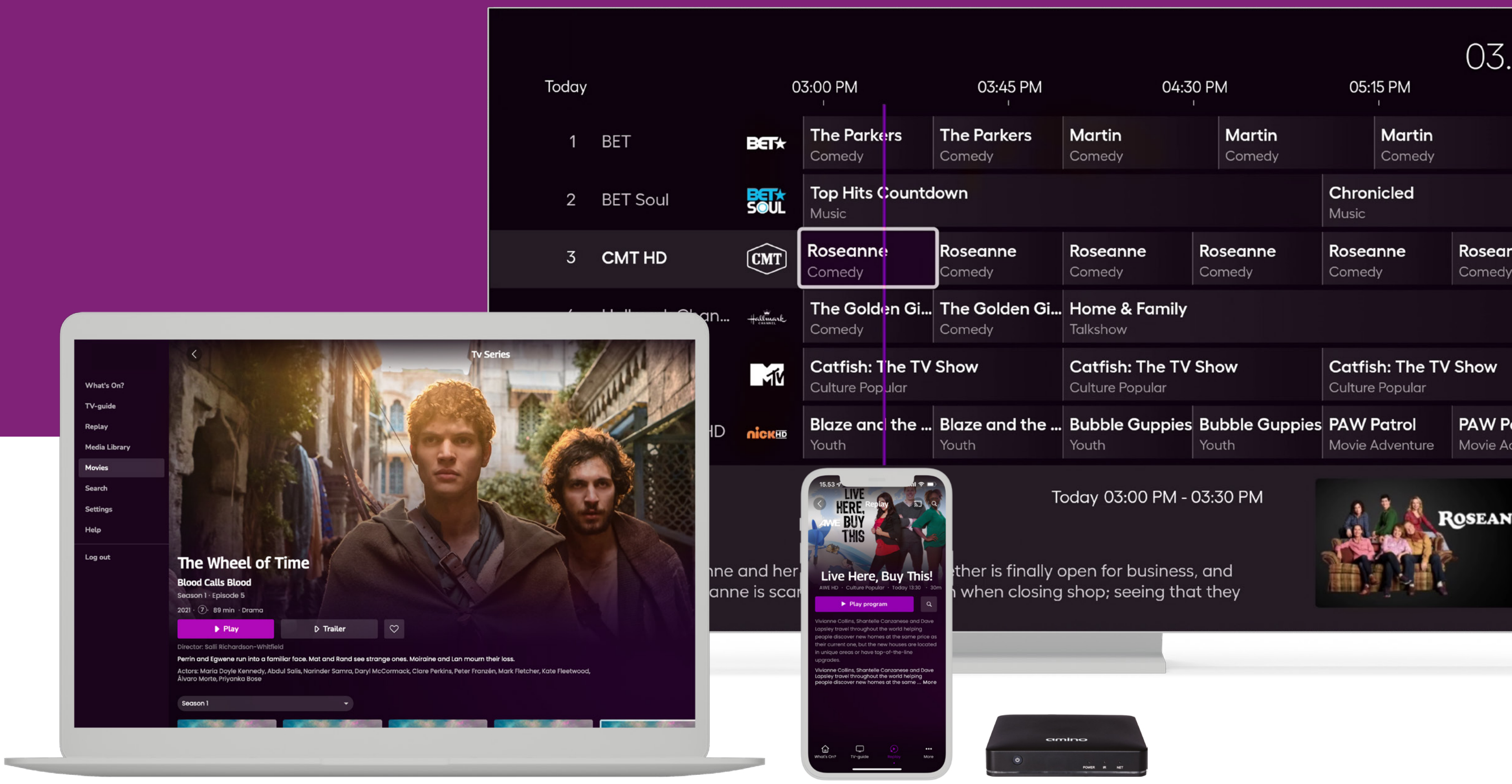
Aferian plc

Annual Report 2022

POWERING THE GROWTH OF STREAMING



Aferian plc

Aferian plc is a B2B video streaming solutions group at the forefront of the rapidly expanding global streaming market. Millions of consumers around the world get their daily fix of video entertainment and information via streaming services that are powered by Aferian's specialist software, services and devices.

Aferian's flexible, scalable and configurable solutions make it easier for the content owners and distributors who make up our customer base to stay ahead of the competition, delivering the modern, personalized viewing experiences that their consumers demand. Our focus on future-proof, modular solutions help our customers remain agile, responding quickly to changes in the consumer device market and adopting a range of business models to suit every user's pocket.

Our solutions for Pay TV operators, broadcasters and streaming services bring live and on-demand video to life on every kind of device, from mobile phones and laptops to Smart TVs and set-top boxes (STBs). Aferian's software and services are problem solvers. They reduce operational complexity and costs, enabling companies of all sizes to effectively compete for a slice of the expanding global streaming market.

Aferian plc has two operating businesses: 24i and Amino. 24i's modular software platform and managed services enable content owners and aggregators to prepare and present their video to viewers on every screen in a cost-effective and efficient way. Amino's streaming devices, software and SaaS device management platform give Pay TV operators and digital signage providers full control over the consumer viewing experience.

Together, these complementary businesses put Aferian in a unique position: we are the only group to offer every part of the streaming value chain, from behind-the-scenes video processing solutions and front-end applications right up to the devices on which the content is consumed.

Aferian plc is listed on the London Stock Exchange Alternative Investment Market (AIM: symbol AFRN). Headquartered in Cambridge, UK, the company has over 300 staff located in offices in Amsterdam, Bath, Brno, Buenos Aires, Copenhagen, Helsinki, Hong Kong, Madrid, Porto, and San Francisco.

For more information, please visit aferian.com

TABLE OF CONTENTS

SOFTWARE SHIFT CONTINUES TO BRING REWARDS

Driven primarily by its 24i business (which focusses on streaming video experiences), the Group has continued to make strong progress in improving its quality of earnings and enhancing revenue visibility. Exit run rate Annual Recurring Revenue ("ARR") increased by 23% to $18.7m, or 32% on a constant currency basis[(1)]. Higher margin software and services revenue was approximately $24.1m, up 8% year-on-year, including recurring revenue of $16.1m, up 25% year-on-year.

Device revenues in our Amino business (which connects Pay TV to streaming services) were $67.0m (2021: $70.1m), a decrease of 4% year-on-year. This was due to the desire of some customers to manage their working capital positions, particularly in the USA. As previously announced, this trend is expected to continue into the first half of 2023 as some customers hold high inventory levels to mitigate earlier supply chain and shipping disruptions.

We, therefore, report revenue for 2022 of $91.1m (2021: $92.9m), which includes a $3.5m decrease in device revenues compared to 2021.

Financial Key Figures

US$m unless otherwise stated	**2022**	**2021**	**Change %**
Revenue	91.1	92.9	(2%)
Exit run rate Annual Recurring Revenue (ARR) [(2)]	18.7	15.2	23%
Statutory operating (loss)/profit	(16.6)	5.2	N/A
Statutory operating cash flow before tax	6.4	14.1	(55%)
Statutory basic (loss)/earnings per share (US cents)	(20.5)	7.0	N/A
Adjusted operating profit [(3)]	7.5	11.8	(36%)
Adjusted operating cash flow before tax [(4)]	8.9	16.7	(46%)
Adjusted basic earnings per share (US cents) [(5)]	6.6	11.4	N/A
Net cash	4.0	14.2	(72%)
Dividend per share (pence)	1.0	3.1	(68%)

Notes

(1) Constant currency basis calculated using the closing FX rate for FY21 in both years.

(2) Exit run rate ARR is annual run-rate recurring revenue as at 30 November 2022.

(3) Adjusted operating profit is a non-GAAP measure and excludes amortisation of acquired intangibles, impairment of goodwill exceptional items and share-based payment charges

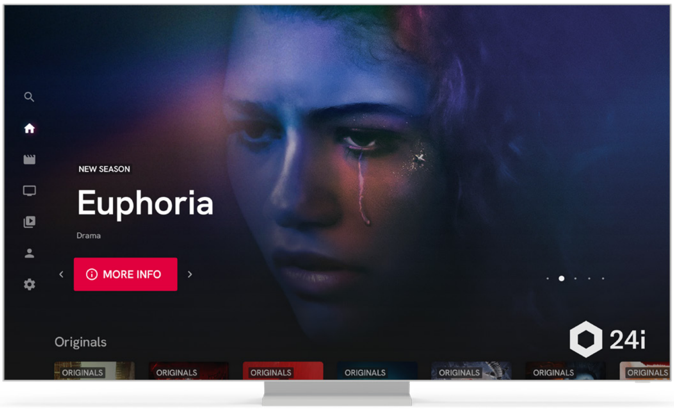
(4) Adjusted operating cash flow before tax is a non-GAAP measure and excludes exceptional items and impairment of goodwill.

(5) Adjusted basic earnings per share is a non-GAAP measure and excludes amortisation of acquired intangibles, impairment of goodwill, exceptional items and share-based payment charges.

WHAT WE DO

We make it easy for our customers to deliver high quality video streaming services to consumers on every kind of connected screen. Our software, services and devices help content owners to stay ahead of their competition, quickly bringing to market the features that today's users demand.

The technology required to bring TV and video content to phones, tablets, Smart TVs and other streaming devices becomes more complex every day. Aferian tackles that complexity on behalf of our customers, with a promise to "make streaming simple" so they can focus on their core business.



Our investments in developing and maintaining configurable, off-the-shelf solutions enable Aferian's customers to launch fast and remain agile in a fast-growing and rapidly changing market.

Multi-tenant SaaS and TV-as-a-Service options, together with Aferian's full roadmap of product features, reduce the cost and time to market for our customers to launch or upgrade their streaming services, delight their demanding consumers and increase their own revenue.

AFERIAN'S OPERATING DIVISIONS

24i

24i Mod Studio is a streaming platform that offers content owners, broadcasters and Pay TV operators solutions to all their video streaming needs – from managing the content to creating the user experience on all devices.

With 24i's pre-integrated solutions, these services can bring their content to mobiles, tablets and big screen connected devices at a fraction of the time and cost involved in building their own streaming infrastructure.

24i also offers a range of managed services including the data-driven 24iQ which applies machine learning to personalize the streaming user experience, and FokusOnTV, a fully managed TV as a Service offering for Pay TV operators.

amino

Based on a long heritage in video streaming and unrivalled partner network, Amino offers a suite of high-quality streaming devices for operating systems including Linux, Android and RDK.

The ground-breaking combination of AminoOS and our SaaS platforms Amino Engage and Amino Orchestrate gives Pay TV operators and digital signage services an unprecedented level of control over all aspects of the device.

This enables remote support, service monitoring, configuration, upgrades and advanced analytics. It can also be used to upcycle legacy devices, reducing the cost and environmental impact of rolling-out attractive new features.

VIDEO STREAMING'S RELENTLESS EXPANSION

Consumer viewing habits continue to shift online and away from traditional live TV viewing. Pay TV operators and smaller video streaming services need to invest in the technology that allows them to reach this growing audience.

JULY 22 - A STREAMING MILESTONE
Nielsen reported, for the first time, that video streaming had a larger audience share in the USA than Broadcast TV or Cable TV

Broadcast TV	Cable TV	Streaming
21.6%	34.4%	34.8%

A GLOBAL TREND

107 minutes per day
BCG's forecast for the global average number of streaming video viewing minutes per day in 2026, compared to 152 minutes for live TV.

6.648 billion
The current number of video streaming-enabled smartphone users in the world, according to Statista – representing 83% of the global population, up from 49.40% in 2016

AFERIAN ADDRESSES A $10BN GROWING MARKET OPPORTUNITY

As demand for streaming grows, so too do the revenues generated. Analysis published in November 2022 by Digital TV Research predicts the total global market in episodic content and movies (excluding live streamed sports content) will be worth US$243 billion in 2028, with around US$17 billion forecast to be added to this market in 2023 alone.

While a significant proportion of this revenue will be generated by the industry giants like Amazon, Disney and Netflix, there is significant revenue shared between the companies that make up Aferian's target market: smaller telecom operators, streaming services and enterprise video providers.

Independent industry analysis shown in the table below indicates Aferian's solutions service a total addressable market worth over $10bn*.

24i	Creating and controlling the apps consumers use to watch video online Software & Services	$0.6bn 18% CAGR Within this, smaller providers are growing at 35% CAGR Source: Boston Consulting Group, November 2021
amino	Specialist video streaming devices supplied to households by telcos & Pay TV operators OS, Software & Devices	$7.5bn 8% CAGR Source: Media Asset Capital, November 2021
	Specialist video streaming devices used to get content onto digital signs OS & Devices	$1.6bn 9% CAGR Source: Mordor Intelligence, November 2021

*Source: Boston Consulting Group, Media Asset Capital and Mordor Intelligence

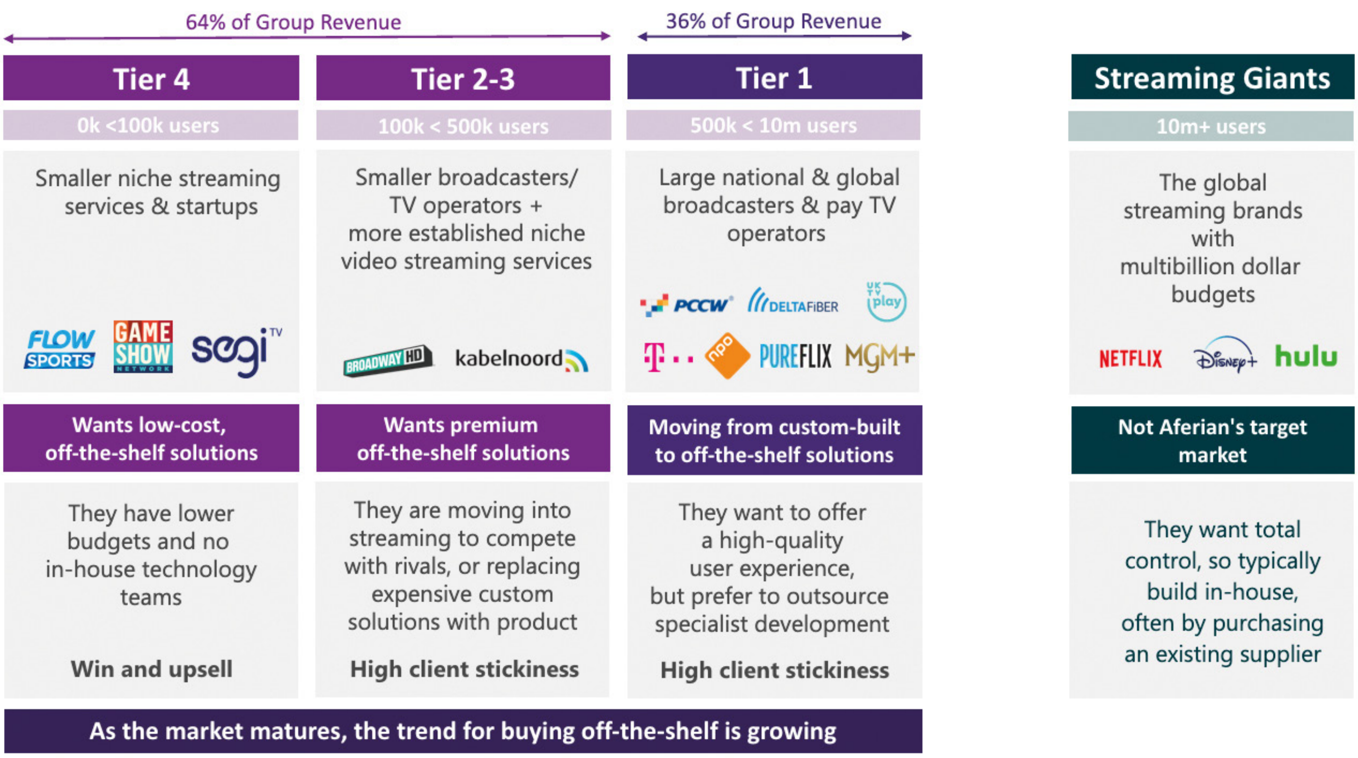
AFERIAN'S TARGET VERTICALS ARE GROWING AND EVOLVING

The Group's configurable software, streaming devices and managed services provide a cost-effective solution to the technology challenges of video streaming for a range of different content owners and distributors. All these verticals are seeing rapid growth and change, which in turn drives their need to invest in flexible and agile platforms to support their changing needs:

