Aferian plc

Interim Results

For the six months ended 31 May 2021

Donald McGarva, Group CEO

Mark Carlisle, Group CFO

August 2021

Three key points for today

1	2	3
Strong growth in ARR and total revenue	Progress on strategic objectives, including M&A	Enhanced visibility. Confident in meeting full year expectations

H1 2021 CEO Report

Strong H1 2021 Progress

Aferian 2025 strategy is driving double digit growth

Group Revenue	Exit ARR	EBITDA	Capital allocation
$45.3M ($38.0m)	$13.8M ($10.1m)	$8.3M ($7.1m)	Dividend of 1 pence per share
Up 19%	**Up 37%**	**Up 17%**	Placing raised £9.4m

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Group structure and Go-to-market brand approach

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Aferian better reflects our growth ambitions - and where we are now - with two strong operating companies, enabling over 100 million people globally to enjoy the TV and video they love, every day.

24i

24i offers a robust technology platform that streams TV and video programming to any type of screen.

amino

Amino seamlessly connects Pay TV to streaming services and provides the features required in a multiscreen entertainment world.

Continued M&A program by securing nordija

Danish streaming and Pay-TV specialist – €5.3m **1**	**Capitalises on convergence of streaming services and traditional Pay TV** **2**	**Complementary move, earnings enhancing and immediately adds $2.1m ARR** **3**	**Springboard to accelerate and scale our TVaaS service plans through integration with 24i** **4**

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24i Operational Highlights

24i

- Focus on ARR has delivered a 47% YoY increase to $10m, including impact of Nordija acquisition.
  - 120% YoY growth in monthly average active users on our Smart Video Platform.
  - 23% growth since H2 FY20 in monthly average active users in our Smart Apps next gen platform.
- Integration of Nordija on track to accelerate TVaaS model.
- Landing customers and expanding partnerships continues.

kabelnoord CHL Canadian Hockey League PURE FLIX verizon media

Amino Operational Highlights

- Revenue up 25% to $37.8m.
- Significant YoY increase of 22% in devices being managed by Engage, our SaaS device management platform helping to add ARR.
- Significant levels of Android TV deployments and Netflix integration with support via the Netflix Hailstorm programme.
- Supply chain remains a challenge we continue to manage, shipping a record number of devices, up c.30% compared to H1 2020.
- Contract wins with Optage, PCCW, Go Malta, CableNet.

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ESG embedded into everything we do

"In everything we do we are mindful of our responsibility to ensure a diverse workforce and a positive work environment; to source responsibly through our supply chain; to reduce our impact on the planet and to engage compassionately with our communities."

'Ikigai' **生き甲斐**

is at the heart of our corporate Environmental, Social and Governance commitment to our social development goals.

Ikigai is a Japanese concept that means "a reason for being" and refers to having a meaningful direction or purpose in life, constituting the sense of one's life being made worthwhile.

Our report is published today at **www.Aferian.com/esg**

Aferian is committing **1%** of its key resources - **People, Product and Profit** - to meet 6 of the 17 United Nations Sustainable Development Goals.

Our progress is also being measured by Sustainable Accounting Standards Board's ("SASB") Software and IT Services, and Hardware sustainability accounting standards.

H1 2021 CFO Report

Software-led progress against KPIs

Total revenue	Software and services revenue	Annual run rate recurring revenue
$45.3m ($38.0m)	**$9.9m** ($9.7m)	**$13.8m** ($10.1m)

% of software & services revenue recurring	Adjusted EBITDA	Adjusted operating cash flow
56% (53%) 2025 target: 70%	**$8.3m** ($7.1m)	**$4.0m*** ($4.8m)

