%, and improved quality of earnings and enhanced visibility with an exit Annual Recurring Revenue (ARR) of $13.8m (H1 2020: $10.1m) up 37%. Recurring software revenue is currently 56% (H1 2020: 53%) of total software and services revenue.

We are focussed on building a predictable, software-driven growth business, while expanding our addressable market both organically and via targeted M&A. We continue to grow margins through value-based investments; maintain strong levels of cash generation; deliver appropriate returns to shareholders; as well as invest in the future growth of the Company.

In May 2021, we commenced our targeted M&A programme by securing the acquisition of Nordija, a Danish streaming and Pay TV platform specialist, for a total consideration of €5.3m. As customers increasingly look to offload the day-to-day burden of managing and maintaining their end-to-end video platforms to expert partners like Amino and 24i, this move accelerates our progress in the TV as a Service ("TVaaS") market. This enables us to better capture the opportunity created by the convergence of streaming services and traditional Pay TV, which is where we see the greatest opportunity for growth.

This acquisition immediately added $2.1m to ARR as well as bringing specialist capabilities to our team. Nordija has a reputation of innovation and has brought high quality customers to the Group including Waoo, Swisscom Broadcast and Telenor Sweden. I am delighted to welcome Nordija into our growing Group. The integration of Nordija into 24i has started well and is on track to be earnings enhancing in the first full financial year of ownership.

To provide the Group with additional funds to aid execution of its acquisitive growth strategy, Aferian also completed a share placing in the period, raising £9.4 million. Initially, this was intended to support a bid and auction process to acquire MobiTV, a US live TV and on-demand platform provider. Whilst the bid process was not successful the availability of these additional funds enhances the Group's position in negotiating and executing future acquisitions.

Change of name to Aferian plc

Post period end, in June, the Group changed its name from Amino Technologies plc to Aferian plc. We felt strongly that as our business evolved, it was right that the Group's name was changed to enable us to better articulate the nature of business and the larger opportunity on which our global team is now capitalising.

The two Aferian plc Group operating companies, 24i and Amino, will continue to operate under their existing go-to-market brands. Together they provide a state-of-the-art, Streaming and Pay TV eco-system that enables over 100 million people around the world to enjoy the TV and video they love every day.

H1 2021 Key Performance Indicators

Our five key performance indicators demonstrate continued strategic progress during the first half as we work towards our 2025 strategy goals reporting growth in revenue up 19% and ARR up 37%. Adjusted gross profit margin is slightly lower due to a higher percentage of lower margin device revenue compared to the prior period. The Group also continues to generate strong operating cash flows.

	H1 2021 $m	H1 2020 $m
Total revenue	**45.3**	38.0
Software and services revenue	**9.9**	9.7
Annual run rate recurring revenue ("ARR") at 31 May	**13.8**	10.1
Adjusted gross profit margin %	**45%**	50%
Adjusted operating cash flow before tax	**4.0**	4.8

Operational review

24i

24i offers a robust technology platform that streams TV and video programming to any type of screen. 24i has a 12-year market-leading position and works with customers like NPO, Telenor, Pure Flix and Broadway HD.

24i continues to focus on building recurring revenues and has reported a significant year-on-year increase of 47% in ARR at the period end, which includes $2.1m from the Nordija acquisition. The increased focus on driving ARR supports the Group's software-led strategy. As expected therefore, one-off and non-recurring professional services-led revenues has declined. As previously highlighted, we will continue to invest in FY21 both in sales and marketing and in our products to build our pipeline.

We continue to migrate customers to our industry-leading Smart Apps Next-Gen platform, which was launched last year. This enables our customers to deploy faster and more cost-effectively. Generally, across our platforms, customers are now benefiting from the worldwide shift to streaming and a user desire for more flexible viewing powered by our platform. This has resulted in a 23% increase in monthly average active users over the reported period since last financial year in our Backstage management system. One key customer has shown 47% growth in video consumption compared to the same period in 2020.

24i has reported strong organic growth of 120% in monthly average active users accessing video content via our Smart Video platform through to May 2021 compared to the same period last year. This has been driven both by the general growth in streaming services over the period and by the migration of a significant population of Pay TV subscribers from legacy systems to 24i's more flexible and extensible platform.

Enhancements to our Backstage content and application management interface provide our customers with the ability to control and monitor the Smart Video backend from within the same online tool manages the front-end user experience. This makes the benefits of our end-to-end video solution clearer in the market and has supported sales of product-based solutions rather than custom implementations. This drives ARR growth. During the period we implemented our Smart Apps Next-Gen platform, including Backstage, for the Canadian Hockey League, together with our partner Verizon Media.

Amino

Amino seamlessly connects Pay TV to streaming services and provides the features required in a multiscreen entertainment world. Amino has a 20-year heritage with customers like PCCW, Cincinnati Bell, T-Mobile NL and Entel.

During the period Amino grew revenues in the half by 25% to $37.8m and maintained its strong margins and cash generation. By offering services that converge linear TV and streaming Amino delivered several new deployments of its Android TV platform in the period. These include Go Malta and CableNet in Europe, Optage in APAC and Conway, Home Telecom and Hay Communications in North America. These deployments showcase our ability to roll out a next generation TV experience as operators look to combine the best of both worlds for linear TV and streaming apps such as Disney+.