Pay TV	Digital Signage	Content Owners	Sports	Broadcasters
90% of operators in EMEA and 74% of operators in NAM are integrating streaming with their linear channels.	The Global Digital Signage market size is forecast to grow at 7.7% CAGR to $45.33bn by 2030.	Gross revenue from streamed TV and movies to reach $243 billion in 2028	Streaming services will spend an estimated $8.5bn globally on sports rights in 2023, up 64% on 2022.	Advertisers are shifting from traditional TV to streaming TV. Ad-supported video spend set to rise to $25bn by 2025.
Source: SPGMI	Source: Grand View Research	Source: Digital TV Research	Source: Ampere Analysis	Source: Broadcast Pro/Amagi

CONFIGURABLE SOLUTIONS FOR TIER 1-4 STREAMING SERVICES

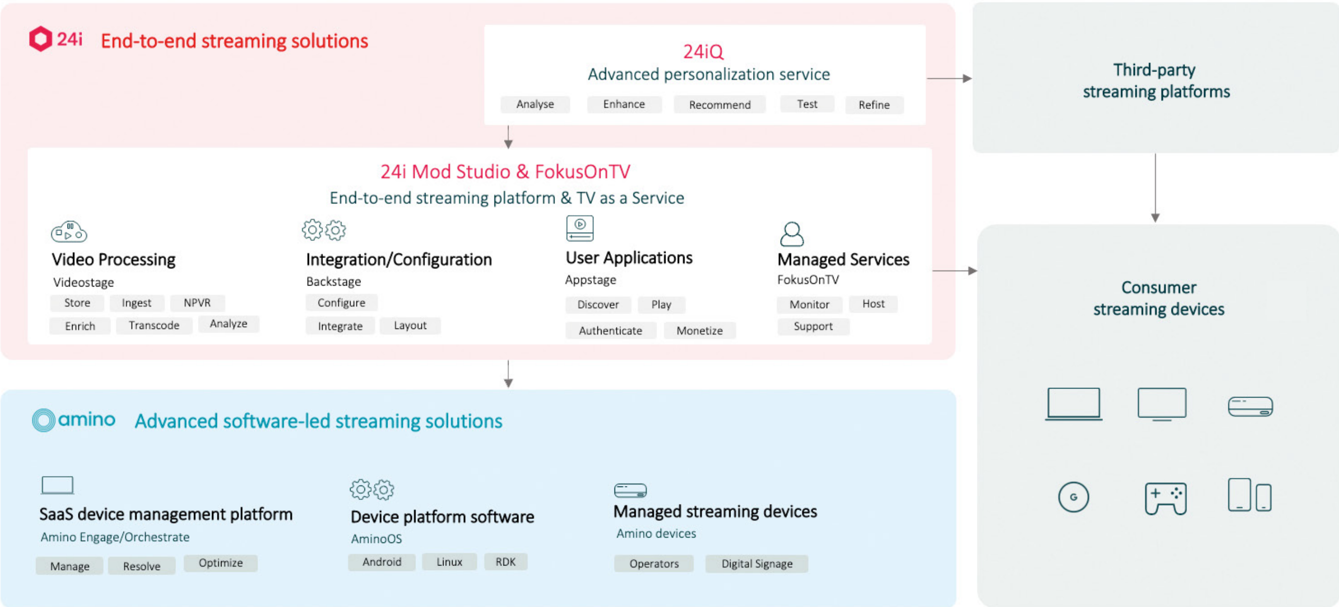
The very largest names in the streaming industry, including Netflix, Disney, Amazon and major broadcasters like the BBC, typically build their consumer applications and technology platforms in-house. These so-called "Tier Zero" companies want the total control that comes with a fully bespoke user experience, and they have the budgets to pay for it. Aferian targets the Tier 1-4 services which aspire to match the user experience of the Tier Zero giants but can't match their budgets, or employ the technology skills in-house. These companies need to find cost-effective, productised solutions that get them as close as possible to a Tier Zero experience.



OUR OFFERING TO THE MARKET

We make streaming simple, on every device.

Aferian's software solutions, streaming devices, and data-driven services power traditional and modern viewing to all audiences, on all screens.



With the return of face-to-face industry events in 2022 following the easing of COVID-19 restrictions in many parts of the world, the Group has been able to bring its people together and to co-exhibit at several leading trade shows. This has helped our target customers to better see the synergies between the 24i and Amino solutions.

WHAT MAKES AFERIAN DIFFERENT?

Turnkey solutions

Buying off-the-shelf products that can be configured to match their brand and make them stand out from the crowd provides our customers with increased ROI and time to market over bespoke implementations

Modularity

Our customers value the flexibility of choosing solutions that are pre-integrated (or can easily be integrated) with the technology investments they've already made as well as new and emerging technologies. Choosing our modular solutions enables them to add or remove capabilities as their needs develop

Managed service options

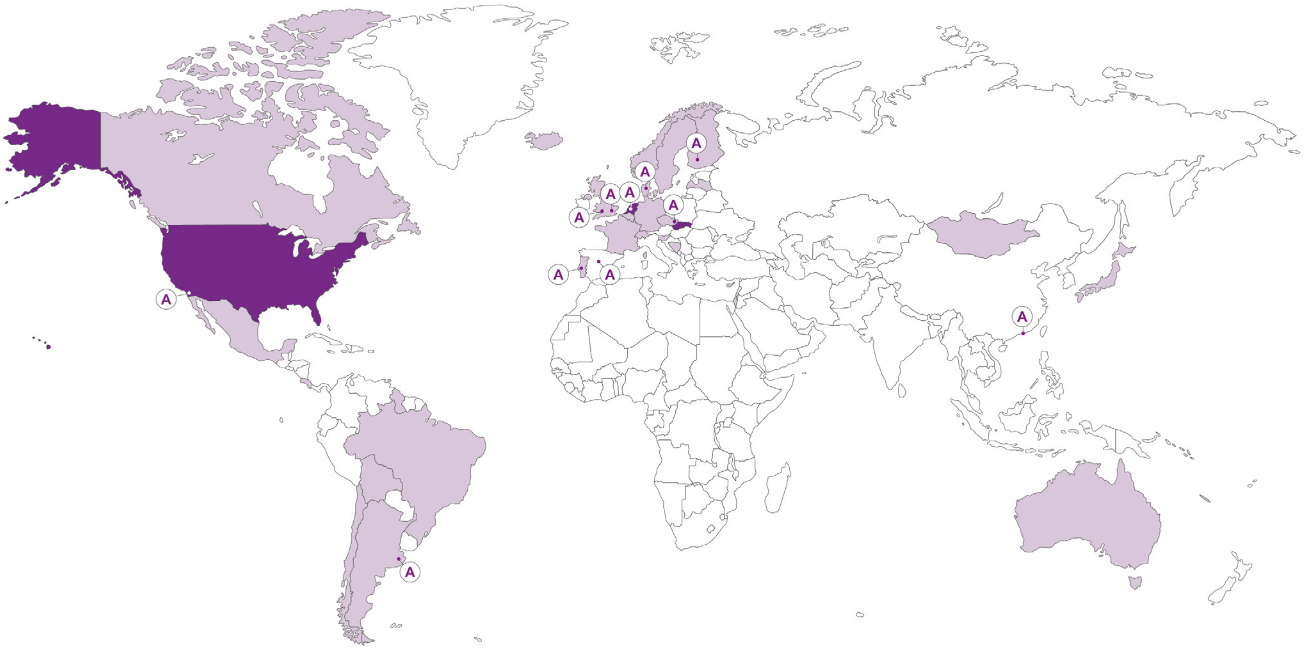
Predictability of ongoing maintenance costs with full scalability and "pay as you grow" options. Eliminates the need for our customers to invest in their own data centres and expert staff

Heritage

25-year heritage in delivering video streaming solutions over IP is an important trust-factor for many of our customers who may have extensive experience in telecoms or content creation but are still newcomers to streaming

WHERE AND HOW WE OPERATE

Aferian's diverse and dedicated team is spread across 11 offices worldwide and is made up of individuals from 35 different nationalities.



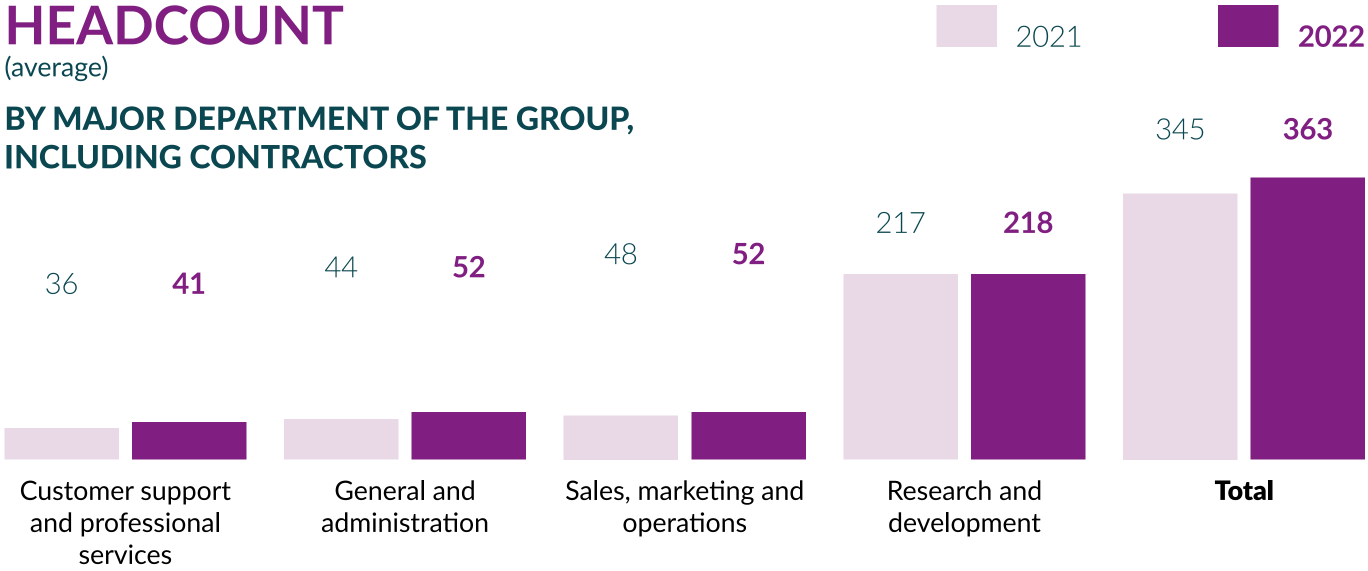
Countries that account for more than 5% of group revenue

Countries that account for less than 5% of group customers

A Aferian office

HEADCOUNT
(average)

BY MAJOR DEPARTMENT OF THE GROUP, INCLUDING CONTRACTORS



OUR VALUES

WE ARE DRIVEN BY INNOVATION

We strive to be open and creative in delivering solutions.

WE CONCENTRATE ON PROVIDING VALUE WHILE BEING FINANCIALLY AND SOCIALLY RESPONSIBLE

We focus on delivering customer value and our contribution to society as a whole.

OUR CULTURE IS UNDERPINNED BY AMBITION AND TRUST IN WORKING WITH OTHERS

We have the courage to pursue and share new ideas with colleagues.

IT IS IMPORTANT THAT WE EXPERIENCE DAILY HAPPINESS IN OUR WORK

We work in a fair, diverse and inclusive environment that fosters individuality, collaboration, and creativity.

OUR KEY FOCUS IS OUR CUSTOMERS

We respond rapidly to customer needs to deliver meaningful solutions.

STRATEGY TO 2025

The Group's strategy of building a predictable, software-driven growth business and expanding our addressable market both organically and through targeted M&A is bearing fruit. Although M&A remains a core part of our strategy, our focus in 2023 will be on organic growth and profitability to maintain strong levels of cash generation. This will allow us to deliver appropriate returns to shareholders as well as to invest for the future growth of the Group.

Aferian's 2025 objectives aim to:

AFERIAN 2025 GOALS

- Improve our quality of earnings though increased recurring revenue
- Drive higher margin solutions through software and services revenues
- Deliver the technology to revolutionise viewer choice, usability and convenience
- Use actionable data to drive positive outcomes for our customers and their viewers

In order to deliver our strategic objectives, we are focused on the following key drivers:

KEY AFERIAN DRIVERS

- Transforming into a software-led company focused on growing recurring revenue
- Committing to data-driven innovation and product development
- Focusing on a product road map aligned to the needs of tomorrows' viewers
- M&A strategy to further underpin growth and speed time to market

ESG AT THE HEART OF OUR GROUP

In everything we do, we are mindful of our responsibility to attract and retain 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.

We continue to commit 1% of our key resources – People, Product and Profit – to meet 6 of the 17 United Nations' sustainable development goals to help change our world. These goals were selected by staff and executives from across Aferian's operations as the goals they felt most strongly about and which they wanted to focus on.

NO POVERTY
www.un.org/sustainabledevelopment/poverty

GOOD HEALTH AND WELLBEING
www.un.org/sustainabledevelopment/hunger

QUALITY EDUCATION
www.un.org/sustainabledevelopment/education

GENDER EQUALITY
www.un.org/sustainabledevelopment/gender-equality

INDUSTRY INNOVATION
www.un.org/sustainabledevelopment/infrastructure-industrialisation

RESPONSIBLE CONSUMPTION
www.un.org/sustainabledevelopment/sustainable-consumption-production

Our Environmental, Social and Governance (ESG) directive is not a campaign. It is the foundation for an ongoing transformation of mindset about our planet and the people who inhabit it.

We issued our latest ESG report in August 2022. A copy can be found on the Aferian website:
https://aferian.com/esg/.

Here are some of the actions we have already taken:

- We have eliminated all non-recyclable packaging from our product supply chain and upcycled more than 2 metric tonnes of Amino devices in the past year;

- In October 2022 we launched our "Do The Right Thing" initiative designed to inspire Aferian's staff to embrace their own roles in Group sustainability and maintaining exacting standards of corporate governance; and

- Our global #FutureIsBright graduate programme has admitted its second cohort of trainees. These include trainees recruited via our partnership with Czechitas, a non-profit organisation which retrains women and girls in the Czech Republic for jobs in IT.

CHAIRMAN'S REPORT

MARK WELLS

In 2022, Aferian made good progress with its key ambition of becoming a software-led company. During the year, Aferian increased its higher margin software and services revenues by 8% to $24.1m and has grown exit annualised run rate recurring revenue (ARR) by 23% to $18.7m. However, challenging macro-economic conditions in the second half of the year negatively impacted device revenues, meaning that total Group revenues declined by $1.8m to $91.1m.

In my report last year, I explained that the Group is at the heart of a structural industry shift towards convergence of video streaming services and traditional pay TV. Today, video streaming is omnipresent. While Aferian doesn't address the household-name streaming giants like Netflix, and you won't see our name on screen, we are very much part of this booming market behind the scenes. Our B2B solutions power the tier 1 to tier 4 companies who distribute video to consumers.

Aferian's portfolio of video streaming products and services combine the cost savings and fast time-to-market of white label solutions with an advanced level of configurability. This allows our customers to create unique and attractive consumer experiences. This focus on building a configurable, integrated video streaming platform differentiates Aferian from its competitors.

On a divisional level, the Board is confident that investments made in 2022 in enhancing the 24i video streaming platform will ensure 24i continues to deliver double digit percentage revenue and ARR growth in 2023. The launch of 24i's fully managed TV as a service platform in September 2022 illustrates that the Group is continuing to expand its product roadmap with a focus on continual improvement of the consumer experience whilst decreasing costs and operational complexity for its customers.

Macro-economic conditions for the Amino video streaming device business in the second half of 2022 were challenging and negatively impacted revenues and operating cash flow. As indicated in our March 2023, trading update, this has worsened in the first half of 2023. That said, this business has historically maintained strong gross profit margins and in 2022 the Group invested in expanding its product line into digital signage, additional software-led device management tools as well as inventory to de-risk the well-publicised, industry-wide hardware supply chain challenges. The Board is, therefore, confident that this division is well placed to capitalise on the growth opportunities it sees in the video streaming market in the second half of the year and beyond.

The acquisition of The Filter in April 2022 strengthened the Group's data-centric product portfolio by adding its advanced video streaming analytics, recommendations and personalisation service. Personalisation is becoming a key consumer pre-requisite and we are now able to deliver this. Unfortunately, as previously disclosed, due to adverse factors the Group was unable to complete a material and transformational acquisition that had been planned for the second half of 2022. While M&A growth remains a core part of our strategy, our focus in 2023 will be on driving organic growth and profitability to deliver strong levels of cash generation until markets normalise.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We have continued to make excellent progress on our ESG commitments, as detailed in the latest iteration of our ESG report which was published in August 2022. This year, the Board set ESG targets for the Executives for the first time. I am pleased to report these targets were met in full, including the removal of all non-recyclable packaging from the Group's supply chain. We will continue this focus on ESG in the coming year with both internal and external initiatives on sustainability, equality and diversity.