*Impacted by timing of customer payments

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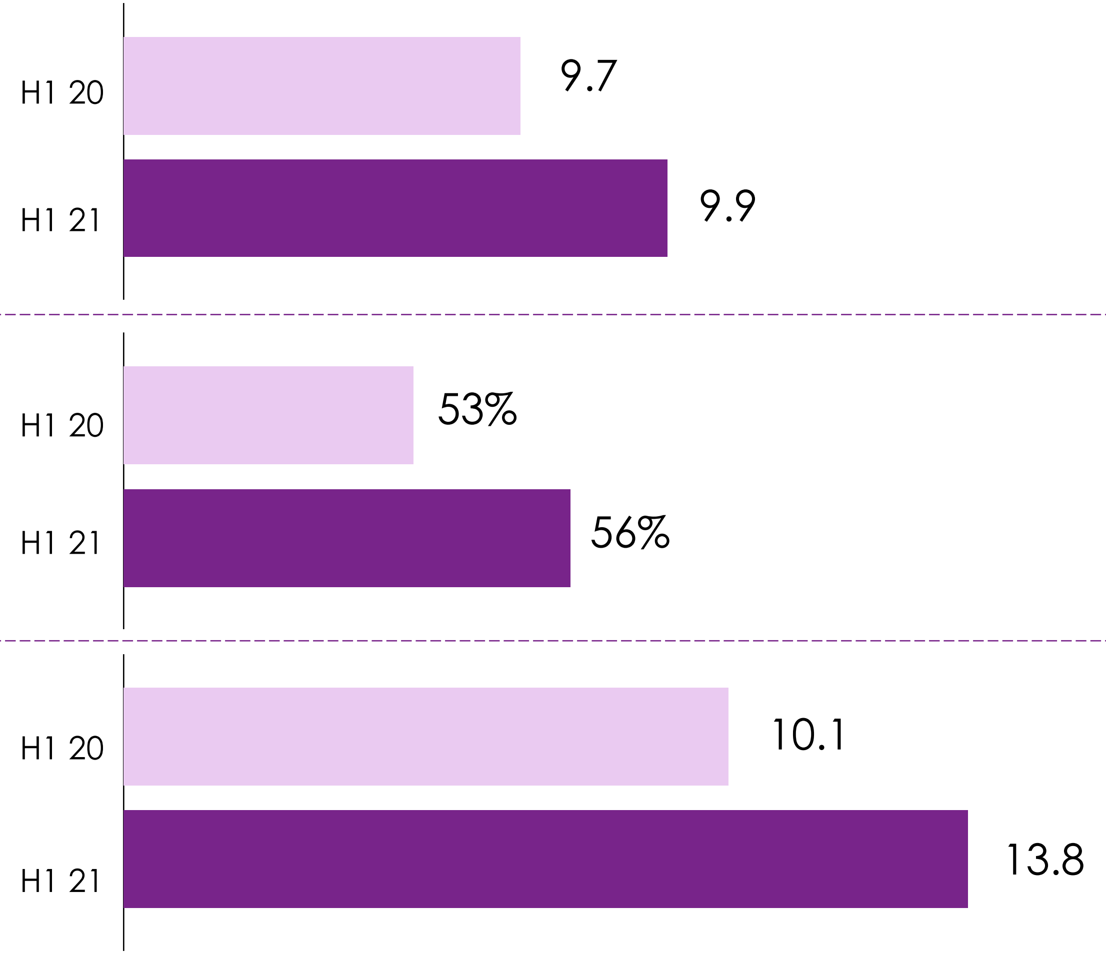
Delivering on our strategic KPIs

Software & Services Revenue
$m

% of Software & Services Revenue Recurring

Exit ARR
$m



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Income statement summary

$m	H1 21	H1 20	Var
Revenue	45.3	38.0	7.3
Cost of sales	(24.7)	(18.8)	(5.9)
Gross profit	**20.6**	**19.2**	**1.4**
Margin %	46%	51%	-5%
Operating costs	(12.3)	(12.1)	(0.2)
Adjusted EBITDA	**8.3**	**7.1**	**1.2**
Margin %	18%	19%	0%
Depreciation and amortisation	(3.2)	(3.0)	(0.3)
Adjusted operating profit	**5.1**	**4.2**	**0.9**
Margin %	11%	11%	0%
Exceptional items	(1.4)	(0.6)	(0.8)
Share-based payments	(0.4)	(0.3)	(0.1)
Amortisation of acquired intangibles	(1.4)	(2.5)	1.1
Net interest	(0.4)	(0.2)	(0.1)
Profit before tax	**1.5**	**0.5**	**1.0**
Corporation tax	(0.8)	0.0	(0.8)
Profit after tax	**0.7**	**0.5**	**0.2**

- Revenue increase of $7.3m (19%) driven primarily by growth in devices.
- Gross margin decrease due to increased proportion of lower margin device revenue.
- Adjusted EBITDA up $1.2m on the prior year, representing growth of 17%.
- Exceptional items includes acquisition related costs.
- Amortisation of acquired intangibles reduced by $1.1m as Booxmedia assets from FY15 acquisition now fully amortised.
- Tax charge increase of $0.8m following full utilisation of UK tax losses at end of FY20.