Post period end, in APAC, we have completed the implementation of our Android TV platform and Netflix integration with PCCW in Hong Kong to enable its Now TV video service. This was done using Amino's Hailstorm Partnership with Netflix. This partnership cuts the time to integrate Netflix from as long as 12 months to a few weeks.

Engage, our leading SaaS device software management, customer support and analytics solution, continued to grow strongly. 18 new customers deployed Engage in the period and the user base grew by 22% year-on-year. We regard this solution as a key differentiator in our competitive landscape.

The global supply chain shortage continues to be a challenge for businesses globally. This is a market-wide issue and the impact of Covid-19 continues to be seen in our supply chain. We have seen extended lead times of key components such as semi-conductors in the period. We continue to actively manage the situation and are working closely both with customers on longer-term supply arrangements to enhance visibility and with suppliers to ensure timely deliveries of materials. Despite these challenges, we shipped approximately 30% more devices in H1 2021 compared to H1 2020.

Environmental, Social and Governance ("ESG")

Today we have published our first ESG report. This can be found on our website at https://aferian.com/esg/. Our approach to ESG uses the Japanese concept of Ikigai meaning "a reason for being" and which refers to having a meaningful direction or purpose in life. The ESG report provides an overview of our progress against our chosen six of the United Nations Sustainable Development Goals as well as the Sustainable Accounting Standards Board's ("SASB") Software and IT Services and Hardware sustainability accounting standards.

Board change

Post period end, after more than five years on the Group's Board of Directors, our Non-Executive Chairman, Karen Bach notified the Board of her intention to step down from her role. During her tenure, Karen has made a significant contribution to the Group, including leading the Board as it developed the Group's 2025 strategy, which is already delivering meaningful improvements in revenue quality and growth.

On behalf of the Board and all of our Aferian employees, I would like to thank Karen for her service, dedication and support during her tenure. We have all benefitted from her energy and perspective and wish her well in her future endeavours. A search process has commenced to find a new Chair and Karen will continue to serve in the role until a successor has been appointed.

Current trading and outlook

Overall, the Group has traded well during the first half with revenue and recurring revenue up and continued improvement in earnings quality and visibility. In short, we have more visibility today than ever before as evidenced by further growth in ARR. Having commenced our targeted M&A programme to capitalise on the convergence of streaming, the integration of Nordija is underway and on track.

We enter the second half in a solid position and continue to strengthen our pipeline of potential M&A opportunities as we seek to continue to deliver against our 2025 strategy. The Board remains confident in the Group's ability to meet current full year expectations and in the Group's future prospects as it executes it strategy and vision to make it easy for people to connect to the TV and video they love.

Donald McGarva

Chief Executive Officer

3 August 2021

Chief Financial Officer's review

Revenue increased significantly by 19% to $45.3m (H1 2020: $38.0m). This strong year on year organic growth resulted in a 21% increase to adjusted operating profit for the period to $5.1m (H1 2020: $4.2m). Operating profit increased by 171% to $1.9m (H1 2020: $0.7m) as a result of the revenue growth in the period.

The Group reported gross cash of $17.0m and debt drawn of $6.9m resulting in net cash at 31 May 2021 of $10.1m (31 May 2020: $2.1m, 30 November 2020: $9.5m). The Group has remaining credit facilities of $8.1m (31 May 2020: $12.9m; 30 November 2020: $15.0m) to support further M&A activity and working capital requirements.

Revenue and gross profit

	H1 2021 $m	H1 2020 $m	Change
Software and services			
Revenue			
Recurring	**5.5**	5.1	8%
Non-recurring	**4.4**	4.6	(4%)
Total revenue	**9.9**	9.7	2%
Gross profit	**7.8**	8.0	(3%)
Gross profit margin %	**79%**	82%	(3bps)
Devices including integrated software			
Revenue			
Recurring	**-**	-	-
Non-recurring	**35.4**	28.3	25%
Total revenue	**35.4**	28.3	25%
Gross profit	**12.8**	11.0	16%
Gross profit margin %	**36%**	39%	(3bps)
Total			
Revenue			
Recurring	**5.5**	5.1	8%
Non-recurring	**39.8**	32.9	21%
Total revenue	**45.3**	38.0	19%
Gross profit	**20.6**	19.0	8%
Gross profit margin %	**45%**	50%	(5bps)

High margin software and services represent 22% of total revenues for the period (H1 2020: 26%), of which 56% was recurring (H1 2020: 53%). This comprises revenues from our 24i division, upcycling projects, our AminoOS and Amino Engage software (sold independently from devices) and support for our Amino View devices. At 31 May 2021 ARR increased significantly to $13.8m (31 May 2020: $10.1m), which represents year on year growth of 37%.

Volumes of devices shipped in the period increased c30% year on year resulting in device revenue of $35.4m (H1 2020: $28.3m), representing a growth rate of 25%. The phasing of revenue in FY20 was impacted by manufacturing facilities shutting down temporarily in Q2 2020 due to the COVID-19 pandemic.

Software and services gross margin reduced from 82% in H1 2020 to 79% in the current period. This reduction was driven by higher 3rd party costs incurred for the set-up phase of projects. On a full year basis, software and services margins are expected to be slightly ahead of the prior year.