BOARD CHANGES

2022 has seen several changes to the Group's Board of Directors. Erika Schraner stood down in July 2022 after three years as a Non-Executive Director. Joachim Bergman also left the Board in April 2022 after stepping down as 24i CEO. Stephen Vaughan, non-executive director of Aferian since March 2019 and chair of the Remuneration Committee during the year, resigned from the Board on 27 April 2023. I thank them all for their valuable contribution to the success of the Group during their tenure. I was pleased to welcome Bruce Powell MBE to the board as a Non-Executive Director and Chair of the Board's Audit Committee in August 2022. At the same time, Steve Oetegenn transitioned from Non-Executive Director to a new Executive Director role as Group President of the Americas. On 4th April 2023, Max Royde was also appointed to the Board as a Non-Executive Director. Following the resignation of Stephen Vaughan, Max Royde took up the position of Chair of the Board's Remuneration Committee on 27 April 2023. Max is a managing partner at Kestrel Partners, an investment management company specialising in business-critical software companies, which has a beneficial holding in Aferian. At the time of his appointment, this holding amounted to 22,781,891 shares or 26.12% of the issued share capital of the Company.

We are keenly aware of the need for both diversity and a balance between Executive and Non-Executive Directors on the Board. We are currently reviewing the composition of the Board and expect to improve the diversity of its membership in the coming 12 months.

DIVIDEND

In August 2022, the Company paid an interim dividend of 1.0 GBP pence (1.26 US cents*) per share in respect of the year ended 30 November 2022. The Board is not proposing a final dividend (2021: 2.09 pence / 2.87 US cents). This represents a total dividend for the year of 1.00 GBP pence (1.26 US cents) per share (2021: 3.09 pence / 4.26 US cents) and is 19% of adjusted earnings per share. This is lower than the Group's stated policy of 33-50% of adjusted earnings per share and reflects the short-term impact on the Group of the challenging macro-economic environment in the first half of 2023.

SUMMARY

Aferian addresses the fast-growing video streaming market with forward-thinking technology solutions. The 24i division's performance has been robust and it is expected to continue to grow during FY23, which leads the Board to remain positive about prospects for the Group.

As announced on 10 March 2023, the challenging macro-economic environment and, in particular, the impact of lower shipping and production lead times have resulted in both our US distributors and their clients wishing to reduce inventory levels. This has resulted in significantly decreased sales within the Amino division in the first half of FY23. The management team therefore took appropriate steps to identify and deliver significant operating cost efficiencies during the first quarter of 2023, to improve margins and cash generation over the remainder of the year.

Whilst the speed of recovery in sales within the Amino division remains uncertain, the Board is encouraged by its strong medium-term sales pipeline. The Board is confident that the steps taken to reduce the Group's cost base have not compromised its core strengths in software, or the ability of the Amino division to recover as the market for streaming devices normalises.

Mark Wells
Chairman
15 May 2023

*Average FX rate for the year was £1 : $1.26 (2021: £1 : $1.38).

GROUP CHIEF EXECUTIVE OFFICER'S REPORT

DONALD MCGARVA

INTRODUCTION

Aferian's transition to a software-led business has continued to make progress in 2022 and, aided by both organic growth and the acquisition of The Filter in April 2022, software revenues grew to a record $24.1m in the year. Management's focus in 2022 was to continue to grow recurring revenues whilst also accelerating the transformation of the Aferian Group to a software-led business by investing in accretive acquisitions. Recurring revenue growth was achieved as exit annualised run rate revenues ("ARR") increased by 23% to $18.7m. Whilst we completed one small acquisition in April 2022, unfortunately, we were forced to abort a transformational acquisition in October 2022 having invested a significant amount of time and effort on the process.

As previously communicated, the wider macro-economic situation also resulted in a decline in revenues within the Amino device business. Rising interest rates have understandably led to our customers looking more carefully at their investment in working capital and seeking to defer capital expenditure. As a result, we have seen some customers delaying their orders of new streaming devices, preferring to run down their existing inventory rather than maintaining stock levels at this time.

We, therefore, report revenue for 2022 of $91.1m (2021: $92.9m), which includes a $3.5m decrease in device revenues compared to 2021.

Whilst we have experienced device revenues being negatively impacted by current economic headwinds in the first half of 2023, we have confidence in the medium and long-term growth drivers of the video streaming market as well as Aferian's ability to address that market. In February 2023, we completed a restructuring programme to improve the efficiencies of the Group's operations during which we took the difficult but necessary decision to reduce the Group's operating cost base by c.$2.9m and capital research and development spend by c. $1.8m.

These cost reductions were underpinned by efficiencies identified in the operations and research and development teams of both our 24i and Amino divisions. In our 24i video streaming platform division, cost savings were identified as the culmination of synergies generated by merging the operations and management of 24i, Nordija and The Filter. Despite these cost reductions, we continue to expect 24i to deliver double digit percentage growth in both revenue and ARR in 2023. In addition, cost reductions in the Amino business were made, whilst retaining the core talent who are delivering new opportunities which we expect to drive growth in the second half of the year.

At the date of the approval of this annual report, the Group remains in compliance with its banking covenants and, as we disclosed on 10 March 2023, discussions are ongoing regarding its current facility arrangements. Further details are provided in the CFO report and note 1 to the consolidated financial statements below.

MARKET GROWTH

Aferian's video streaming platforms serve a fast-growing market that continues to be driven by the consumer-led transition from traditional linear TV to video streamed over the internet anytime and anywhere. The global video streaming market continues to grow and is fast becoming the most popular way to consume video. For example, in July 2022 monthly Nielsen data showed that, for the first time, video streaming accounted for a larger audience share (34.8%) in the US than either cable TV (34.4%) or broadcast TV (21.6%). In addition, average global video viewing time (minutes consumed per day) is predicted to continue to increase at around 10% [1] until at least 2026[2] .

Growth in Aferian's 24i video streaming platform revenue is expected to be driven by the launch of new video streaming services using Aferian's platforms and the continued growth in those streaming services as a result of the above trends. In addition, all video service providers, including our Pay TV, broadcast and content owner customers are investing in upgrading their streaming infrastructure and operations to keep pace with the latest features offered by market leaders such as Netflix and Disney+.

For Pay TV operators, it's not just about keeping up with these giants of the streaming industry, they also need to partner with those giants - offering consumers a way to access the widest-possible range of content from a single device. This cannot be done using traditional linear satellite and cable technology; hence operators need to continue investing in next-generation, content-aggregating, managed streaming devices.

Media headlines that focus on churn rates for the leading video streaming services naturally miss a great deal of the nuance in this dynamic market. In March 2022, a quarter of US consumers were found to have cancelled a streaming video service in the past 12 months only to re-subscribe to the same service. In the United Kingdom, Germany, Brazil, and Japan, the figure for this "churn and return" behaviour is around 22% overall, and globally it's the younger generations of subscribers who are most likely to come back[3].

Although cost-of-living pressures will inevitably make our customers look harder at their cost base and the prices they charge their consumers, we believe this presents an opportunity for the Group. Our cost-effective, off-the-shelf solutions and managed services represent an excellent alternative for video service providers who want to continue delivering great consumer experiences but are re-assessing the value of their current custom-built solutions and the cost of employing in-house expertise.

2022 KEY PERFORMANCE INDICATORS

The Group reported a decrease in revenue of 2% driven by lower video streaming device sales. Importantly, however, software and services revenue has increased by 8% and exit run rate ARR by 23% (32% on a constant currency basis). Adjusted gross profit margin was 2 percentage points lower than the prior year. The Group also continues to generate good operating cash flows, albeit reduced by the strategic impact of the investment in inventory made in the year to mitigate against supply chain disruptions. The Group reports a net customer revenue retention rate[4] of 107% (2021: 117%). This is due to growth in the subscriber base of our existing customers during the year, in addition to a very low customer churn rate.

	2022 $m	2021 $m	Change %
Total revenue	**91.1**	92.9	(2%)
Software & services revenue	**24.1**	22.4	8%
Annual run rate recurring revenue ("ARR") at 30 November	**18.7**	15.2	23%
Adjusted operating cash flow before tax	**8.9**	16.7	(55%)
Net customer revenue retention rate on recurring revenue*	**107%**	117%	(16%)

*Net customer revenue retention rate on recurring revenue based on constant currency basis.

[1] Boston Consulting Group, 2021
[2] Deloitte, 2009 State of the Media Democracy survey
[3] Deloitte, 2022 Digital Media Trends survey
[4] Net revenue retention rate is calculated by reference to recurring revenue from existing customers, including upsells, less recurring revenue lost from customer churn during the year

In 2022, the Group invested heavily in 24i sales and marketing as well as research and development to successfully drive growth in recurring revenue, although negatively impacting both cash flow and profit margins. In addition, in order to mitigate against potential supply chain delays in the second half, Amino invested in inventory of streaming devices which required further investment in working capital. In 2023, the management team will focus on reducing inventory and improving cash flows whilst also improving the returns generated by the investments already made in 24i.

OPERATIONAL REVIEW

The Group has two operating divisions: 24i and Amino.

24i

24i offers a robust video streaming platform that supports all the key use cases a video content owner must address in order to prepare and stream TV and video content to the full range of consumer connected devices. Operating since 2009, 24i serves Pay TV operators, broadcasters and content owners in Europe, North America, Latin America and the Middle East.

The market has responded well to the December 2021 launch of 24i Mod Studio as the new identity and go to market name for 24i's video streaming platform. This was designed to highlight the flexibility and modularity of the platform as well as 24i's turnkey solutions for different verticals. In September 2022, Mod Studio was named "Best TV Everywhere or Multi-screen Video" solution in the CSI Awards, a leading industry barometer of streaming technology.

New customer wins in the period have included KAN, the Israeli Public Broadcasting Corporation, and SEGI.TV in North America. In addition, in September 2022, 24i launched its new fully managed, cloud-hosted TV as a Service solution, FokusOnTV. This is based on the technologies of Nordija, which it acquired in May 2021, and has resulted in a new partnership with Swisscom Broadcast and the addition of three new customers to this service.

The acquisition of The Filter in April 2022 led to the launch of 24iQ, a new data-driven, fully managed personalisation service in May 2022. 24iQ is offered as an integrated solution or a standalone service. Work to integrate the 24iQ technology and expertise into 24i Mod Studio is complete and the solution is being deployed to the first Mod Studio customers. Since its launch, 24iQ has been shortlisted for four separate innovation awards in the USA and Europe.

24i continues to grow recurring revenue and has reported a significant year-on-year increase of 29% in exit run rate ARR (40% increase year-on-year on a constant currency basis). This growth is as a result of low customer churn and subscriber growth in our customers' video streaming services which has led to increased use of recurring software licenses. Growth has also resulted from the use of an increased range of 24i solutions. For example, we have supported existing customers Waoo in Denmark and Telenor Sweden with their rollouts of advanced new streaming services based on devices using Google's popular Android TV operating system.

Notwithstanding this excellent performance, I believe further performance enhancements can be made. For this reason, in April 2023, I decided to step-in as CEO of the 24i division. Investments made in sales and marketing in 2022 have resulted in an increase in the rate of new business wins. For 2023, the 24i management team and I are focused on growing revenue and ARR at double digit percentages, whilst also increasing profit margins. In addition, investment in research and development will be reduced in 2023 now that the initial phase of the 24i video platform development has been completed.

Amino's managed video streaming devices enable Pay TV operators to bring their live and on-demand content to every connected household with the quality of service and level of support that consumers demand for their big-screen viewing experience. Amino has recently celebrated its 25th anniversary as a force for innovation and growth in the video streaming market.

Our SaaS device management platform remains a key differentiator for Amino in the Pay TV market. During the year, we added a new dashboard that better visualises customer service KPIs. This enables more proactive customer support, helping our customers to keep their video services running smoothly. 120 customers have now deployed the SaaS platform solution, leading to a 5% year-on-year growth in the number of end-user devices managed. Combined with Amino's streaming device operating system, this device management platform enabled Vodafone Iceland to upcycle their deployed base of video streaming devices with enhanced video streaming services. This project was completed in partnership with 24i whose software is also part of the Vodafone Iceland device ecosystem. In addition, this platform was also deployed at PCCW in Hong Kong which launched its Now TV video service using Amino's software to integrate Netflix alongside PCCW's own selection of live and on-demand content.

In May, we launched a new version of this device management platform specifically targeting at the needs of the $1.6bn global digital signage market. We have seen encouraging developments in the growing digital signage market, including new business in 2022 with a leading UK-based audio-visual provider to supply video streaming devices that deliver high-quality live video content to a leading chain of betting shops around the UK and Ireland.

In the first half of 2022, our device revenues were impacted by global supply chain challenges including shipping and production delays, caused principally by COVID-19 related manufacturing shutdowns in China. Second half device production was, therefore, weighted into the third quarter of the year in order to mitigate any further potential delays. Following this, well-documented global economic headwinds, which have resulted in increased interest rates, led some customers to delay device orders as they seek to temporarily reduce working capital and defer capital expenditure. As a result, device revenues were down 4% year-on-year and inventory levels increased, negatively impacting operating cash flows.

These economic headwinds continue to negatively impact device sales in the first half of 2023. Management had forecast a decrease in device sales for a share of FY23 due to shortened supply chain lead times. Consequently, the assumptions used in the review of the carrying value of Goodwill relating to the Amino business have been revised, which reflect the expected, based on a probability expected basis, negative impact of both the current macro-economic uncertainty as well as a more conservative view of long-term performance and growth rates of streaming devices. Following these revisions an impairment to the carrying value of this goodwill of $12.5m has been recorded.

Despite these near-term headwinds, in the second half of 2023 we expect a return to growth in streaming devices and device management software having invested in both new product lines such as digital signage as well as sales and marketing in new geographic markets in 2022.

The focus of the Amino management team in 2023 will be to reduce inventory levels and improve working capital as well as to drive additional orders as anticipated growth returns in the second half of the year.

M&A

In April 2022, we completed the next step in our targeted M&A programme with the acquisition of The Filter, a UK-headquartered, AI-powered video recommendation service for an initial consideration of £1.2m ($1.5m). An additional consideration of up to £2.5m ($3.2m) for this acquisition is payable on achievement of certain ARR growth over the first two years.

The Filter's managed services combine cutting-edge data science, analysis and machine learning technologies to help consumers find and watch more of the video content they love. This technology has now been fully integrated into 24i and has been launched as 24iQ, a standalone managed service which combines the Filter's enhanced analytics, recommendations and personalisation with 24i's existing data analytics services.

More and more of our customers are looking for innovative ways to personalise their services for individual consumers, improving the speed at which each user can find content that's appealing to them on the device of their choice. Harnessing the power of the data available in video streaming services to optimise the user experience in this way is an essential strategic step to drive customer satisfaction and retention to counteract churn and protect revenue.

A further, significant acquisition opportunity which would have been transformational for the Group was aborted at an advanced stage in October 2022, resulting in a one-off charge of approximately $5.1m. Whilst M&A remains a core part of our medium-term software-led strategy to grow the business, the management team's focus in 2023 will be on organic growth and cash generation.

ENVIRONMENT, SOCIAL AND GOVERNANCE ("ESG")

Aferian has continued to focus on ESG in 2022 and we published a detailed update to our ESG report in August 2022. For the first time, the Executive Team were given specific ESG targets by the board, all of which were achieved before year end. Examples of our achievements in this area include:

- All our Tier 1 hardware suppliers operate under our Code of Conduct, which aligns with the Responsible Business Alliance (RBA) Code of Conduct and the UN Global Compact. In 2022 we completed the audit of these Tier 1 hardware suppliers using RBA recognised auditors to enhance and complement our existing facility audit programmes.

- This year we completed a project to eliminate all non-recyclable packaging from our product supply chain. Plastic packaging and cable ties have now been replaced with paper-based products that can be recycled in most households. We also upcycled more than 2 metric tonnes of Amino streaming devices.

- In October 2022 we launched an internal initiative called "Do The Right Thing" that is designed to highlight the importance of ESG topics to Aferian's staff and to inspire them to get involved in making a difference both in their local communities and to Aferian's overall ESG performance. We are pleased to see the enthusiastic way in which staff have embraced the campaign, already suggesting creative ways in which the Group can advance make greater progress towards sustainability and its target of making all Group offices Carbon Neutral by 2025.