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Balance sheet summary

$m	H1 21	H2 20	Var
Intangible and tangible assets	103.5	95.2	8.3
Deferred income tax assets	0.0	0.0	0.0
Trade and other receivables	0.2	0.2	0.0
Non-current assets	**103.7**	**95.4**	**8.3**
Inventories	2.9	3.0	(0.1)
Trade and other receivables	21.9	14.7	7.2
Cash and cash equivalents	17.0	9.5	7.6
Current assets	**41.8**	**27.1**	**14.7**
Trade and other payables	29.3	26.0	3.2
Corporation tax payable	0.0	1.5	(1.5)
Bank Loan	7.0	0.1	6.8
Current liabilities	**36.2**	**27.6**	**8.6**
Net current assets	**5.5**	**(0.5)**	**6.1**
Trade and other payables	1.5	1.7	(0.2)
Provisions	1.2	1.2	0.0
Deferred tax liabilities	4.6	3.9	0.7
Non current liabilities	**7.4**	**6.9**	**0.5**
Net assets	**101.9**	**88.0**	**13.9**

- Non-current assets includes acquired intangibles from Nordija acquisition and capitalisation of internally generated development costs in the period.
- Trade receivables increase due to higher billings in last two months of the period, all subsequently collected.
- Cash includes proceeds from $12.7m equity placing in the period.
- Trade and other payables includes $3.9m put option liability to be settled in shares ($2.7m) and cash ($1.2m).
- Temporary draw down on loan facility to fund Nordija acquisition.

Cashflow summary

$m	H1 21	H1 20	Var
Adjusted EBITDA	8.3	7.1	1.2
Movement in working capital	(4.3)	(2.3)	(2.0)
Adjusted operating cash flow	**4.0**	**4.8**	**(0.8)**
Cash conversion %	48%	68%	-20%
Exceptional cash costs	(2.2)	(0.0)	(2.1)
Corporation tax	(2.8)	(0.6)	(2.2)
Net cash from operations	**(1.0)**	**4.2**	**(5.2)**
Purchases of PP&E	(0.1)	(0.1)	(0.0)
Capitalised development costs	(3.5)	(2.6)	(0.9)
Interest received	0.0	0.0	(0.0)
Net cash paid for acquisitions	(4.9)	0.0	(4.9)
Investing activities	**(8.5)**	**(2.6)**	**(5.9)**
Proceeds from issue of shares	12.9	0.0	12.9
Lease payments	(0.6)	(0.6)	(0.1)
Dividends paid	(2.0)	0.0	(2.0)
Interest paid	(0.1)	(0.1)	0.1
Repayment of borrowings	0.0	(5.2)	5.2
New bank loans raised	6.9	0.0	6.9
Financing activities	**17.1**	**(5.9)**	**23.0**
Net cash flow	**7.6**	**(4.3)**	**11.9**
Cash balance at start of end	9.5	8.6	0.9
Cash balance at period end	**17.0**	**4.3**	**12.8**

- Adjusted operating cashflow of $4.0m impacted by timing of billings towards period end.
- Exceptional cash items includes $1.8m deposit paid for potential MobiTV acquisition, refunded on 2 June.
- Capitalised development costs increase of $0.9m reflects planned investment in software-led products.
- $12.7m cash received from equity placing in the period.
- An interim dividend for FY21 of 1 pence per share will be paid in H2, for a total of $1.2m.
- $6.9m draw down on loan facility to fund Nordija acquisition.
- Closing gross cash of $17.0m, net cash of $10.1m. Undrawn facility of $8.1m.

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Group Strategy and M&A plans

How, when and where consumers watch TV is changing

We make it easy for people to connect to the TV and video they love on any screen, anytime, anywhere

What the viewer wants

Live TV and video streaming on any screen, anytime, anywhere

Enabling our customers

Pay TV operators, broadcasters and media owners

Our value proposition

Stay ahead of viewer demands, enabling greater audience engagement and profitable growth

Group Strategy to 2025

"We make it easy for people to connect to the TV and video they love"

Priorities:
Consumer & Customer Centric Products

Industry challenge is to provide 'the best of both worlds' - video on demand and live TV.

What consumers want is choice, convenience, and usability.