Device gross margin declined from 39% last year to 36% for the current period due to phasing and mix of products sold in the period compared to the prior year. On a full year basis, device margins are expected to be similar to the prior year.

Segment result

	Revenue		Segment result	
	H1 2021 $m	H1 2020 $m	**H1 2021 $m**	H1 2020 $m
24i	**7.5**	7.7	**0.2**	0.2
Amino	**37.8**	30.3	**9.3**	8.0
Central costs	**-**	-	**(1.2)**	(1.1)
Total	**45.3**	38.0	**8.3**	7.1

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 2021 was $8.3m (H1 2020: $7.1m). 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 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

	H1 2021 $m	H1 2020 $m
Software and services	**7.5**	7.7
Devices including integrated software	**-**	-
Revenue	**7.5**	7.7
Cost of sales	**(1.9)**	(1.7)
Gross profit margin	**5.6**	6.0
Gross profit margin %	**75%**	78%
Operating costs	**(5.4)**	(5.8)
Segment result	**0.2**	0.2
Segment margin	**3%**	3%
Capitalised development costs	**2.6**	1.6

With the increased focus on annualised recurring revenue (ARR), that aligns to the Group’s software-led strategy, ARR has grown from $6.8m to $10.0m in the last 12 months. This represents year-on-year growth of 47% and includes $2.1m from the Nordija acquisition. The decrease in revenue compared to the prior year was due to fewer one-off professional services led projects.

Segment result (continued)

Amino segment result

	H1 2021 $m	H1 2020 $m
Software and services	**2.4**	2.1
Devices including integrated software	**35.4**	28.3
Revenue	**37.8**	30.4
Cost of Sales	**(22.8)**	(17.4)
Gross profit margin	**15.0**	13.0
Gross profit margin %	**40%**	43%
Operating costs	**(5.7)**	(5.0)
Segment result	**9.3**	8.0
Segment margin	**25%**	26%
Capitalised development costs	**0.9**	1.0

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

Central costs

	H1 2021 $m	H1 2020 $m
Operating costs	**(1.2)**	(1.1)
Segment result	**(1.2)**	(1.1)

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.

Capitalised development costs

The Group continues to invest in research and the development of new products and capitalised $3.5m (H1 2020: $2.6m). This investment is focussed on driving further growth in recurring revenue from the Group's 24i NextGen Platforms and Amino device management SaaS platform.

Operating profit

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

	H1 2021 $m	H1 2020 $m
Adjusted EBITDA	**8.3**	7.1
Exceptional items	**(1.4)**	(0.6)
Share-based payment charge	**(0.4)**	(0.3)
Depreciation and amortisation	**(4.6)**	(5.5)
Operating profit	**1.9**	0.7

Exceptional items

Exceptional items within cost of sales were $nil (H1 2020: $0.2m).

Exceptional items within operating expenses were $1.4m (H1 2020: $0.8m) and comprised:

- $0.3m (H1 2020: $0.8m) contingent post-acquisition remuneration in respect of the acquisition of 24i Unit Media BV;
- $0.8m (H1 2020: $nil) one-off costs in respect of acquisitions and legal costs, which includes costs associated with aborted acquisitions; and
- $0.3m (H1 2020: $nil) post-acquisition integration and associated restructuring costs.

Depreciation and amortisation

Excluding amortisation of intangibles recognised on acquisition, depreciation and amortisation was $3.2m (H1 2020: $3.0m). Amortisation of intangibles recognised on acquisitions was $1.4m (H1 2020: $2.5m). The decrease of $1.1m in the period relates to acquired intangibles from the Entone and Booxmedia acquisitions in 2015 being fully amortised by the end of FY20.

Operating profit

Adjusted operating profit was $5.1m (H1 2020: $4.2m) excluding share-based payment charges of $0.4m (H1 2020: $0.3m), exceptional items of $1.4m (H1 2020: $0.6m) and amortisation of intangibles recognised on acquisition of $1.4m (H1 2020: $2.5m). Statutory operating profit was $1.9m (H1 2020: $0.7m).

Taxation

The tax charge of $0.8m (H1 2020: $nil) comprises:

- $1.1m (H1 2020: $0.5m) current tax charge; and
- $0.3m (H1 2020: $0.5m) credit relating to the unwinding of the deferred tax liability recognised in respect of the amortisation of intangible assets recognised on acquisition.

The reason for the increase in the current tax charge is due to the UK tax losses being fully utilised at the end of FY20.

Profit after tax was $0.7m (H1 2020: $0.5m).

Cash flow

A reconciliation of adjusted operating cash flow before tax to cash generated from operations before tax is provided as follows:

	H1 2021 $m	H1 2020 $m
Adjusted operating cashflow before tax	**4.0**	4.8
Post-acquisition integration and associated restructuring costs	**(0.3)**	-
Acquisition and one-off legal costs	**(0.1)**	-
Aborted acquisition deposit	**(1.8)**	-
Cash generated from operations before tax	**1.8**	4.8

Adjusted cash flow from operations was $4.0m (H1 2020: $4.8m) and represented 48% of adjusted EBITDA (H1 2020: 68%). The reduction in adjusted cash flow from operations, and the conversion to adjusted EBITDA, was due to cash outflow for working capital of $3.6m (H1 2020: $1.9m). This is primarily due to orders shipped to customers at the end of H1 2021 with longer average payment terms than those at the end of FY 2020. In addition one specific customer order for $3.3m took longer to collect however cash has been received after the period end date.