- Our global #FutureIsBright graduate programme has admitted its second cohort of trainees, including the first graduate of our partnership with the pioneering non-profit organisation Czechitas which trains women in the Czech Republic for jobs in IT. This year we have increased our involvement with Czechitas, providing mentors for trainees as well as sponsorship, industry talks and office tours.

It is important that we pay tribute to the continued dedication and commitment of Aferian's people around the world who have once again delivered a sterling performance in the face of ongoing supply chain challenges as well as economic factors beyond their control. While most of the world has enjoyed a growing sense of post-pandemic normality this year, our team in Hong Kong has still faced significant disruption to their personal and working lives as a result of COVID-19 restrictions. We are proud of the resilience and fortitude with which they have borne this enduring situation and thank them for their continued hard work and good humour in the most difficult of circumstances. At the same time, our small but valued team of developers based in Ukraine has continued to work as normally as possible under the most extraordinarily difficult circumstances since the start of the conflict in February 2022. I wish to personally thank all our staff for their contribution to our performance during 2022.

CURRENT TRADING AND OUTLOOK

We expect to report growth in the 24i division in H1 FY23 over H1 FY22, reflecting the Group's position in the fast-growing video streaming market.

For the Amino division, as previously announced and set out in more detail above, the impact of the wider macro-economic situation has continued for longer than we expected. Therefore, device sales in H1 FY23 have been materially lower than initially anticipated. While Amino continues to have a strong medium-term sales pipeline, we expect Amino's full year revenue for FY23 to be significantly lower than delivered in FY22. The FY23 outcome for Amino remains heavily dependent on the receipt of expected orders that have, to date, been deferred or delayed. However, we have been encouraged by the recent receipt of the first material order in seven months from one of our US distributors.

In light of the above performance of the Amino division, we have taken appropriate steps to identify and deliver significant efficiencies in the cost base during the first quarter of 2023 to improve margins and cash generation.

As previously announced, we expect Group revenue and adjusted EBITDA for FY23 to be significantly below FY22, albeit that the Group is expected to generate a positive material EBITDA.

Donald McGarva
Chief Executive Officer
15 May 2023

GROUP CHIEF FINANCIAL OFFICER'S REPORT

MARK CARLISLE

OVERVIEW

Whilst showing a decline in total revenue, the Group's financial results for the year ended 30 November 2022 demonstrate continued progress against the Group's primary financial objectives: to grow high margin software & services revenue, with a focus on recurring revenue.

High margin software & services revenue increased by 8% to $24.1m (2021: $22.4m). Software & services adjusted gross profit represented 45% of total adjusted gross profit in the year, an increase from 42% in 2021. Adjusted gross margin has remained broadly consistent with the prior year at 46% (2021: 48%). In addition, the visibility of the Group's revenues increased as exit run rate Annual Recurring Revenues (ARR) increased to $18.7m (2021: $15.2m), representing growth of 23%. On a constant currency basis, exit run rate ARR increased by 32%.

However, device revenues decreased by $3.5m year-on-year and, as a result, total revenue decreased by 2% to $91.1m (2021: $92.9m).

The Group continued to generate good operating cash flows albeit reduced due to the additional $6.7m strategic investment in inventory made during the year. Adjusted operating cash flow before exceptional costs was $8.9m (2021: $16.7m) representing an adjusted EBITDA cash conversion of 61% (2021: 91%). Operating cash flow was $6.4m (2021: $14.1m).

The Group had net cash of $4.0m at 30 November 2022 (2021: $14.2m). The Group has a banking facility with Barclays Bank plc, Silicon Valley Bank, and Bank of Ireland of which the Group had drawn $7.5m at 30 November 2022 (2021: $nil). This facility of $50m, split evenly across the new three bank club, also includes up to a further $50m available by way of an accordion. On 30 December 2022, the Group executed an amendment letter to update the covenant definition in the existing banking facility which has a committed term to 23 December 2024 with options to extend by a further one or two years. As part of the amended covenant definition, the amount of available facility is subject to a cap of 2.5 times the amount of 12 month rolling Adjusted Lender EBITDA, tested on a monthly basis. We have prepared a base case cash flow forecast covering a period of at least 12 months from the date of approval of the financial statements and various sensitivity analyses. If the base case forecast is achieved, the Group and parent company will be able to operate within the monthly liquidity covenant test. However, the recovery of the Amino division revenues, continued growth in 24i division revenues and cash conversion expected in H2 2023 are key assumptions. Failure to achieve the base case view of forecast sales pipeline conversion assumed in the base case forecast could result in the Group failing to comply with financial covenants associated with its existing banking facility, potentially resulting in the facilities being withdrawn. We are currently in further active discussions with the Group's existing loan facility providers to negotiate a further covenant definition revision taking account of current management forecasts however there is currently no certainty as to the outcome of these discussions with the lender as referred to in Note 1 of the financial statements.

REVENUE AND ADJUSTED GROSS PROFIT

	2022 $m	2021 $m	Change
Software & services			
Revenue			
Recurring	**16.1**	12.9	25%
Non-recurring	**8.0**	9.5	(16%)
Total revenue	**24.1**	22.4	8%
Adjusted gross profit	**19.0**	18.4	4%
Adjusted gross profit margin %	***79%***	*83%*	(4%)
Devices including integrated software			
Revenue			
Non-recurring	**67.0**	70.5	(5%)
Total revenue	**67.0**	70.5	(5%)
Adjusted gross profit	**23.0**	26.3	(13%)
Adjusted gross profit margin %	***34%***	*37%*	*(3%)*
Total			
Revenue			
Recurring	**16.1**	12.9	25%
Non-recurring	**75.0**	80.0	(6%)
Total revenue	**91.1**	92.9	(2%)
Adjusted gross profit	**42.0**	44.7	(6%)
Adjusted gross profit margin %	***46%***	*48%*	*(2%)*

Devices revenue (which includes integrated software) decreased by 5% year-on-year. In the second half of the year global economic headwinds which have resulted in increased interest rates led some customers to delay device orders as they seek to temporarily manage their working capital and capital expenditure.

Software & services revenue increased by 8% year-on-year. Software & services revenues as a proportion of total revenues for the year increased slightly to 26% (2021: 24%). However, the Group continues to focus on growing recurring revenues that increased by 25% from $12.9m to $16.1m. Overall, recurring software & services revenue accounts for 67% of total software & services revenue (2021: 58%). At 30 November 2022, exit run rate ARR increased to $18.7m (2021: $15.2m). On a constant currency basis exit run rate ARR at 30 November 2022 would have been $20.0m.

The software and services gross profit margin has reduced by 4bps compared to the prior year. This decline was due to a difference in the revenue mix of the 24i business and investment made in additional resources for customer-onboarding.

The increase in exit run rate ARR provides enhanced revenue visibility as the Group moves forward. In addition, we report a net customer revenue retention rate, based on recurring revenue at constant currency, for the Group of 107% (2021: 117%). The net revenue retention rate is calculated by reference to recurring revenue from existing customers, including upsells, less recurring revenue lost from customer churn during the year. Whilst the retention rate is still above 100%, which is positive as our customer subscriber base continues to grow, it is lower than the prior year due to less upsell revenue from existing customers.

REVENUE AND ADJUSTED EBITDA

	Revenue		Adjusted EBITDA	
	2022 $m	2021 $m	**2022 $m**	2021 $m
24i	**19.1**	17.8	**0.7**	1.2
Amino	**72.0**	75.1	**15.8**	19.7
Central costs	**-**	-	**(1.9)**	(2.5)
Total	**91.1**	92.9	**14.6**	18.4

Adjusted EBITDA for the year ended 30 November 2022 was $14.6m (2021: $18.4m). Adjusted EBITDA is reconciled below, and is calculated as operating profit before depreciation, interest, tax, amortisation, impairment of goodwill, 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. 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

	2022 $m	2021 $m
Software & services	**19.1**	17.4
Devices including integrated software	**-**	0.4
Revenue	**19.1**	17.8
Adjusted cost of sales	**(5.1)**	(3.8)
Adjusted gross margin	**14.0**	14.0
Adjusted gross margin %	*73%*	*79%*
Adjusted operating costs	**(13.4)**	(12.8)
Adjusted EBITDA	**0.7**	1.2
Adjusted EBITDA %	3%	7%
Capitalised development costs	**5.8**	5.8

Revenue in the 24i segment increased by 7% to $19.1m (2021: $17.8m). This is due to a shift in focus during the year towards driving recurring software revenue. This change has resulted in the growth of exit run rate ARR from $11.1m to $14.3m, which represents 29% year-on-year growth (40% on a constant currency basis). The increased focus on exit run rate ARR aligns with the Group's software-led strategy.

The gross profit margin for the 24i segment has reduced by 6% compared to the prior year. This was, in part, due to the completion in 2021 of a significant high-margin project. In addition, gross profit margin for 2022 was impacted by investment made in additional resources for customer-onboarding. We expect that the gross margin will improve in 2023 as the 24i business increases in scale.

Furthermore, adjusted operating costs increased by $0.6m during the period. The majority of this increase results from the cost of running the Nordija business for a full year following the acquisition in May 2021. As a result, adjusted EBITDA has reduced from $1.2m in 2021 to $0.7m in 2022. Following the cost reduction actions taken in February 2023 as outlined in the CEO report we expect EBITDA margin to improve in 2023.

AMINO SEGMENT

	2022 **$m**	2021 $m
Software & services	**5.0**	5.0
Devices including integrated software	**67.0**	70.1
Revenue	**72.0**	75.1
Adjusted cost of sales	**(44.1)**	(44.4)
Adjusted gross margin	**27.9**	30.7
Adjusted gross margin %	***39%***	*41%*
Adjusted operating costs	**(12.1)**	(11.0)
Adjusted EBITDA	**15.8**	19.7
Adjusted EBITDA %	**22%**	26%
Capitalised development costs	**2.0**	2.3

Device revenues decreased by 4% during the year to $67.0m (2021: $70.1m). In the first half, volumes shipped were negatively impacted by delays in the supply chain caused by significantly increased lead times, lack of availability of components, and scarcity of shipping capacity caused by the COVID-19 pandemic. In the second half, the key driver behind the overall 4% decline in device revenues has come from decreased order volumes as a result of global economic headwinds resulting in increased interest rates which have led some customers to delay device orders as they seek to temporarily reduce working capital and capital expenditure.

The Group has a core customer base in respect of device revenues, whereby repeat orders are placed by the same customers over multiple financial years. Taking the last three financial years, repeat orders from existing customers over that period has accounted for 93% (2021: 94%) of total device revenue.

Management had forecast a decrease in device sales for FY23 due to shortened supply chain lead times. Consequently, the assumptions used in the review of the carrying value of Goodwill relating to the Amino business have been revised which reflect, on a probability expected basis, negative impact of both the current macro-economic uncertainty as well as a more conservative view of long-term performance and growth rates of streaming devices. Following these revisions an impairment to the carrying value of this goodwill of $12.5m has been recorded.

CENTRAL COSTS

	2022 **$m**	2021 $m
Operating costs	**(1.9)**	(2.5)

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. The decrease of $0.6m during the year is primarily in respect of a reduction to bonuses.

ADJUSTED EBITDA

	2022 $m	2021 $m
Revenue	**91.1**	92.9
Adjusted cost of sales	**(49.1)**	(48.2)
Adjusted gross margin	**42.0**	44.7
Adjusted gross margin %	***46%***	*48%*
Customer support and professional services	**(5.3)**	(6.0)
Research and development	**(6.0)**	(5.0)
SG&A	**(16.1)**	(15.3)
Total adjusted operating expenses	**(27.4)**	(26.3)
Adjusted EBITDA	**14.6**	18.4

RESEARCH & DEVELOPMENT COSTS

The Group continues to invest in research and in the development of new products and spent $13.8m on R&D activities (2021: $13.0m) of which $7.8m was capitalised (2021: $8.0m).

	2022 $m	***% of revenue***	2021 $m	*% of revenue*
Core engineering expenses	**12.2**	***13%***	11.9	*13%*
Product management	**0.7**	***1%***	0.6	*1%*
R&D senior management	**0.9**	***1%***	0.5	*1%*
Total research and development expenses	**13.8**	***15%***	13.0	*14%*
Capitalised development costs	**(7.8)**		(8.0)	-
Net research and development costs	**6.0**		5.0	-

The Group's spend on core engineering activities has increased by $0.3m in the year to $12.2m (2020: $11.9m). The increase of $0.3m reflects a combination of an increased workforce and salary inflation, the latter being driven by the Group's continued investment in software development and related products. Specifically, the Group has invested in the products that have been driving ARR such as 24i's video streaming platforms and Amino's SaaS device management platform.

Selling, general and administrative (SGA) expenses have increased by 5% in the year to $16.1m (2021: $15.3m).

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

	2022 $m	2021* $m
Adjusted EBITDA	**14.6**	18.4
Exceptional items:		
• Within cost of sales	**0.0**	0.2
• Within operating expenses	**(6.7)**	(1.7)
• Impairment of goodwill	**(12.5)**	-
Employee share-based payment charge	**(0.4)**	(1.1)
Depreciation and amortisation	**(11.6)**	(10.6)
Operating profit	**(16.6)**	5.2

* See Note 28 regarding the restatement due to the Nordija acquisition.

EXCEPTIONAL ITEMS

Exceptional items within cost of sales in 2022 comprised a $0.05m credit (2021: $0.2m credit) in respect of royalty costs recognised in prior years which have subsequently been renegotiated.

Exceptional items included within operating expenses in 2022 comprised:

- $5.2m (2021: $0.4m) one off costs relating to diligence costs in respect of the aborted material acquisition
- $0.4m (2021: $0.6m) one-off costs in respect of acquisitions and legal costs; and
- $1.1m (2021: $0.3m) post-acquisition integrations and associated restructuring costs
- $12.5m (2021: $nil) goodwill impairment charge

DEPRECIATION AND AMORTISATION

Excluding amortisation of intangibles recognised on acquisition, depreciation and amortisation was $7.0m (2021: $6.7m).

Amortisation of intangibles recognised on acquisition was $4.6m (2021: $4.0m), which represents an increase of $0.6m. The increase of $0.6m in the year primarily relates to the amortisation of the acquired intangibles from the Nordija acquisition during the prior year and The Filter during the current year.

TAXATION

The tax charge of $0.5m (2021: $0.6m credit) comprised:

- $2.0m (2021: $2.8m) current tax charge; offset by
- $0.8m release (2021: $0.1m) of an uncertain tax provision held in respect of the use of tax losses in the USA; and
- $0.7m (2021: $3.4m) credit relating to the unwind of deferred tax assets and liabilities recognised on acquisitions in the current and prior years.

Loss after tax was $17.4m (2021: $5.4m profit).

CASH FLOW

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

	2022 **$m**	2021 $m
Adjusted operating cash flow before tax	**8.9**	16.7
Post-acquisition remuneration in respect of the acquisition of 24i Unit Media BV	**-**	(1.3)
Post-acquisition integration and associated restructuring costs	**(1.5)**	(0.3)
Acquisition and one-off legal costs[1]	**(1.0)**	(1.0)
Cash generated from operations before tax	**6.4**	14.1

Adjusted cash flow from operations was $8.9m (2021: $16.7m) and represented 61% of adjusted EBITDA (2021: 91%). The reduction in adjusted cash flow from operations and the conversion from adjusted EBITDA was due to a cash outflow from working capital[1] of $5.6m (2021: $2.4m cash outflow). Whilst the Group continues to generate good operating cash flows, navigating the well-known supply chain issues in the year was challenging and resulted in an additional $6.7m investment in inventory in the year to mitigate potential supply chain delays.

Exceptional cash flows in 2022 comprised one-off costs of $2.5m (2021: $2.6m) including $1.0m (2021: $0.3m) post-acquisition integrations and associated restructuring costs, and $1.0m one off costs associated with the aborted material acquisition paid by the Group[1]. Including these exceptional cash outflows cash generated from operations before tax was $6.4m (2021: $14.1m).

During the year the Group spent $0.2m (2021: $0.3m) on capital expenditure in respect of tangible fixed assets and capitalised $7.8m (2021: $8.0m) of research and development costs and software licenses. The acquisition of The Filter included initial cash consideration of $1.5m.

The Group paid dividends of $3.3m (2021: $3.1m) during the financial year, relating to 2021 ($2.3m) and 2022 interim ($1.0m).