2025 Financial Goals
Software and Recurring Revenue Growth

$250m Revenue

$175m software
$75m devices

70% of software being recurring

Transformation to a software-led company

Data centric product development: to drive growth and innovation

Product roadmap focused on the consumer experience

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Addressing the market

One Platform - Many Markets

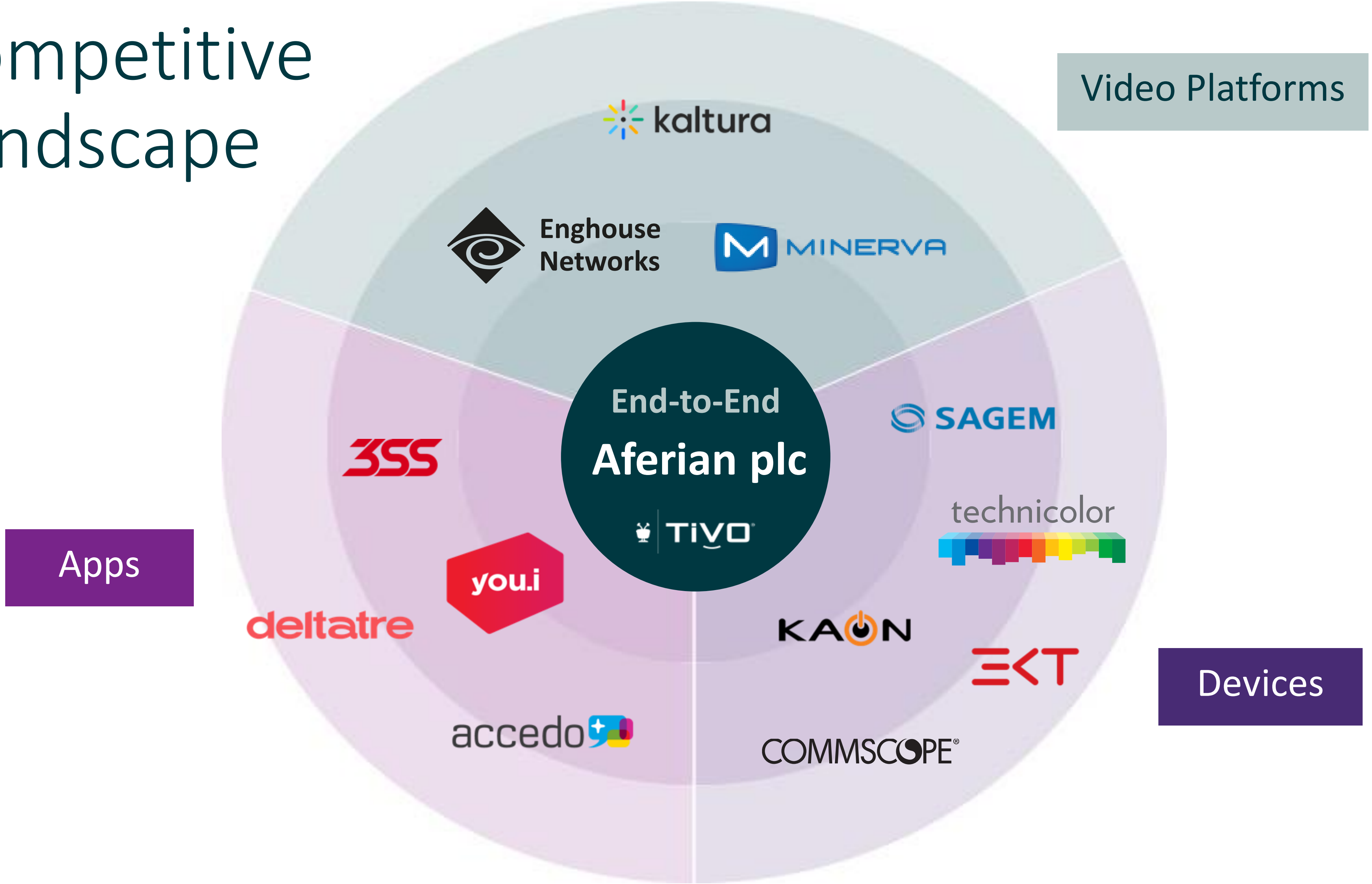
We deliver a modular, end-to-end platform that provides the flexibility of features and business models needed by markets delivering direct-to-consumer (D2C) streaming services

Content Owner	Sports	Broadcast	Pay TV
Gross OTT revenue from TV and movies to reach $210Bn on 1.5Bn subscriptions by 2026.*	Sports Operators worldwide are now spending 15% of their total budgets on the OTT tech stack. ($6.8Bn USD in North America alone).*	Global TV-as-a-service market to reach $4.1Bn by 2026 with broadcasters seeking scalability, cost flexibility and agility.*	90% of operators in EMEA and 74% of operators in NAM are integrating streaming with linear channels.*
PUREFLIX BROADWAY HD	CHL Canadian Hockey League; FLOW SPORTS	npo RTÉ	Slovak Telekom DELTA FIBER
*Source: Digital TV Research	*Source: Delatre 2019	*Source: Market and Markets	*Source: SPGMI

24i spans all markets

amino expands PayTV across markets via PayTV+

Competitive Landscape



M&A landscape

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Summary and Outlook

Software-led strategy delivering growth with exit ARR up 37%, revenues up 19%, and adjusted EBITDA up 17%

Amino 2025 strategy driving software-led growth to capitalise on convergence of streaming services

The Group is focused on growing ARR, software and services and strengthening long term relationships

Enhanced H2 2021 visibility underpins confidence in continuing the trend of improving our quality of earnings

Aferian plc is well positioned to drive forward towards the Group's 2025 Goals

Questions?


Nature World
Season 1, Episode 2 – The Cold
With temperatures of minus 50°C creating harsh living conditions, we explore how species in the Arctic and Antarctica have adapted to survive and strive.
55:00
Other episodes

Thank you