Cash generated from operations before tax was $1.8m (H1 2020: $4.8m). This includes an amount of $1.8m in relation to a deposit paid for the proposed acquisition of MobiTV. This deposit was refunded on 2 June 2021 following the completion of the sale of MobiTV to TiVo Corporation.

Tax payments, principally in respect of UK corporation tax, totalled $2.8m during the period (H1 2020: $0.6m). The increase is due to tax losses in the UK being fully utilised by the end of FY 2020 and instalment payments required for the current financial year.

Cash flow (continued)

During the period the Group spent $0.1m (H1 2020: $0.1m) on capital expenditure in respect of tangible fixed assets and capitalised $3.5m of research and development costs (H1 2020: $2.6m). The increase of $0.9m is due to further investment to drive further growth in recurring revenue from the Group's 24i NextGen Platforms and Amino device management SaaS platform.

The acquisition of Nordija included initial cash consideration of $4.9m, net of cash acquired of $0.1m.

Following the equity placing in May 2021, the Group raised $12.7m, net of share issue costs. A final dividend in respect of the year ended 30 November 2020 of $2.0m (H1 2020: $nil) was also paid during the period.

Financial position

The Group had cash of $17.0m and debt drawn of $6.9m resulting in a net cash balance at 31 May 2021 of $10.1m (30 November 2020: $9.5m). The Group has retained the $12.7m net proceeds received from the equity placing in May 2021. At 31 May 2021 the Group also had $8.1m (30 November 2020: $15.0m) undrawn on its multicurrency working capital loan facility, which expires in November 2022.

At 31 May 2021 the Group had total equity of $101.9m (30 November 2020 restated: $88.0m) and net current assets of $5.5m (30 November 2020 restated: net current liabilities assets of $0.5m). 58% of trade receivables were insured (30 November 2020: 51%) and debtor days were 39 days (30 November 2020: 23 days). Debtor days increased due to a higher proportion of the period revenue being recognised in the latter months of the period, compared the prior year.

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.

Prior period restatement

During the period we identified that the number of shares used in the calculation of the put option liability at inception, in respect of the 8% minority shareholders of 24i Unit Media B.V, a subsidiary of the Company, was incorrect. As a result, the initial recognition of the put option liability in FY19 was understated by $1.1m. The comparative period in the interim financial statements has therefore been restated. The impact on the comparative financial information is summarised in note 2.

Dividend

Last year the Company announced a new dividend policy, to deliver returns to shareholders via growth and income, and reflecting the Company's growth ambitions. This policy of paying between 33-50% of adjusted EPS in dividend is expected to provide shareholders with a growing income stream whilst allowing the Company to invest in growth.

The Board intends to pay an interim dividend of 1.0 GBP pence (1.38 US cents) per share (H1 2020: nil GBP pence). This interim dividend will be payable on 2 September 2021, to shareholders on the register on 13 August 2021, with a corresponding ex-dividend date of 12 August 2021.

Going concern

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. The current global economic conditions continue to create uncertainty, and specific to the Group, recognising the strength and flexibility of the Group's software-led strategy, there are potential risks that the Group will be impacted by decisions further up our supply chain. This could lead to delays in contract negotiations and deferring or cancelling of anticipated sales, and that sales and settlement of existing debts are impacted too.

In reaching their going concern assessment, the Directors have considered the foreseeable future, a period extending at least 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, the payment of proposed dividends and deferred contingent consideration, 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 of at least 12 months from the date of approval of the interim consolidated financial statements. As such, the interim consolidated financial statements have been prepared on a going concern basis.

Brexit

The United Kingdom ("UK") formally left the European Union ("EU") on 30 January 2020. The transition period ended on 31 December 2020, where upon the UK-EU Trade & Cooperation Agreement (together with other connected Agreements concluded on by the UK and EU, which includes the Exchanging and Protecting of Classified Information Agreement) signed on the 24 December 2020 came into effect.

The effects of the UK's current transitional period outside the EU and the adoption of the UK-EU Trade & Cooperation Agreement has not had a significant impact on the Group's operations nor does the Group consider it likely that it will be significantly impacted in the future due to the global geographical footprint of the business. However, the Group continues to monitor the situation so it can manage the risk of any volatility in the global financial markets, that could arise due to Brexit, and the effect on global economic performance.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group remain consistent with the principal risks and uncertainties reported in Aferian's 2020 Annual Report.

The impact of COVID-19 on the Group continues to not be as marked as other organisations. However, the full effect on the business still requires focus and real time management of the working practices, health and wellbeing of our global workforce and the risk of delays to the global supply chain for components used in Amino devices. As the COVID-19 pandemic continues, it is not yet clear when global economic activity will recover to pre-pandemic levels.