Notes

(1) Cash outflow from working capital excludes the impact of a $4.1m increase in payables for the aborted acquisition costs to be settled in Q1 FY23.

The Group generated adjusted free cash outflow of $3.0m (2021: $3.8m cash inflow) in the year and a reconciliation is provided below:

	2022 **$m**	2021 $m
Adjusted operating cash flow before tax	**8.9**	16.7
Corporation tax paid	**(2.4)**	(3.2)
Purchases of intangible assets	**(7.6)**	(8.0)
Purchase of property, plant and equipment	**(0.2)**	(0.3)
Net interest paid	**(0.7)**	(0.1)
Lease payments	**(1.1)**	(1.3)
Adjusted free cash flow	**(3.0)**	3.8

The decrease in the year of $6.8m can be attributable to the increase of $6.7m relating to the investment in inventory in the year to mitigate potential supply chain delays, that has been described above.

FINANCIAL POSITION

The Group had net cash of $4.0m at 30 November 2022 (2021: $14.2m). The Group has a banking facility with Barclays Bank plc, Silicon Valley Bank, and Bank of Ireland of which the Group had drawn $7.5m at 30 November 2022. This facility of $50m, split evenly across the new three bank club, also includes a further up to $50m available by way of an accordion which is designated for M&A activity. The facility has a committed term to 23 December 2024 with options to extend by a further one or two years. The facility includes financial covenants whereby the banking facility may be restricted as a result of not meeting certain financial metrics.

At 30 November 2022 the Group had equity of $78.9m (2021: $104.0m) and net current liabilities of $1.4m (2021: net current assets of $9.2m).

Goodwill has reduced by $13.2m to $56.3m (2021: $69.5m), reflecting the $12.5m impairment charge on Amino software and devices CGU (formerly Entone, Inc) together with foreign exchange translation movements. Management had forecast a decrease in device sales for part of FY23 due to shortened supply chain lead times. Consequently, the assumptions used in the review of the carrying value of Goodwill relating to the Amino business have been revised, which reflect the expected, based on a probability expected basis, negative impact of both the current macro-economic uncertainty as well as a more conservative view of long-term performance and growth rates of streaming devices.

GOING CONCERN

These financial statements have been prepared on the going concern basis. The Directors have reviewed the Group's going concern position taking account of its current business activities and their future forecast performance. The factors likely to affect its expected future financial performance is set out in this Annual Report and include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit and liquidity risks.

The directors have prepared a base case cash flow forecast covering a period of at least 12 months from the date of approval of the financial statements. In addition, they have prepared various sensitised analyses. These reflect a variety of possible cash flow scenarios where the Group achieves further reduced revenues, reduction in gross margins and combinations of both, together, if required, with the timely deployment of cost containment and reduction measures that are aligned with the anticipated levels of performance. Overall, if the base case forecast is achieved, the Group and parent company will be able to operate within its existing working capital facilities. However, the recovery of the Amino division revenues, continued growth in 24i division revenues and cash conversion expected in H2 2023 are key assumptions. Failure to achieve the base case view of forecast sales pipeline conversion assumed in the base case forecast could result in the Group failing to comply with financial covenants associated with its existing banking facility, potentially resulting in the facilities being withdrawn.

We are currently in active discussions with the Group's existing loan facility providers to seek solutions in order to increase the safety headroom based on the current covenant definitions. Should those not be successful we may need to seek additional funding through a placement of shares or other sources of funding which have not yet been secured. The Group has a history of successfully negotiating covenant revision, and raising financing.

Taking account of these matters, the Directors have concluded that the circumstances set forth above indicates the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. However, given the Group's current performance, the Directors have considered it is appropriate to prepare the financial statements on a going concern basis and the financial statements do not include the adjustments that would be required if the Group were unable to continue as a going concern.

DIVIDEND

In August 2022, the Company paid an interim dividend of 1.0 pence (1.26 US cents*) per share in respect of the year ended 30 November 2022. The Board is not proposing a final dividend (2021: 2.09 pence / 2.87 US cents*). This would represent a total dividend for the year of 1.00 GBP pence (1.26 US cents) per share (2021: 3.09 pence / 4.26 US cents) and is 19% of adjusted earnings per share.

* Average FX rate for the year was £1 : $1.26 (2021: £1 : $1.38).

Mark Carlisle
Chief Financial Officer
15 May 2023

PRINCIPAL RISKS AND UNCERTAINTIES

The Group undertakes an annual risk review to identify risks which are considered by the Board to be material to the development, performance, position or future prospects of the Group. Aferian does not have a dedicated risk management or internal audit function, consequently the risk management review is carried out by the executive management team. Risks within the Group are categorised with four areas: Strategic, Operational, Financial and Compliance related. The following risks are considered to be material. The risks and mitigations taken are summarised in the table below. They are not set out in priority order.

Risks	Description and potential impact	Mitigation action/Control
Consumer viewing habits/industry disruption	In a world where more content is being produced than ever before, consumers are shifting viewing habits. If the Group fails to adapt and/or innovate and respond effectively to these rapidly changing consumer trends, the Group's solutions may become less competitive or obsolete.	The Group continually monitors the markets of its products and solutions. The Board undertakes a strategic review of the Group's go-to-market propositions twice per year in order to make investment decisions. The Group's business model and go-to-market strategy is set out on pages 4 to 8.
Cyber Security	A security breach of the Groups' IT systems or Denial of Service ("DoS") attack could significantly disrupt its operations, damage its reputation and potentially expose it to fines under legislation such as GDPR.	The Group has a Security Committee, responsible for the IT security of the Group which continually monitors IT security threats and reviews the Group's IT security policies and procedures.
Reliance on a limited number of key suppliers	The Amino Device business is dependent on a limited number of key suppliers for key components such as Silicon and Memory.	The Group mitigates this risk by maintaining close relationships with key suppliers and diversifying product portfolios using multiple suppliers.
Disruption to the global supply chain	The supply chain for the Group's products and services is global. It is therefore subject to disruption from political, social and economic forces as well as pandemics (for example, Covid-19) and natural disasters across multiple countries. This includes both disruption to the availability of components and distribution channels to deliver the Group's products. Climate change has the potential to cause disruption to the Group's supply chain as rising global temperatures result in an increasing incidence and severity of extreme weather conditions.	This risk is managed by the Group's Amino Device business using multiple hardware suppliers in the South East Asia region, particularly China, Hong Kong, Taiwan and Malaysia. In respect of the increased risk from challenges in the logistics industry to transport products, the Group maintains relationships with several major freight forwarders, and is in constant dialogue with those suppliers and customers for transport arrangements. in 2022 the Group invested in additional inventory to de-risk the well-publicised, industry-wide hardware supply chain challenges. Some of the Group's key manufacturing and assembly suppliers are located in areas that are at risk from extreme weather conditions or natural disasters. Where possible, production is spread across multiple suppliers and sites to limit the impact this could have. In addition, the Group retains an insurance policy that provides some financial protection against any disruption at our supplier's premises.
International trade barriers	There is a risk that supply chains and sales are interrupted as cross border tariffs and/or sanctions are imposed by individual countries.	The Group has put in place contingency plans and monitors global events closely to be able to react quickly to political events that would have an adverse impact on its activities. The Group considered the impact of the UK leaving the EU and put mitigating controls in place that ensured the supply chain was not disrupted.

People	If the Group fails to recruit and retain individuals with the appropriate skills and experience its performance may suffer.	The Group undertakes an annual succession planning exercise to identify individuals that are key to retain as well as the training and development needs of its people. Annual reviews of performance and remuneration structure are undertaken to promote retention and reward superior performance.
Banking facility	The Group has a multicurrency working capital facility with Barclays Bank plc, Silicon Valley Bank, and Bank of Ireland secured on 23 December 2021, of which $7.5m was drawn at 30 November 2022 (2021: $nil) . The banking facility requires the Group to adhere with various obligations including compliance with financial covenants. Failure to comply with a financial covenant will result in an Event of Default which may result in the facility being withdrawn with all amounts accrued becoming immediately due and payable which would impact the Group's cashflow.	The risk of failing to adhere with financial covenants is mitigated by additional actions including new sales pipeline conversion, management of cash and cost base, that could be taken over and above those already included in the covenant forecast to avoid or reduce the impact or occurrence of the underlying risks. Forecasts, with specific reference to the financial covenants are also reviewed regularly at the Board meetings. The Group is currently engaged in active discussions with existing loan facility providers to seek solutions in order to increase the safety headroom based on the current covenant definitions. Should those not be successful we may need to seek additional funding through a placement of shares or other sources of funding which have not yet been secured. The Group has a history of successfully negotiating covenant revision, and raising financing.
Foreign exchange	The majority of the Group's revenues are denominated in US Dollars and Euros. The Group's cost base is primarily denominated in US Dollars, Euros and British Pounds. Consequently the Group's cash flows are exposed to fluctuations in currency rates. In addition, the Group also has a large proportion of its intangible assets denominated in Euros whilst the Group's reporting currency is US Dollars.	There are a number of natural cash flow hedges across the Group where revenues and costs are matched in the same currency, consequently the Group does not use hedging instruments to manage fluctuations in currencies. The exposures to exchange rates of the Group's current assets and liabilities and impact on the profit and loss account are set out in note 3.
Customer changing buying habits	Customer buying decisions may change depending on a number of factors including macro-economic factors and changes in strategy. This may have a material impact on Group revenues.	The Aferian product portfolio and strategy is diversified and focussed on growing predictable and recurring software and services revenues. In addition, the Group maintains close relationships with its customers and management reviews the sales pipeline and order book monthly.
Customer credit worthiness	The Group seeks to minimise its exposure to credit risk using credit insurance for material balances. Where credit insurance cannot be obtained the Group seeks letters of credit and up-front payments. In a limited number of customers where these are not available the Group may provide credit terms based on good trading history. However, this may expose the group to material credit risk if circumstances change.	Using credit insurance the Group constantly monitors the credit worthiness of its customers and can set credit limits appropriately. Where credit insurance cannot be obtained the Group sets payment terms and credit limits accordingly, asking for up-front payments on order and before delivery.

ESG strategy including the impact from climate change	In response to demand from multiple stakeholders the Group proactively addresses environmental, social and governance ("ESG") risks and has set out and reports on its ESG policy annually. However, the Group is exposed to reputational risk if these ESG objectives and targets are not met or do not meet the expectations of its stakeholders. Should the Group's policies not meet the needs of customers or prospective customers this could have a material negative impact on revenue.	The Group publishes its ESG policies and reports on progress against these annually. In addition, it has established ESG Steering Committee to ensure that these policies are implemented and reviewed in line with stakeholder requirements. Further details are provided on page 12 of the annual report.

The Strategic Report was approved and authorised for issue by the Board of Directors on 15 May 2023 and is signed on its behalf by:

Mark Carlisle
Director

15 May 2023

SECTION 172 STATEMENT

PROMOTING THE SUCCESS OF AFERIAN PLC

Set out below is a summary of how the Directors have performed their duty under section 172 of the Companies Act 2006 to promote the success of the Company, including how these matters and the interests of the Company's stakeholders have been taken into account in Board discussions and decision-making.

BOARD EFFECTIVENESS AND TRAINING

During the year, the Board continued to monitor and review: The Company's strategy; Diversity and Inclusion; Succession planning; and ESG. Those areas were again treated as priority agenda items for the current year, and the year ahead, as the Board continues to believe that these are important for the long-term success of the Company.

The Board is kept up to date with relevant industry knowledge. Each Director has access to relevant industry publications, attends regular business reviews presented by the executive management team and receives presentations from industry experts when reviewing strategy.

STRATEGY

During the year, the Board reviewed progress against the Company's 2025 strategy as set out by the executive Directors. This review included meetings held with key members of the executive management team during which time the Board were also able to review in more detail the operations of the Company. The Company's vision and strategy are set out in the Strategic Review section of this annual report on pages 3-11 as well as the ESG framework on page 12. In doing this, the Board believes that the Company's vision and values have been well articulated to all key stakeholders.

STAKEHOLDER ENGAGEMENT

The Board is committed to engaging with key stakeholders. The Directors benefit from this engagement by gaining a holistic view of the Company's business and improved insight into their needs. This means that the Directors can better understand the impact of their decisions and leads to more productive and balanced Board discussions. Set out below is a summary of the Board's engagement with key stakeholders during the year:

OUR PEOPLE

The executive management team, at the direction of the Board, have held regular virtual and in person meetings with employees of the Company, to ensure all employees are kept updated with the Company's strategy, and progress. The key outputs and actions from those meetings are relayed to the Board at the monthly Board meetings held during the year.

INVESTORS

The Board continues to engage regularly with its investors. The Executive Directors have conducted in-person and video-call investor roadshows during the year and the Company has used online platforms, such as the Investor Meet Company, to ensure investors are kept updated and can ask questions of the Board. Following the release of the Company's full year's results in March 2022 and interim results in August 2022, Donald McGarva and Mark Carlisle embarked on investor roadshows using the Investor Meet Company platform, in person meetings and video calls. This included a presentation of the results and a Q&A session with investors.

SUPPLIERS

Much like 2020 and 2021, it has again not been possible for any of the Directors to visit the Company's key suppliers in Asia. However, Donald McGarva has maintained a regular dialogue with them during the year. The risks associated with delays and constraints to the supply chain as a result of the Covid-19 pandemic, and the knock-on impact to the global shipping and distribution industry, have had the potential to have a material impact on the Group. Consequently, Donald has kept the Board updated.

CUSTOMERS

The Company conducts an annual "Voice of the Customer" survey, the results of which are presented to the Board and were also included as input into the Company's strategy update. The executive Directors also maintain direct relationships with the Group's largest customers.

DECISION MAKING

The principal decisions made by the Board that were material to the Company's strategy in 2022 related to acquisitions and covenant revision in December 2022.

- During 2022, the Board reviewed the strategic rationale behind a material potential acquisition. This included Board papers setting out the proposed terms of the acquisition including transaction costs, as well as financial modelling of the target's revenue forecast and cost projections. The Board also met with the target acquisition company's management. The Board considered how the acquisition of this business would support the Company's software led strategy and product portfolio within the growing video streaming market. Unfortunately, due to the changing macro-economic environment, in October 2022 the Board concluded that the financial terms of the transaction were no longer appropriate to recommend to shareholders and the transaction was aborted. The Board were kept in appraised by the Executive Directors as well as external advisors at each stage of the process before reaching this conclusion.

- In April 2022, the Company completed the acquisition of Exabre Limited (a UK incorporated company trading as "The Filter"). The Board was presented with all relevant information in relation to this transaction including financial, legal, and operational due diligence reports prepared by management, for the Board to make an informed decision. The Board concluded that this acquisition would complement the Group's existing software and services offering within the 24i business.

BOARD OF DIRECTORS

MARK WELLS
Non-Executive Chairman

Mark is a non-executive director with a strong track record in technology and transformation. In addition to joining the Aferian board as non-executive chair in January 2022, Mark also chairs Oxford Technical Solutions (satellite-based inertial navigation systems), and Cappfinity (Talent Solutions).

Previously, he was non-executive chair of Senseye (AI-powered Predictive Maintenance solutions for industry), Romax Technology (drivetrain simulation software) and spent more than 10 years as a non-exec director of Kofax plc where he helped to transform the business from a reseller of scanners to a global software company which was then sold to Lexmark for over $1Bn.

Mark has also served as CEO of Image Metrics plc, COO of Brainpower NV (now Bloomberg) and Managing Director (UK) for Dun & Bradstreet Software. He has a degree in Electronics and an MBA.

DONALD MCGARVA
Group Chief Executive Officer

Donald joined Aferian as a non-executive director in April 2010, becoming Chief Operating Officer in September of the same year and subsequently Chief Executive Officer in December 2011.

Previously, he was Senior Vice President, Asia Pacific, for DHL, the global market leader in the logistics industry.

Donald is an internationally minded executive who has spent the majority of his career in Asia and the US, holding a variety of senior management positions in high growth technology, outsourcing and services companies including Fujitsu, BG Group and Celestica.

Donald is an engineering graduate from the University of Strathclyde in Glasgow and commenced his career in the UK with ICL. He is a member of the Chartered Institute of Purchasing and Supply Chain (MCIPS).

MARK CARLISLE
Group Chief Financial Officer and Chief Operations Officer

Mark joined Aferian in August 2016 and has significant experience in the leadership of public company finance teams. Prior to joining the Group, Mark was Chief Financial Officer at Kape Plc (née Crossrider Plc) where he formed a key part of the team which successfully raised $75 million as part of its IPO on AIM in September 2014.