Mark Carlisle

Chief Financial Officer

3 August 2021

Consolidated Income Statement

For the six months ended 31 May 2021

	Notes	**Six months ended 31 May 2021 Unaudited $000s**	Six months ended 31 May 2020 Unaudited $000s
Revenue	3	**45,286**	38,033
Cost of sales		**(24,667)**	(18,796)
Gross profit		**20,619**	19,237
Operating expenses		**(18,763)**	(18,540)
Operating profit		**1,856**	697
Analysed as:			
Adjusted operating profit		**5,088**	4,172
Share based payment charge		**(394)**	(334)
Exceptional items	5	**(1,414)**	(646)
Amortisation of acquired intangible assets		**(1,424)**	(2,495)
Operating profit		**1,856**	697
Finance expense		**(561)**	(318)
Finance income		**179**	73
Net finance expense		**(382)**	(245)
Profit before tax		**1,474**	452
Tax (charge)/credit		**(803)**	33
Profit after tax		**671**	485
Profit for the period from continuing operations attributable to equity holders		**888**	697
Non-controlling interest		**(217)**	(212)
Profit for the period		**671**	485
Basic earnings per 1p ordinary share	6	**1.16c**	0.92c
Diluted earnings per 1p ordinary share	6	**1.14c**	0.88c

Consolidated Statement of Comprehensive Income

For the six months ended 31 May 2021

	Six months ended 31 May 2021	Six months ended 31 May 2020
	Unaudited	Unaudited
	$000s	$000s
Profit for the period	**671**	485
Foreign exchange difference arising on consolidation	**828**	57
Other comprehensive income	**828**	57
Total comprehensive income for the period	**1,499**	542

Consolidated Balance Sheet

As at 31 May 2021

	Notes	As at 31 May 2021 Unaudited	As at 30 November 2020 *Restated (see note 2)*
Assets		**$000s**	$000s
Non-current assets			
Property, plant and equipment		**647**	510
Right of use assets		**2,314**	2,634
Intangible assets	8	**100,531**	92,067
Deferred tax assets		**-**	-
Other receivables		**239**	215
		103,731	95,426
Current assets			
Inventories		**2,872**	2,956
Trade and other receivables		**21,428**	14,422
Corporation tax receivable		**431**	242
Cash and cash equivalents		**17,026**	9,476
		41,757	27,096
Total assets		**145,488**	122,522
Capital and reserves attributable to equity holders of the business			
Called-up share capital	9	**1,462**	1,367
Share premium		**35,907**	35,907
Shares to be issued	11	**1,269**	-
Capital redemption reserve		**12**	12
Foreign exchange reserves		**550**	(276)
Merger reserve	9	**42,750**	30,122
Other reserve		**(2,794)**	(2,794)
Retained earnings		**22,753**	23,475
Equity attributable to the owners of the parent		**101,909**	87,813
Non-controlling interest		**(20)**	195
Total equity		**101,889**	88,008
Liabilities			
Current liabilities			
Trade and other payables		**28,072**	24,861
Lease liabilities		**1,195**	1,187
Corporation tax payable		**-**	1,461
Loans and borrowings	10	**6,968**	130
		36,235	27,639

Consolidated Balance Sheet (continued)

As at 31 May 2021

	As at 31 May 2021 Unaudited	As at 30 November 2020 *Restated (see note 2)*
	$000s	$000s
Non-current liabilities		
Trade and other payables	**318**	176
Lease liabilities	**1,196**	1,524
Provisions	**1,236**	1,227
Deferred tax liability	**4,614**	3,948
	7,364	6,875
Total liabilities	**43,599**	34,514
Total equity and liabilities	**145,488**	122,522

Consolidated Cash Flow Statement

For the six months ended 31 May 2021

	Notes	**Six months ended 31 May 2021** **Unaudited** **$000s**	Six months ended 31 May 2020 Unaudited $000s
Cash flows from operating activities			
Cash generated from operations	7	**1,816**	4,798
Net corporation tax paid		**(2,823)**	(597)
Net cash (used in)/generated from operating activities		**(1,007)**	4,201
Cash flows from investing activities			
Expenditure on intangible assets		**(3,504)**	(2,578)
Purchase of property, plant and equipment		**(136)**	(87)
Interest received		**-**	44
Acquisition of subsidiary, net of cash acquired	11	**(4,901)**	-
Net cash used in investing activities		**(8,541)**	(2,621)
Cash flows from financing activities			
Proceeds from exercise of employee share options		**128**	-
Proceeds from issue of new shares (net of expenses)	9	**12,723**	-
Interest paid		**(51)**	(142)
Repayment of borrowings		**-**	(5,236)
Lease payments		**(640)**	(550)
Proceeds from borrowings		**6,887**	-
Dividends paid		**(1,969)**	-
Net cash generated from / (used in) financing activities		**17,078**	(5,928)
Net increase / (decrease) in cash and cash equivalents		**7,530**	(4,348)
Cash and cash equivalents at start of the period		**9,476**	8,612
Effects of exchange rate fluctuations on cash held		**20**	4
Cash and cash equivalents at end of period		**17,026**	4,268

Consolidated Statement of Changes in Equity

For the six months ended 31 May 2021

	Notes	Share capital	Share premium	Shares to be issued	Merger reserve	Put option reserve	Foreign exchange reserve	Capital redemption reserve	Profit and loss	Total attributable to owners of parent	Non-controlling interest	Total equity
		$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s
Shareholders' equity at 30 November 2019 (previously reported)		**1,367**	**35,907**	**-**	**30,122**	**(1,750)**	**(3,461)**	**12**	**19,790**	**81,987**	**598**	**82,585**
Prior year adjustment	2	**-**	**-**	**-**	**-**	**(1,044)**	**-**	**-**	**-**	**(1,044)**	**-**	**(1,044)**
Shareholders' equity at 30 November 2019 (restated)		**1,367**	**35,907**	**-**	**30,122**	**(2,794)**	**(3,461)**	**12**	**19,790**	**80,943**	**598**	**81,541**
Profit for the year		-	-	-	-	-	-	-	3,087	3,087	(424)	2,663
Other comprehensive income		-	-	-	-	-	3,185	-	-	3,185	21	3,206
Total comprehensive income for the year attributable to equity holders		-	-	-	-	-	3,185	-	3,087	6,272	(403)	5,869
Share based payment charge		-	-	-	-	-	-	-	572	572	-	572
Exercise of employee share options		-	-	-	-	-	-	-	26	26	-	26
Total transactions with owners		-	-	-	-	-	-	-	598	598	-	598
Total movement in shareholders' equity		**-**	**-**	**-**	**-**	**-**	**3,185**	**-**	**3,685**	**6,870**	**(403)**	**6,467**
Shareholders' equity at 30 November 2020 (restated)		**1,367**	**35,907**	**-**	**30,122**	**(2,794)**	**(276)**	**12**	**23,475**	**87,813**	**195**	**88,008**
Profit for the period		-	-	-	-	-	-	-	888	888	(217)	671
Other comprehensive income		-	-	-	-	-	826	-	-	826	2	828
Total comprehensive income for the year attributable to equity holders		-	-	-	-	-	826	-	888	1,714	(215)	1,499
Share based payment charge		-	-	-	-	-	-	-	359	359	-	359
Issue of share capital	9	95	-	-	12,628	-	-	-	-	12,723	-	12,723
Shares to be issued as part of consideration	11	-	-	1,269	-	-	-	-	-	1,269	-	1,269
Dividend paid		-	-	-	-	-	-	-	(1,969)	(1,969)	-	(1,969)
Total transactions with owners		95	-	1,269	12,628	-	-	-	(1,610)	12,382	-	12,382
Total movement in shareholders' equity		**95**	**-**	**1,269**	**12,628**	**-**	**826**	**-**	**(722)**	**14,096**	**(215)**	**13,881**
Shareholders' equity at 31 May 2021		**1,462**	**35,907**	**1,269**	**42,750**	**(2,794)**	**550**	**12**	**22,753**	**101,909**	**(20)**	**101,889**

Notes to the interim condensed consolidated financial information

Six months ended 31 May 2021

1 General information

Aferian 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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 2020 Annual Report. The financial information for the six months ended 31 May 2021 and 31 May 2020 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 Aferian Plc ('the Group') are prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006. The statutory Annual Report and Financial Statements for 2020 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 2020 was unmodified, 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 2020 annual financial statements.

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. In the short term this affected the Group's supply chain operations, as well as employees throughout the Group having to work remotely from home. The Group implemented efficient and appropriate measures to limit the impact of COVID-19 on the results of the business and its future operations, and the directors believe that the business has been able to navigate through the impact of COVID-19 due to the strength of its customer proposition, its balance sheet, its cash position and its available working capital.

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. The current global economic conditions continue to create uncertainty, and specific to the Group, recognising the strength and flexibility of the Group's software-led strategy, there are potential risks that the Group will be impacted by decisions further up our supply chain. This could lead to delays in contract negotiations and deferring or cancelling of anticipated sales, and those sales and settlement of existing debts are impacted too.

In reaching their going concern assessment, the Directors have considered the foreseeable future, a period extending for at least 12 months from the date of approval of this interim financial report. This assessment has included consideration of the forecast performance of the business, the payment of proposed dividends and deferred contingent consideration, 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 of at least 12 months of the date of approval of the interim consolidated financial statements. As such, the interim consolidated financial statements have been prepared on a going concern basis.

2 Basis of preparation (continued)

On 12 July 2019, the Group entered into a put option agreement with regards to the remaining shares not held by the Group in 24i Unit Media BV.

The option was valued at $1,750,000 on initial recognition. However during the period it has been identified that the number of shares used in the calculation was understated. The put option liability should have been valued at $2,794,000 on initial recognition. In addition, the finance charge since inception should have been higher due to this error. A summary of the impact on the interim financial statements is as follows:

- An increase of $1,044,000 to trade and other payables within current liabilities, and an increase of $1,044,000 to other reserves within equity as at 30 November 2020.
- The increased finance expense from initial recognition to 30 November 2020 of $218,000 has been included within the H1 2021 consolidated income statement.

The Consolidated Balance Sheet and Consolidated Statement of Changes in Equity have been restated to reflect the above. There was no impact on the Consolidated Cash Flow Statement.

The Board of Directors approved this interim report on 3 August 2021.