Prior to this, Mark served as Chief Financial Officer of FFastFill plc, a provider of technology solutions to the financial derivatives trading industry. In addition, Mark has ten years of audit experience, gained within the Technology Media and Telecommunications practice of Deloitte, where he served from 2000 to 2010.

STEPHEN VAUGHAN
Non-Executive Director

Stephen Vaughan served as a Non-Executive Director of Aferian from March 2019. He was Chair of the Remuneration Committee during the year and up until his resignation from the Board post period end on 27 April 2023.

Stephen has held a number of executive and non-executive roles in the technology sector throughout his career. In addition to his role with Aferian, he is also non-executive Chairman of Progressive Equity Research, the paid-for equity research house.

Until 2015, Stephen was Chief Executive of Phoenix IT plc, the main-market listed IT Infrastructure Services business, and since then has been non-executive director of Redcentric plc, the AIM-listed IT and network services provider; Mobica, a software development company; and ECSC, a cyber-security consultancy.

STEVE OETEGENN
President of the Americas

Steve is a seasoned media technology executive who has launched numerous innovative solutions to the global marketplace. Prior to joining the Aferian board in January 2021, he was President of Verimatrix, a leading provider of revenue security solutions to the Pay TV and on-line video industry worldwide.

In August 2022, Steve transitioned from his role as a Non-Executive Director to an Executive role as Group President of the Americas. In this leadership role he is focussed on supporting the growth of both 24i and Amino in this key region.

Steve's past posts include COO of MediaSec Technologies LLC, a pioneer and leader in the field of digital watermarking, and COO of Argus Systems Group, a provider of Internet server security software. Steve received a Lifetime Achievement award at the 2020 VideoTech Innovation Awards.

BRUCE POWELL MBE
Non-Executive Director

Bruce joined the Aferian board in August 2022 and chairs the Audit Committee. A qualified FCA, Bruce has accumulated extensive board-level experience over the past 30+ years.

He is currently Chairman of Threadless Closures Ltd, a packaging company focused on the international beverage market, and Crateight Ltd which develops reusable packaging solutions for the movement and storage of high value artworks.

He has previously been Chairman of Dataform Print Management Ltd and held non-executive directorships with Princeton Consulting Ltd, ApaTech Ltd and Kofax plc, where he served on the board for 18 years. He also held the post of CFO for both DiscoverIE Group plc (IT components), and semiconductor and software design company Imagination Technologies plc. He was awarded an MBE for services to education in January 2021.

MAX ROYDE
Non-Executive Director

Max is a managing partner and co-founder of Kestrel Partners, an investment management company specialising in business-critical software companies. He joined the Aferian Plc Board post period end on 4 April 2023. Following the resignation of Stephen Vaughan, Max was appointed Chair of Aferian's Remuneration Committee on 27 April 2023.

Max also holds board positions at companies including CentralNIC plc (domain name registry and related services), IQGeo plc (Geospatial productivity & collaboration software for the telecoms industry) and Trailight Ltd (cloud-based compliance technology) and has previously been a board member of various public companies including Gresham Technologies plc.

He has been advising and investing in quoted and unquoted UK smaller companies since 1998 and prior to founding Kestrel Partners was a managing director of KBC Peel Hunt.

CHAIRMAN'S GOVERNANCE REPORT

For the year ended 30 November 2022

As Chairman of the Aferian plc ("the Company") Board, it is my responsibility to ensure that the Board is performing its role effectively and has the capacity, ability, structure and support to enable it to continue to do so. We believe that a sound and well understood governance structure is essential to maintain the integrity of Aferian plc and its subsidiaries (together "the Group") in all its actions, to enhance performance and to impact positively on our shareholders, staff, customers, suppliers and other stakeholders.

The Group has adopted the QCA Corporate Governance Code ("the Code") as the benchmark for measuring our adherence to good governance principles. These principles provide us with a clear framework for assessing our performance as a Board and as a company, and the report below shows how we apply the Code's ten guiding principles in practice.

Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The strategy and business operations of the Group are set out in the Strategic Report on pages 3 to 34.

The Group's vision is to make it easy for people to connect to the TV and video they love, whenever they want it. We simplify the complex to enable greater viewer choice, usability and convenience. This means our customers can provide smarter, more cost-effective ways of delivering modern TV and video experiences to their customers.

As the market continues to grow and develop, Aferian's challenge is to ensure that new customers continue to recognise the real enduring advantages that employing its technology offers. The Board and Executive team meet twice a year to discuss strategy and future developments. Due to valuable input from our non-executive directors and the breadth of the experience of the Executive team, the Board does not consider that an external strategy review is necessary at this time.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Group's executive directors meet at least twice a year with institutional shareholders, fund managers and analysts as part of an active investor relations programme to discuss long-term issues and obtain feedback. Private investors are encouraged to participate in the Annual General Meeting in addition to receiving the annual report and accounts.

Investec, in their role as corporate broker, also hold meetings with investors. Investec and Progressive Research prepare regular independent analysis of the Group's results and prospects. The analysis prepared by Progressive Research can be accessed via the Group's investor website: www.aferian.com.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

Aferian works with its employees, customers and suppliers to conduct its business in an ethical way. The Group is of a relatively small size but is committed to its Environment, Social and Governance policies set out on page 12.

Employees

The Group recognises that an essential part of its continued success is the support and involvement of its employees.

Effective communication is essential to ensure its employees are fully engaged with the business which include:

- Monthly 'all-hands' presentations updating employees on Group performance against objectives;
- A monthly newsletter to staff;
- Half-yearly employee appraisals to set objectives, identify strengths and areas for development;
- The provision of training where appropriate to enhance job performance and aid development; and
- A regular review of the benefits offered to employees.

CHAIRMAN'S GOVERNANCE REPORT (continued)

For the year ended 30 November 2022

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success (continued)

The Group's revenue is dependent on delivering complex, viable technologies to specific markets and therefore ensures that cross-functional teams of senior employees work together and with customers to ensure the successful integration of its technologies.

Customers

The sales and product management team obtain feedback from customers regarding current products, new product ideas and customer service through regular interactions with customers mainly comprising face to face meetings.

The customer support ticket system includes a satisfaction indicator and optional comments on closure of each ticket. These results are monitored throughout the year and reviewed in more detail as part of the half yearly team meetings.

Suppliers

The Group sources its hardware products principally from manufacturers in the US, Taiwan, China, Malaysia and Thailand. By establishing long-term relationships with suppliers, the Group seeks to mitigate the risk of fluctuating input prices, lengthening lead times and constraints in the supply of components.

Partners

A particular strength of the Group is the ability to partner with and rapidly integrate most suppliers of the different elements of the value chain within the online video ecosystem to deliver value to customers.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The directors recognise their responsibility for the Group's system of internal control and have established systems to ensure that an appropriate and reasonable level of oversight and control is provided. The Group's systems of internal control are designed to help the Group meet its business objectives by appropriately managing, rather than eliminating, the risks to those objectives. The controls can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Executive team meets bi-annually to review both the risks facing the business and the controls established to minimise those risks and their effectiveness in operation on an ongoing basis. The aim of these reviews is to provide reasonable assurance that material risks and problems are identified, and appropriate action taken at an early stage. From this review the Group maintains its internal risk register which forms the foundation of the Audit Committee and Board review processes.

The Group maintains a comprehensive risk register which includes commercial, operational and financial internal and external risks that are assessed according to nature and magnitude and given a score based on the seriousness of the risk and the likelihood of the risk occurring. Those ranked in the highest category which are considered both serious and more likely to occur are managed by the executive directors and reviewed by the Board including monitoring actions to mitigate the risks. The senior management team manages the remainder of the risks and reviews them as part of the management meeting cycle. On a bi-annual basis, the whole register is reviewed and updated by the senior management team and presented for review by the Audit Committee and the Board. New potentially material risks which arise in the meantime are added to the risk register and discussed at Board level as they arise.

CHAIRMAN'S GOVERNANCE REPORT (continued)

For the year ended 30 November 2022

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation (continued)

The annual budget is reviewed and approved by the Board. Financial results, with comparisons to budget, latest forecasts and prior year are reported on a monthly basis to the Board together with a report on operational achievements, objectives and issues encountered. A quarterly reforecast to the end of the financial year is prepared and stress tested to highlight the potential impact of different scenarios such as a reduction in revenue or increase in costs. Significant variances from plan are discussed at Board meetings and actions set in place to address them.

Measures continue to be taken to review and embed internal controls and risk management procedures into the business processes of the organisation and to deal with areas of improvement which come to the management's and the Board's attention. Metrics and quality objectives continue to be actively implemented and monitored as part of a continual improvement programme.

The Group's auditor is encouraged to raise comments on internal control in their management letter following their audit, and the points raised and actions arising are monitored through to completion by the Audit Committee.

The principal risks and uncertainties impacting the Group and how these are mitigated are detailed in the Strategic Report on pages 30 to 32.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chairman

There is clear division of responsibility between the running of the Board and executive responsibility for running the Group's business. The Chairman, Mark Wells, is responsible for the leadership of the Board and setting the Board's agenda. Mark Wells joined the Company on 1 January 2022 as the new Chairman, replacing Karen Bach who resigned on 31 December 2021. The Chief Executive, Donald McGarva, is responsible for running the Group's business. There are two other executive directors: Chief Financial Officer and Chief Operating Officer, Mark Carlisle and Steve Oetegenn, who has been a non-executive director of Aferian since January 2021 and became an executive director, as President of the Americas, on 3 August 2022. Joachim Bergman, the former Chief Executive Officer of 24i resigned on 29 April 2022.

The Company currently has two independent non-executive directors: Mark Well sand Bruce Powell (appointed on 3 August 2022). Erika Schraner was a non-executive director of Aferian since March 2019 until her resignation on 29 July 2022. Stephen Vaughan, non-executive director of Aferian since March 2019 and chair of the Remuneration Committee during the year, resigned from the Board on 27 April 2023. The non-executive directors normally do not have any day-to-day involvement in the running of the business but are responsible for scrutinising the performance of management in meeting agreed goals and objectives and monitoring the reporting of performance. The company has one non-executive director who is not considered to be independent: Max Royde joined the Aferian board on 4th April 2023, and took up the position of Chair of the Board's Remuneration Committee on 27 April 2023. He is a managing partner of Kestrel Partners which holds a beneficial interest in Aferian. All directors are able to allocate sufficient time to the Company to discharge their responsibilities as directors. All directors have access to the advice and services of the Company Secretary, are covered by directors and officer's insurance and may take independent professional advice at the Group's expense.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The background of all directors including details of their relevant experience, skills and capabilities is set out on page 34 and 35.

There were three non-executive directors:

- Non-executive Chairman Mark Wells was appointed as a director and Chairman of Aferian on 1 January 2022 and is considered to be independent.
- Non-executive Bruce Powell was appointed as a director and Chairman of the Audit Committee on 3 August 2022.
- Non-executive Max Royde was appointed as a director on 4 April 2023 and took up the position of Chair of the Board's Remuneration Committee on 27 April 2023.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities (continued)

In addition, during the year ended 30 November 2022:

- Non-executive Erika Schraner was a director as well as chair of the Audit Committee, until her resignation on 29 July 2022, and was considered to be independent; and
- Non-executive Steve Oetegenn was a director but not considered independent due to the consultancy services he provided to the Group. Steve became an executive director on 3 August 2022.
- Non-executive Stephen Vaughan was a director of Aferian from March 2019 until his resignation on 27 April 2023 and was considered to be independent. Stephen was also chairman of the Remuneration Committee and the Senior Non-Executive Director until his resignation.,

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

In March 2021 Erika Schraner, a non-executive director, performed an evaluation of Board performance and effectiveness comprising interviews with board members. This was the second such evaluation and these are carried out bi-annually.

The evaluation covered:

- Board and committee composition (mix of skills, experience, diversity, and adequate succession planning);
- Contribution and effectiveness of the Chair and members of the Board/committee;
- Quality and timeliness of information;
- Board communication;
- Decision process (effectiveness of board strategy discussions);
- Board induction and training;
- Meeting arrangements and processes;
- Leadership and culture; and
- Internal control and risk management.

The purpose of the Board Evaluation Process was to identify the actions required to both improve the Board's effectiveness and its level of compliance with the QCA Code. This evaluation concluded that high-quality information was reviewed by the Board and appropriate time was allowed for Board discussion. As a result of this evaluation: Group strategy update, Diversity and Inclusion; and ESG were added as priority agenda items as the Board believes that these are important for the long-term success of the Group.

The next evaluation of Board performance and effectiveness is scheduled for May 2023.

The Board recognises the importance of succession planning and diversity in ensuring that the Board remains effective and regularly reviews its composition. The most recent review of the Board's composition resulted in the appointment of Steve Oetegenn (appointed in in January 2021 as a non-executive director) as an executive director on 3 August 2022 as President of the Americas. Steve has deep experience in streaming video and Pay TV, particularly in the US market. In addition, following the resignation of Erika Schraner on 29 July 2022, Bruce Powell MBE was appointed to the Board as a non-executive director and Chair of the Audit Committee. Bruce has accumulated extensive board-level experience over more than 30 years. Furthermore, on 4th April 2023, Max Royde was appointed to the Board as a non-executive, non-independent director. As a managing partner of Kestrel Partners, Max has a deep understanding of the technology sector, its growth and its profit drivers and strong experience of board-level positions in the sector. Following these changes, the Board comprises 3 independent and 4 non-independent directors. The Group remains focussed on improving the diversity of its Board and carefully considers a broad range of candidates ahead of any appointment.

CHAIRMAN'S GOVERNANCE REPORT (continued)

For the year ended 30 November 2022

Principle 8: Promote a culture that is based on ethical values and behaviours

The Group has policies in place to address the issues covered by the Modern Slavery Act and the Bribery Act - https://aferian.com/investors/anti-modern-slavery-statement/- that are issued to all staff and include a whistleblowing policy. The Board reviews these policies annually.

The Group's culture is based on a set of core values:

- We are driven by innovation
  - We strive to be open and creative in delivering solutions
- Our culture is underpinned by ambition and trust in working with others
  - We have the courage to pursue and share new ideas with colleagues
- Our key focus is our customers
  - We respond rapidly to customer needs to deliver meaningful solutions
- We concentrate on providing value and are financially responsible
  - We are focus on delivering customer value and our contribution to society as a whole
- It is important that we experience daily happiness in our work
  - We work in fair, diverse and inclusive environment that fosters individuality, collaboration and creativity

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is responsible for the overall strategy and leadership of the Group. The Board is also responsible for ensuring that the business has the necessary resources in place to meet its objectives. The Board provides leadership and a control framework which includes a continual risk assessment and management of the principal risks and uncertainties which are disclosed on pages 30 to 32.

The Board is supplied with monthly financial and non-financial information in a timely manner to enable it to discharge its duties. The Board has a formal schedule of matters specifically reserved for decision by the Board and meets for scheduled Board meetings at least 11 times per year, plus ad hoc meetings as required. The Board also meets with management at two strategy days per year. In addition, the Board reviews and approves all trading updates and results announcements. The Group has established whistleblowing procedures under which employees can raise concerns in confidence about possible improprieties in matters of financial reporting or other areas. The Board reviews the going concern assumptions made in the preparation of the Group quarterly forecasts and the sensitivities applied thereon to ensure the Group has adequate resources to continue in operational existence for the foreseeable future.

Board committees

The Group has an audit committee, a nominations committee, and a remuneration committee. Each committee has written terms of reference which are reviewed on an annual basis and updated as required. These will be available for review at the Annual General Meeting for 2022 and are available for review in the Investor Relations section of the Group's website. The Board and its committees are considered to have the appropriate balance of skills, experience, independence and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively.

CHAIRMAN'S GOVERNANCE REPORT (continued)

For the year ended 30 November 2022

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board (continued)

Remuneration committee

The Remuneration Committee was comprised of Stephen Vaughan (chairman of the committee), Mark Wells and Bruce Powell. Prior to Mark's and Bruce's appointment to this committee on 1 January 2022 and 3 August 2022 respectively, Karen Bach and Erika Schraner were also members of the committee during the current financial year until their resignation on 31 December 2021 and 29 July 2022 respectively. Stephen Vaughan, non-Executive Director of Aferian plc since March 2019 and Chair of the Board's Remuneration Committee, stepped down from the Board on 27 April 2023. Following his recent appointment to the Board as a Non-Executive Director on 4 April 2023, Max Royde has taken up the position of Chair of the Board's Remuneration Committee from 27 April 2023. The committee determines the Group's policy for executive remuneration and the individual remuneration packages for executive directors. The committee also considers grants of options under the Company's share option schemes. The policy of the committee is to grant share options to employees as part of a remuneration package to motivate them to contribute to the growth of the Group over the medium to long-term. The Chief Executive Officer may, at the committee's invitation, attend meetings, except where his own remuneration is discussed.