3 Revenue

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

	Six months ended 31 May 2021 Unaudited $000s	Six months ended 31 May 2020 Unaudited $000s
North America	**16,845**	13,224
Latin America	**7,077**	6,632
Netherlands	**15,589**	10,147
Rest of EMEA	**4,751**	6,997
EMEA	**20,340**	17,144
Rest of the World	**1,024**	1,033
	45,286	38,033

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

	Six months ended 31 May 2021 Unaudited $000s	Six months ended 31 May 2020 Unaudited $000s
Devices incorporating integrated Amino software and associated accessories	**35,382**	28,292
Software and services	**9,904**	9,741
	45,286	38,033

4 Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the Aferian 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.

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.

Revenues and costs by segment are shown below.

2021		**Amino $000s**	**24i $000s**	**Central costs $000s**	**Total $000s**
Revenue	Software and services	2,433	7,471	-	9,904
	Devices *	35,382	-	-	35,382
	Total	37,815	7,471	-	45,286
	% Recurring	5%	47%	-	12%
Cost of sales		(22,781)	(1,886)	-	(24,667)
Gross profit		15,034	5,585	-	20,619
Operating expenses		(5,745)	(5,336)	(1,225)	(12,306)
Segment result		**9,289**	**249**	**(1,225)**	**8,313**
Exceptional items	Operating expenses				(1,414)
Share based payment charge					(394)
Depreciation, amortisation, and loss on disposal of fixed assets					(4,649)
Operating profit					**1,856**
Net finance expense					(382)
Profit before tax					**1,474**
Additions to non-current assets: Capitalised development costs		903	2,601	-	3,504

* incorporating integrated Amino software and associated accessories.

4 Segmental analysis (continued)

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**
Net finance expense					(245)
Profit before tax					**452**
Additions to non-current assets: Capitalised development costs		963	1,615	-	2,578

* incorporating integrated Amino software and associated accessories.

5 Exceptional items

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

	Six months ended 31 May 2021 **Unaudited** **$000s**	Six months ended 31 May 2020 Unaudited $000s
Credit relating to royalty costs recognised in prior years and subsequently negotiated	**-**	(196)
Subtotal cost of sales	**-**	(196)
Post-acquisition integration and associated restructuring costs	**305**	-
Acquisition and one-off legal costs	**362**	72
Aborted acquisition costs	**465**	-
Expensed contingent post-acquisition remuneration in respect of the acquisition of 24i Unit Media BV	**282**	770
Subtotal operating expenses	**1,414**	842
Total exceptional items	**1,414**	646

Within finance income is an exceptional credit of $179,000 (H1 2020: $nil) in relation to the movement in contingent consideration. Furthermore within finance expense is an exceptional debit of $218,000 being the increased finance expense in relation to the put option restatement, see note 2.

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 2021 Unaudited $000s	Six months ended 31 May 2020 Unaudited $000s
Profit attributable to shareholders	**888**	697
Exceptional items	**1,414**	646
Share-based payment charges	**394**	334
Finance income (see note 5)	**(179)**	-
Finance expense (see note 5)	**218**	-
Amortisation of acquired intangible assets	**1,424**	2,495
Tax effect thereon	**(295)**	(466)
Profit attributable to shareholders excluding exceptional items, share-based payments and amortisation of acquired intangibles and associated taxation	**3,864**	3,706
	Number	Number
Weighted average number of shares (Basic)	**76,590,374**	76,030,228
Weighted average number of shares (Diluted)	**77,780,937**	78,972,089
Basic earnings per share (cents)	**1.16**	0.92
Diluted earnings per share (cents)	**1.14**	0.88
Adjusted basic earnings per share (cents)	**5.05**	4.88
Adjusted diluted earnings per share (cents)	**4.97**	4.69

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 and deferred consideration equity instruments. 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 shares during the year.

7 Cash generated from operations

	Six months ended 31 May 2021 Unaudited $000s	Six months ended 31 May 2020 Unaudited $000s
Profit before tax	**1,474**	452
Net finance expense	**382**	245
Amortisation charge	**3,923**	4,828
Depreciation of right of use assets	**596**	503
Depreciation of property, plant & equipment	**130**	118
Loss on disposal of property, plant & equipment	**-**	6
Share based payment charge	**394**	334
Exchange differences	**304**	180
Decrease/(increase) in inventories	**84**	(63)
(Increase)/decrease in trade and other receivables	**(4,207)**	777
Increase/(decrease) in provisions	**9**	(98)
Increase/(decrease) in trade and other payables	**481**	(2,484)
Aborted acquisition deposit	**(1,754)**	-
Cash generated from operations before tax	**1,816**	4,798

Adjusted operating cash flow before tax was $4.0m (H1 2020: $4.8m) and is reconciled to cash generated from operations before tax as follows:

	Six months ended 31 May 2021 Unaudited $000s	Six months ended 31 May 2020 Unaudited $000s
Adjusted operating cashflow before tax	**3,986**	4,831
Redundancy and associated costs	**(312)**	-
Acquisition and one-off legal costs	**(104)**	(33)
Aborted acquisition deposit	**(1,754)**	-
Cash generated from operations before tax	**1,816**	4,798