Audit committee

The Audit Committee was comprised of Bruce Powell (chair of the committee), Mark Wells and Stephen Vaughan. Prior to Mark and Bruce's appointment to this committee on 1 January 2022 and 3 August 2022 respectively, Karen Bach and Erika Schraner (chair of the committee) were also members of the committee during the current financial year until their resignations on 31 December 2021 and 29 July 2022 respectively. Stephen Vaughan, non-executive director of Aferian since March 2019 and member of the Audit committee has resigned from the Board on 27 April 2023. The composition of the committee is deemed appropriate given the extensive number of years held by the committee members as either Executive or Non-Executive board members of other publicly listed, multinational organisations. Furthermore, Bruce Powell has extensive financial experience through his previous post as CFO for both DiscoverIE Group plc, and semiconductor and software design company Imagination Technologies plc. The committee aims to meet at least twice a year and at other times as agreed between the members of the committee. Executive directors and the Group's auditor may be invited to attend all or part of any meetings. The committee also meets with the Group's external auditor without the presence of the executive directors.

Nominations committee

The Nominations Committee is comprised of Mark Wells (chairman of the committee), Stephen Vaughan (resigned on 27 April 2023) and Bruce Powell (appointed on 3 August 2022). Prior to Mark's appointment to this committee on 1 January 2022 as Chairman, Karen Bach was the Chair of this committee until her resignation on 31 December 2021. The committee meets when appropriate and considers the composition of the board, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the board. The key task for this committee during the year was the search and selection process of the new Chairman, following the announcement in June 2021 that Karen Bach would be stepping down as Chair. This process involved consultation with a third-party recruitment agency to identify suitable candidates. Following a detailed selection process during the second half of 2021, the committee recommended the appointment of Mark Wells as the new Chairman, effective on 1 January 2022.

The objective of the committee is to review the composition of the Board and to plan for its progressive refreshing, regarding balance and structure. The committee is responsible for reviewing the structure of the Board as well as evaluating the balance of skills, knowledge, experience and diversity of the Board.

The Board will continue to review the Company's governance framework to ensure that it remains appropriate for its size and complexity, considering plans for growth.

CHAIRMAN'S GOVERNANCE REPORT (continued)

For the year ended 30 November 2022

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board (continued)

The number of formal meetings of the Board, Audit Committee ("Auditco"), Remuneration Committee ("Remco") and Nominations Committee ("Nomco") during the year ended 30 November 2022 and the attendance records of each Director are set out below:

Director	Number of meetings held during year/appointment				Number of meetings attended			
	Board	Auditco	Remco	Nomco	Board	Auditco	Remco	Nomco
Karen Bach	1	-	-	-	1	-	-	-
Mark Wells	12	4	2	1	12	4	1	1
Donald McGarva	13	4	2	1	13	4	1	1
Mark Carlisle	13	4	2	1	13	4	1	1
Joachim Bergman	4	4	-	1	4	1	-	1
Erika Schraner	7	2	1	1	7	2	1	1
Stephen Vaughan	12	4	2	1	11	4	2	1
Steve Oetegenn	12	4	-	1	12	2	-	1
Bruce Powell	5	2	-	-	5	2	-	-

Internal financial control

The Group has established policies covering the key areas of internal financial control and the appropriate procedures, controls, authority levels and reporting requirements which must be applied throughout the Group.

The key procedures that have been established in respect of internal financial control are:

- internal control: the directors review the effectiveness of the Group's system of internal controls on a regular basis;
- financial reporting: there is in place a comprehensive system of financial reporting based on the annual budget approved by the board. The results for the Group are reported monthly along with an analysis of key variances, and year-end forecasts are updated on a regular basis; and
- investment appraisal: applications for significant expenditure of either a revenue or capital nature are made in a format which places emphasis on the commercial and strategic justification as well as the financial returns. All significant projects require specific Board approval.

No system can provide absolute assurance against material misstatement or loss, but the Group's systems are designed to provide reasonable assurance as to the reliability of financial information, ensuring proper control over income and expenditure, assets and liabilities.

Mark Wells
Chairman
15 May 2023

REMUNERATION COMMITTEE REPORT

For the year ended 30 November 2022

Remuneration Committee

The Remuneration Committee, chaired until his resignation by Stephen Vaughan included Mark Wells and Bruce Powell. The Committee determines the Group's policy for executive remuneration and the individual remuneration packages for executive directors. Prior to Mark's appointment to this committee on 1 January 2022, Karen Bach was also a member of the committee during the current financial year until her resignation on 31 December 2021. Stephen Vaughan, non-executive director of Aferian since March 2019 and chair of the Remuneration Committee, resigned from the Board on 27 April 2023. Max Royde joined the Aferian board on 4th April 2023, and took up the position of Chair of the Board's Remuneration Committee on 27 April 2023. In setting the Group's remuneration policy, the Remuneration Committee considers a number of factors including the following:

- salaries and benefits available to executive directors of comparable companies;
- the need to both attract and retain executives of appropriate calibre; and
- the continued commitment of executives to the Group's development through appropriate incentive schemes (including the award of shares and share options).

Remuneration of executive directors

Consistent with this policy, benefit packages awarded to executive directors comprise a mix of basic salary and performance-related remuneration that is designed as an incentive.

The remuneration packages comprise the following elements:

- base salary: the Remuneration Committee sets base salaries to reflect responsibilities and the skills, knowledge and experience of the individual;
- bonus scheme: the executive directors are eligible to receive a bonus dependent on both individual and Group performance as determined by the Remuneration Committee;
- equity: shares and share options; and
- car allowance, company contribution into a personal pension scheme, life assurance, private medical insurance and permanent health insurance.

The executive directors are engaged under separate contracts which require a notice period of six months given at any time by the Company or the individual.

Remuneration of non-executive directors

The fees paid to the non-executive directors are determined by the Board. With the exception of Karen Bach, the former Chair, who received health insurance during her tenure, the non-executive directors do not receive any other forms of benefits such as health cover or pension. The notice periods of the non-executive chair and non-executive directors are three months.

REMUNERATION COMMITTEE REPORT (continued)

For the year ended 30 November 2022

Directors' detailed emoluments and compensation – audited

Year ended 30 November 2022

USD$	Salary and fees	Bonus	Benefits	Sub-total	Pensions contributions	Total
Mark Carlisle [3]	277,459	-	13,761	291,220	27,081	318,301
Donald McGarva [1] [3]	379,642	-	5,630	385,272	43,067	428,339
Karen Bach [5] (to 31/12/21) (3) (3)	35,972	-	3,891	39,863	-	39,863
Erika Schraner (to 29/7/22) (3) (3)	39,143	-	-	39,143	-	39,143
Mark Wells (from 1/1/23) (3) (3)	113,053	-	-	113,053	-	113,053
Stephen Vaughan [3]	52,776	-	-	52,776	-	52,776
Steve Oetegenn [2]	161,581	-	-	161,581	-	161,581
Bruce Powell (from 3/8/22) (3) (3)	17,398	-	-	17,398	-	17,398
Joachim Bergman (to 29/4/22) (4)	83,425	136,364	820	220,609	32,196	252,805
	1,160,449	136,364	24,102	1,320,915	102,344	1,423,259

Year ended 30 November 2021

USD$	Salary and fees	Bonus	Benefits	Sub-total	Pensions contributions	Total
Mark Carlisle [3]	301,346	169,877	14,137	485,360	28,759	514,119
Donald McGarva [1] [3]	420,003	226,823	4,720	651,546	45,929	697,475
Karen Bach [3]	110,022	-	3,891	113,913	-	113,913
Erika Schraner [3]	55,011	-	-	55,011	-	55,011
Stephen Vaughan [3]	55,011	-	-	55,011	-	55,011
Steve Oetegenn [2]	114,663	-	-	114,663	-	114,663
Joachim Bergman [4]	221,792	64,580	718	287,090	47,266	334,356
	1,277,848	461,280	23,466	1,762,594	121,954	1,884,548

(1) Includes pension entitlement elected to be paid as salary of $43,067 (2021: $45,929).
(2) Steve Oetegenn fee also includes $121,585 (2021: $81,333) for his role as a consultant.
(3) Director is paid in GBP. Average FX rate for the year was £1 : $1.26 (2021: £1 : $1.38).
(4) Director is paid in EUR. Average FX rate for the year was £1 : €1.07 (2021: £1 : €1.19). Bonus amount represents compensation for loss of office.
(5) Karen Bach fee also includes $26,979 compensation for loss of office.

Contributions were made to the pension schemes of three directors (2021: three), in accordance with their employment contracts.

The highest paid director was Donald McGarva (2021: Donald McGarva).

REMUNERATION COMMITTEE REPORT (continued)

For the year ended 30 November 2022

Directors and their interests in shares

The directors held the following interests in Aferian plc:

	At 30 November 2022		At 30 November 2021	
	Ordinary shares of 1p each Number	**Options over ordinary shares of 1p each Number**	Ordinary shares of 1p each Number	Options over ordinary shares of 1p each Number
Donald McGarva	**553,775**	**726,100**	553,775	726,100
Mark Carlisle	**8,751**	**524,500**	8,751	524,500
Erika Schraner	**-**	**-**	16,772	-
Stephen Vaughan	**16,772**	**-**	16,772	-
Joachim Bergman	**-**	**-**	-	425,800

Full details of the directors' options over ordinary shares of 1p each are detailed below:

Director	**Grant Date**	**Expiry Date**	**Exercise Price**	**30 November 2022 Number**	30 November 2021 Number
Donald McGarva	15 July 2019	15 July 2024	£0.00	**310,000**	310,000
Donald McGarva	9 September 2020	9 September 2025	£0.00	**224,600**	224,600
Donald McGarva	9 August 2021	9 August 2026	£0.00	**191,500**	191,500
Mark Carlisle	15 July 2019	15 July 2024	£0.00	**225,000**	225,000
Mark Carlisle	9 September 2020	9 September 2025	£0.00	**163,000**	163,000
Mark Carlisle	9 August 2021	9 August 2026	£0.00	**136,500**	136,500
Joachim Bergman (1)	16 October 2017	30 November 2022	£1.93	**50,000**	50,000
Joachim Bergman(1)	13 March 2019	12 March 2024	£0.86	**150,000**	150,000
Joachim Bergman(1)	19 March 2020	19 March 2025	£0.00	**86,677**	130,000
Joachim Bergman(1)	22 March 2021	22 March 2026	£0.00	**31,933**	95,800

Notes

All vested options held by current directors, which have not expired at the date of resignation, lapse six months after the date of resignation.

(1) All share options held by Joachim Bergman continue to be exercisable following his resignation on 29 April 2022 in accordance with the scheme rules until the respective lapse dates.

REMUNERATION COMMITTEE REPORT (continued)

For the year ended 30 November 2022

Long Term Incentive Plan 2019 ("LTIP 2019")

Donald McGarva and Mark Carlisle were granted nil cost share options in the following tranches:

- On 15 July 2019, 310,000 and 225,000 respectively
- On 9 September 2020, 224,600 and 163,000 respectively
- On 9 August 2021, 191,500 and 136,500 respectively

Joachim Bergman was granted nil cost share options in the following tranches:

- On 19 March 2020, 130,000 reduced subsequently to 86,677
- On 22 March 2021, 95,800, reduced subsequently to 31,933

Mr Bergman's awards were reduced following his departure from the company, prorated by time elapsed.

All the above share options will vest three years from grant subject to a minimum share price condition.

The three-year performance period for the option grant dated 15 July 2019 expired during the year. The Remuneration Committee assessed the performance conditions, and found that as of that date they had been met in full. However, vesting of the options could not occur because of a close period, which did not end until 24 October 2022.

Given the significant change in trading circumstances between these two dates, as outlined in the trading update of 24 October 2022, in which management announced lower than expected device revenues, the Remuneration Committee again considered these option grants on 17 November 2022. It was agreed that the performance conditions had clearly been met at the end of the performance period, so the options had been earned, but that vesting in the immediate aftermath of the trading update would not be in the interest of shareholders. Consequently, the Remuneration Committee reached agreement with the two option holders to defer vesting of the options until 29 March 2023. This deferral was without conditions save only for the individuals' continued employment in the Group.

The Committee also considered the effect of this vesting on the maintenance of orderly trading in the company's shares, given that vesting of the option would trigger a significant director share trade due to crystallisation of personal tax liabilities. Consequently, the Committee agreed that, subject to final confirmation in May 2023, they were minded at that date to convert the grant into nil cost share options, valid for ten years, subject only to continued employment of the recipient (or for a period of six months following the cessation of that employment). The terms of such a conversion, if approved by the committee, will be disclosed formally when it occurs in March 2023.

Details of the valuation of these options can be found in note 26 to the accounts. In addition to the LTIP 2019, both Executive Directors benefitted from a special bonus scheme which would pay out, in the event of a change of control, a sum linked to the growth in share price since July 2019, subject to an initial uplift requirement, payable in cash or shares at the Remuneration Committee's discretion. In respect of this bonus scheme, no amount has been accrued as settlement is not deemed probable at the balance sheet date but is disclosed as a contingent liability within the notes to the financial statements.

The market price of the Company's shares at the end of the financial year was 90p and ranged between 80.0p and 162.0p during the year.

Max Royde

Chairman, Remuneration Committee
15 May 2023

AUDIT COMMITTEE REPORT

For the year ended 30 November 2022

The Audit Committee is comprised of Bruce Powell (chair of the committee) and Mark Wells. Prior to Mark and Bruce's appointment to this committee on 1 January 2022 and 3 August 2022 respectively, Karen Bach and Erika Schraner (former chair of the committee) were also members of the committee during the current financial year until their resignations on 31 December 2021 and 29 July 2022 respectively. Stephen Vaughan was also a member of the Audit Committee during the current financial year and until his resignation on 27 April 2023. The composition of the committee is deemed appropriate given the extensive number of years held by the committee members as either Executive or Non-Executive board members of other publicly listed, multinational organisations. Furthermore, Bruce Powell has extensive financial experience through his previous post as CFO for both DiscoverIE Group plc, and semiconductor and software design company Imagination Technologies plc. The Audit Committee aims to meet at least twice a year and at other times as agreed between the members of the Audit Committee. Executive directors and the Group's auditors may be invited to attend all or part of any meetings. The Audit Committee also meets with the Group's external auditor without the presence of the executive directors. The current terms of reference of the Audit Committee were reviewed and updated in September 2020.

The Audit Committee monitors the independence of the Group's external auditor.

In advance of the annual audit of the Group's annual report and financial statements, the Audit Committee reviewed the plan as presented by the Group's independent auditor, BDO LLP. The plan set out the proposed scope of work, audit approach, materiality and identified areas of audit risk and was compliant with the Financial Reporting Council's (FRC's) Ethical Standard. Prior to commencing its audit work, BDO LLP confirmed in writing the safeguards in place to ensure its independence and objectivity.

The Audit Committee also reviews the annual report and financial statements along with the audit plan, audit findings report and interim findings report presented by BDO LLP. The Audit Committee will keep under review, in consultation with major shareholders, the decision as to whether to conduct a tender in respect of the audit in line with the recommendations of the Financial Reporting Council.

The Audit Committee is responsible for ensuring that the Group's risks are understood, managed and mitigated as far as practicable. During the year, the Audit Committee reviewed the scope and effectiveness of systems to identify and address financial and non-financial risks. The review identified the key risks, risk control measures and the implementation status of the risk control measures. The report was presented to the Committee by the Chief Financial Officer. The principal risks and uncertainties relating to the Group are set out on pages 30 to 32.

In making its recommendation that the annual report and financial statements be approved by the Board, the Audit Committee has taken consideration of the following significant issues and judgement areas:

Carrying value of goodwill and other intangible fixed assets – impairment

At 30 November 2022 the carrying value of goodwill and other intangible fixed assets in the Group's statement of financial position was $81.0m (2021: $95.9m). The Audit Committee reviewed the judgements taken in the impairment review performed for the Group's four cash generating units, being 24i Mod Studio, FokusOnTV, (formerly Nordija), 24iQ (formerly the Filter), and Amino software and devices (formerly Entone, Inc), to determine whether there was any indication that those assets had suffered any impairment. The key assumptions were WACC, revenue growth, gross margin growth, operating cost inflation, and terminal growth rate. The base case was then sensitised for revenue growth and gross margin growth. The combination of this analysis, combined with other qualitative factors, in particular the impact from the challenging wider macro-economy on the Amino device business, has led management to record an impairment charge of $12.5m against the carrying value of goodwill associated with the Amino software and devices (formerly Entone, Inc) for the year ended 30 November 2022.