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

7 Cash generated from operations (continued)

	Six months ended 31 May 2021	Six months ended 31 May 2020
	Unaudited	Unaudited
	$000s	$000s
Adjusted EBITDA	**8,313**	7,132
Adjusted operating cashflow conversion %	***48%***	*68%*
Exceptional items	**(1,414)**	(646)
Share based payment charge	**(394)**	(334)
EBITDA	**6,505**	6,152
Operating cashflow conversion %	***28%***	*78%*

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 Intangible assets

Movements in intangible assets comprised:

	$000
Intangible assets – as at 30 November 2020	92,067
Acquisition of subsidiary (note 11)	8,115
Additions	3,504
Amortisation	(3,923)
Movement in foreign exchange	768
Intangible assets – as at 31 May 2021	**100,531**

9 Share capital and merger reserve

	As at 31 May 2021	As at 30 November 2020
	$000s	$000s
Allotted, called up and fully paid		
84,783,857 (2019: 78,069,571) Ordinary shares of 1p each	**1,462**	1,367

During the Period, the Group conducted a non-pre-emptive placing of 6,714,286 new ordinary shares at £1.40 per share generating gross proceeds of $13,332,000 (£9,400,000). The placing was undertaken using a cashbox structure. As a result, the Group was able to take relief under section 610 of the Companies Act 2006 from crediting share premium and instead transfer the net proceeds in excess of the nominal value to the merger reserve. Advisors' fees of $609,000 have been netted off against the gross proceeds. Net proceeds received by the Group was thus $12,723,000.

10 Loans and borrowings

	As at 31 May 2021 $000s	As at 30 November 2020 $000s
Bank loan and overdrafts	**6,968**	130

There is no difference between the book value and the fair value of the bank loan. The bank loan is denominated in USD and the rate at which the loan is payable is 1.5% above bank reference rate. The bank loan is secured by a fixed and floating charge over all assets of the Group.

The Group has a $15,000,000 borrowing facility in the form of a revolving credit facility that allows the Group to repay and draw down loans during the initial three-year term and includes a $5,000,000 overdraft facility of which $4,687,000 was used at 31 May 2021. During the period, the Group also drew down $2,200,000 from the facility which was repaid in full on 30 June 2021. As at 31 May 2021, the remaining loan balance of $81,000 relates to the capitalised fees over the three-year term of the facility.

11 Acquisition of subsidiaries

On 27 May 2021 the Group acquired 100% of the issued share capital of Nordija A/S, a Danish incorporated entity whose principal activities are as a streaming and Pay TV platform specialist, for €5.3m ($6.5m).

Nordija was acquired to enhance and scale the Group's end-to-end video streaming portfolio. Nordija brings high quality customers to the Group and its strong TV as a Service platform software, an expert team and deep experience with a wide ecosystem of technology partners and customers. The acquisition was completed in Euros.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed below are currently estimated. A full review of identifiable assets will be completed and updated in the Group annual report to 30 November 2021.

	Estimated Book value $000s	**Estimated Fair value adjustment $000s**	**Estimated Fair value $000s**
Identifiable intangible assets	2,449	2,460	4,909
Right of use assets	228	-	228
Property, plant and equipment	114	-	114
Non-current trade and other receivables	42	-	42
Current assets			
• Current trade and other receivables	372	(100)	272
• Cash and cash equivalents	137	-	137
Liabilities			
• Current trade and other payables	(1,136)	(93)	(1,229)
• Lease liability	(228)	-	(228)
• Deferred tax liability	(421)	(541)	(962)
Total identifiable assets and liabilities	1,557	1,726	3,283
Goodwill			3,206
Total consideration			**6,489**

11 Acquisition of subsidiaries (continued)

Satisfied by:	Fair value $000
Initial consideration:	
• Cash	5,038
• Equity instruments (315,511 ordinary shares of Aferian plc)	659
Deferred consideration:	
• Cash	182
• Equity instruments (292,330 ordinary shares of Aferian plc)	610
Total consideration transferred	**6,489**
Net cash outflow arising on acquisition	
Cash consideration	5,038
Less: cash and cash equivalent balances acquired	(137)
Net cash outflow on acquisition	**4,901**

The estimated fair value of the financial assets includes trade receivables with a fair value of $0.4m and a gross contractual value of $0.5m. The best estimate at acquisition date of the contract cash flows not to be collected is $0.1m.

The estimated goodwill of $3.2m arising from the acquisition consists of expected growth in the sale of online video apps and solutions. None of the goodwill is expected to be deductible for income tax purposes.

The initial shares consideration of €0.5m ($0.6m) was based on the volume weighted average share price for the 20 trading days prior to the acquisition. The shares were issued on 2 June 2021. Total consideration transferred includes €0.7m ($0.8m) of deferred consideration. Included in this amount is €0.1m ($0.2m) of deferred cash. The remaining balance of €0.6m ($0.6m) is payable through the issue of ordinary shares of Aferian plc. The deferred consideration payment is dependent upon Nordija achieving certain milestones in a respect of an existing customer contract. The deferred consideration is expected to be settled within 12 months of the acquisition date.

The costs of the acquisition were $0.4m. No revenue or profit between the date of acquisition and the balance sheet date has been included within the results to 31 May 2021 as the contribution was deemed to be immaterial. If the acquisition of Nordija had been completed on the first day of the financial period, Group revenues for the period would have been $47.3m and Group profit after tax would have been $0.9m.

12 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.