Credit loss provision for current trade receivables

The Audit Committee reviewed the judgements taken in the expected credit loss provision review, adopting a simplified approach in accordance with IFRS9 using a provision matrix in the determination of the lifetime expected credit losses. The Audit Committee consider the key judgements to be the probability of the non-payment of the trade receivables. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. As a result of this review, the lifetime expected credit loss in relation to current trade receivables is $646,000 (2021: $291,000) at 30 November 2022.

Alternative performance measures

The Group uses and reports a number of alternative performance measures which are not in accordance with the reporting requirements of IFRS. The Audit Committee has reviewed these during the year ended 30 November 2022 to ensure they are appropriate and that in each case the reason for their use is clearly explained; they are reconciled to the equivalent IFRS figure; and they are not given undue prominence over the equivalent IFRS figure.

Accounting policies

For the year ended 30 November 2022, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 December 2021.

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 December 2022, or later periods, have been adopted early. See note 1 for further details on new standards and interpretations currently in issue but not effective, based on mandatory effective dates.

Cash forecasting and going concern

The Audit Committee reviewed management's budgets and forecasts, including the cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements, which included a base case and various sensitised scenarios. These scenarios reflect a variety of possible cash flow scenarios where the Group achieves further reduced revenues, and reduction in gross margins and combinations of both, together, if required, with the timely deployment of cost containment and reduction measures that are aligned with the anticipated levels of performance. If this base case forecast is achieved, the Group will be able to operate within its existing working capital facilities. However, the recovery of the Amino division revenues, continued growth, at rates delivered over the last year, in 24i division revenues and cash conversion expected in 2023 are key. Failure to achieve the base case forecast sales in the Group's budgets could result in the Group failing to comply with financial covenants associated with its existing banking facility, potentially resulting in the facilities being withdrawn.

The Committee is aware that the Group is currently in active discussions with the Group's existing loan facility providers to seek solutions in order to increase the safety headroom based on the current covenant definitions. Should those not be successful the Group may need to seek additional funding through a placement of shares or other sources of funding which have not yet been secured. The Group has a history of successfully negotiating covenant revision, and raising financing.

AUDIT COMMITTEE REPORT (continued)

For the year ended 30 November 2022

The Committee noted the requirement for all the Directors to state whether they consider it appropriate to adopt the going concern basis of accounting for a period of at least 12 months from the date of approval of the FY22 financial statements. Following this evaluation and analysis, the Committee was satisfied with the judgements made and that the continued use of the going concern basis was appropriate and concur that there needs to be an emphasis relating the existence of material uncertainties, due to the reasons noted above, that may cast significant doubt on the Group's ability to continue as a going concern too.

Bruce Powell
Chair, Audit Committee
15 May 2023

DIRECTORS' REPORT

For the year ended 30 November 2022

The directors present their Annual Report on the affairs of the Group, together with the financial statements and independent auditor's report for the year ended 30 November 2022. The Chairman's governance report set out on pages 36 to 42 forms part of this report. The company number is 05083390. Aferian plc is a public listed company, listed on the London Stock Exchange AIM and domiciled in the United Kingdom. The address of its registered office is given on page 136.

Principal activity

The principal activity of the Group is to deliver next generation video experiences over IP. This comprises its 24i (including FokusOnTV and 24iQ) end-to-end video streaming platform and Amino video streaming devices and associated operating and device management software. A detailed overview of the Group's activities is set out on pages 4 to 10. The principal activity of the Company is a non-trading parent company.

Review of business and future developments

Details of the Group's performance during the year under review and expected future developments are set out in the Strategic Report on pages 3 to 32 including a description of the principal risks and uncertainties facing the Group on pages 30 to 32.

Proposed dividend

During the year the Company paid an interim dividend of 1.0 pence (1.26 US cents) per share (2021: 1.0 pence / 1.38 US cents), for a total of $1.0m (2021: $1.1m). A final dividend of nil GBP pence (nil US cents) (2021: 2.09 pence / 2.87 US cents). As a result, the total dividend for the year was 1.00 GBP pence (1.26 US cents) per share (2021: 3.09 pence / 4.26 US cents) and is 19% of adjusted earnings per share. This is lower than the Group's stated policy of 33-50% of adjusted earnings per share and reflects the short-term impact on the Group of the challenging macro-economic environment in the first half of 2023.

Research and development

$13.7m was spent on research and development in 2022 (2021: $13.0m). Under IAS 38 "Intangible Assets" $7.8m of development expenditure was capitalised (2021: $8.0m). The Group continues to invest in the end-to-end video streaming platform and associated services at 24i and Amino video streaming devices and associated operating and device management software to further enhance its capabilities. In the opinion of the directors, these investments will maintain and generate significant revenues in future years.

Financial risk management

Details of the Group's financial risk management objectives and policies are set out in note 3 to the financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 3 to 32. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements, in particular in the consolidated cash flow statement on page 71.

These financial statements have been prepared on the going concern basis. The Directors have reviewed the Group's going concern position taking account of its current business activities and forecast performance. The factors likely to affect its future development are set out in this Annual Report and include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit and liquidity risks.

DIRECTORS' REPORT (continued)

For the year ended 30 November 2022

The directors have prepared a base case cash flow forecast covering a period of at least 12 months from the date of approval of the financial statements. In addition, they have prepared various sensitised analyses. These reflect a variety of possible cash flow scenarios where the Group achieves further reduced revenues, reduction in gross margins and combinations of both, together, if required, with the timely deployment of cost containment and reduction measures that are aligned with the anticipated levels of performance. Overall, if the base case forecast is achieved, the Group and parent company will be able to operate within its existing working capital facilities. However, the recovery of the Amino division revenues, continued growth in 24i division revenues and cash conversion expected in H2 2023 are key. Failure to achieve the base case view of forecast sales pipeline conversion assumed in the base case forecast could result in the Group failing to comply with financial covenants associated with its existing banking facility, potentially resulting in the facilities being withdrawn.

We are currently in active discussions with the Group's existing loan facility providers to seek solutions in order to increase the safety headroom based on the current covenant definitions. Should those not be successful we may need to seek additional funding through a placement of shares or other sources of funding which have not yet been secured. The Group has a history of successfully negotiating covenant revision, and raising financing.

Taking account of these matters, the Directors have concluded that the circumstances set forth above indicates the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. However, given the Group's current performance, the Directors have considered it is appropriate to prepare the financial statements on a going concern basis and the financial statements do not include the adjustments that would be required if the Group were unable to continue as a going concern.

See note 1 to the financial statements for further information on going concern.

Post balance sheet events

Details of post balance sheet events have been disclosed in note 33 to the financial statements

DIRECTORS' REPORT (continued)

For the year ended 30 November 2022

Directors

The directors of Aferian plc, who served during the whole of the year unless otherwise stated, were as follows:

Donald McGarva	Chief Executive Officer
Mark Carlisle	Chief Financial Officer and Chief Operating Officer
Steve Oetegenn	Non-executive Director since January 2021 – Appointed as an executive director on 3 August 2022
Mark Wells	Non-executive Chairman and Director – Appointed 1 January 2022
Stephen Vaughan	Non-executive Director – Resigned 27 April 2023
Bruce Powell	Non-executive Director – Appointed 3 August 2022
Max Royde	Non-executive Director – Appointed 4 April 2023
Karen Bach	Non-executive Chair and Director – Resigned 31 December 2021
Erika Schraner	Non-executive Director – Resigned 29 July 2022
Joachim Bergman	Chief Executive Officer of 24i – Resigned 29 April 2022

Director's indemnities

The directors have been granted an indemnity from the Company to the extent permitted by law in respect of liabilities incurred as a result of their office which remains in force at the date of this report. The Company maintains director and officers' liability insurance.

Re-election of Directors

The Articles of Association require that at each Annual General Meeting one third of the directors (excluding any director who has been appointed by the Board since the previous Annual General Meeting) or, if their number is not an integer multiple of 3, the number nearest to one third but not exceeding one third, shall retire from office.

Appointment of a Director

The Articles of Association require that any director appointed by the Board shall, unless appointed at such meeting, hold office only until the dissolution of the Annual General Meeting of the Company next following such appointment.

Substantial shareholdings

As at 28 April 2023 the following shareholders had each notified the Company that they held an interest of 3%, or more, in the Company's ordinary share capital. The percentages below are calculated after excluding 1,482,502 (2021: 1,531,458) shares held in Treasury from the 86,694,609 shares disclosed in note 25 as allotted, called and fully paid up.

	Number of ordinary shares	Percentage of issued share capital
Kestrel Partners	22,520,377	26.4%
Premier Milton Investors	14,421,812	16.9%
Investec Wealth & Investment	7,648,151	9.0%
Close Asset Management	5,931,678	7.0%
24i Media PF	4,346,195	5.1%
Interactive Investor	3,499,751	4.1%
Chelverton Asset Mgt	3,267,000	3.8%
BGF Investments (London)	2,907,897	3.4%
Amino Communications Employee Benefits Trust	242	0.0%

DIRECTORS' REPORT (continued)

For the year ended 30 November 2022

Environmental matters

The Group is conscious of its responsibility as a provider of electronics equipment that it has a specific duty to minimise environmental impact. This requires the Group to be fully compliant with a range of national, regional and international guidelines on safety, EMC emissions and energy efficiency.

This extends from packaging through to the provision of devices that minimise the power consumed by consumers in the home. All core product packaging is 100% recyclable – with the majority made from recycled material – and has been designed to minimise wastage and transportation costs. Those redundant devices that are returned to the Group are recycled in compliance with WEEE regulations.

The following table details the Group's direct energy usage, GHG emissions and intensity ratio for the current and prior year. The UK is disclosed separately from the Rest of the World. Environmental matters in respect of our key suppliers, for example, transport fuel and emissions relating to the delivery of the Group's devices, are not disclosed here. However, the Group has regular quarterly business reviews with those key suppliers to understand how their own practices and policies will impact the environment and climate change.

	UK 2022	**UK 2021**	**RoW 2022**	**RoW 2021**	**Total 2022**	**Total 2021**
Energy use (kwh)						
Electricity	**19,085**	15,765	**678,627**	402,208	**697,712**	417,973
Gas	**5,728**	1,664	**56,140**	26,964	**61,868**	28,628
Transport fuel	**-**	-	**-**	-	**-**	-
GHG emissions (CO2e tonnes)						
Electricity	**4.4**	3.7	**158.2**	93.8	**162.6**	97.5
Gas	**1.1**	0.3	**13.1**	6.3	**14.2**	6.6
Transport	**-**	-	**-**	-	**-**	-
Intensity ratio						
Average number of employees	**43**	32	**320**	313	**363**	345
Total GHG emission per employee (Co2e kg)	**130.1**	124.0	**532.0**	320.0	**484.7**	301.6

Total energy use and GHG emissions have increased in the year as a result of office location increases following the acquisitions in the current and prior year. The Total GHG emission per employee has increased as a result of employees returning to offices post the Covid 19 pandemic.

The methodology used for the UK includes TM46 Benchmarking to estimate energy consumption where actual figures are not available. For the RoW, data – where available – has been collected and reported. Where not available, a reasonable approximation has been used to estimate energy usage.

DIRECTORS' REPORT (continued)

For the year ended 30 November 2022

Employee matters (continued)

Employment policies

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through both formal and informal meetings.

The Group runs a number of employee share schemes, which are designed to ensure that all employees have an element of equity based compensation.

The Group gives full and fair consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities meet the requirements of the job. In the event of any staff becoming disabled while with the Group, every effort will be made to ensure that their employment by the Group continues and that appropriate adjustments are made to their work environment.

The Group seeks to be a responsible employer, providing a pleasant and professional working environment in all locations; the majority of staff have been working from home or adopting hybrid working approach since March 2020 in light of Covid-19. Compliant with all relevant human resources and health and safety regulations, the Group strives to offer competitive employment packages with opportunities for personal and professional development.

Regular staff surveys are carried out with follow-up action plans alongside an internal communications programme to provide regular updates on performance. Clear and transparent Group objectives are set each year which, in turn, are reflected in team and individual objectives.

Diversity

The Group does not discriminate on the grounds of age, race, sex, sexual orientation or disability. It has a clear and transparent recruitment process and members of staff have personal development plans in place to progress their careers within the business.

The table below shows the number of persons of each sex who were directors, key management and employees of the Group as at 30 November 2022.

Group Level	Number of female employees	Number of male employees	Total
Board	-	6	6
Key management including Board	-	6	6
Employees including key management	71	233	304

Social, community and human rights

Social and community

Staff are actively engaged in a range of community and educational activities. Through matched funding initiatives, Aferian provides support for a range of charitable and community initiatives with regular fund-raising activities in support of a number of local and national charities.

DIRECTORS' REPORT (continued)

For the year ended 30 November 2022

Social, community and human rights (continued)

Human rights

Since 2013, Aferian has had a Supplier Code which incorporates the 10 principles of the UN Global Compact. New direct suppliers of materials and manufacturing services are asked to sign a declaration confirming that their operations are in conformance with the code. Our experience of customer requirements is that these are generally in-line with, or based on, the principles of the UN Global Compact – the Group is therefore usually able to respond positively to any customer-driven policies for ethical sourcing.

Conflict minerals compliance is not currently part of our Supplier Code. However, we have raised the matter with our key direct materials suppliers and have obtained assurances that those suppliers are committed to ensuring that materials and components sourced are free of conflict minerals.

Covid-19

Now in the third year of the COVID-19 pandemic, jurisdictions around the world have generally experienced an improved economic outlook during, as the number of COVID-19 cases have been declined significantly. While most of the world has enjoyed a growing sense of post-pandemic normality this year, our team in Hong Kong has still faced significant disruption to their personal and working lives as a result of COVID-19 restrictions. We also need to continue to monitor the risk of delays to the global supply chain for components used in Amino branded devices.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International accounting standards in conformity with the requirements of the UK Adopted International accounting standards ('IFRS') and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

DIRECTORS’ REPORT (continued)

For the year ended 30 November 2022

Statement of directors’ responsibilities (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with International accounting standards in conformity with the requirements of the UK Adopted International accounting standards (‘IFRS’), and in respect of the Parent Company, United Kingdom Generally Accepted Accounting Practice subject to any material departures disclosure and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company and Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and financial statements are made available on a website. Financial statements are published on the Company’s website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company’s website is the responsibility of the directors. The directors’ responsibility also extends to the ongoing integrity of the financial statements contained therein.

The directors confirm that:

- so far as each director is aware there is no relevant audit information of which the Company’s auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

The auditor, BDO LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

The directors’ report was approved by the Board of directors on 15 May 2023.

On behalf of the board

Mark Carlisle
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFERIAN PLC

For the year ended 30 November 2022

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 November 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Aferian Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 November 2022 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company balance sheet, the company statement of changes in equity and notes to the consolidated and parent company financial statements, including summaries of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard in the United Kingdom and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which explains trading at a level below base case operating forecast could lead to covenant breaches connected with the existing financing facilities. This would result in the requirement to obtain waivers from the finance providers and/or to raise additional funds within the next 12 months. As stated in note 1, these events or conditions, along with the other matters as set out in note 1, indicate that a material uncertainty exists that may cast significant doubt about the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Material uncertainty related to going concern (continued)

Because of the significance of this we considered going concern to be a Key audit matter. In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and our response to the key audit matter included:

- Review of the internal forecasting process to confirm the projections are prepared by an appropriate level of staff that is aware of the detailed figures included in the forecast but also have a detailed understanding of the entity's market, strategy and changes in the customer base.
- Review of the forecasts prepared, and challenge of the key assumptions and inputs used by management in their prepared models to determine whether there is adequate support for the assumptions underlying the forecasts. Furthermore, we considered the outcome of prior year forecasts to consider the historical accuracy of the Directors' forecast and agreed the consistency of the model to those used elsewhere in the business, for example discounted cashflow models used in impairment reviews.
- We considered the appropriateness of the downward sensitivities applied by the Directors in respect of variable aspects of these forecasts and the Directors' available mitigating actions and their effects on the group's solvency and liquidity position, taking account of covenants attached to the group's financing facilities.
- Review of post year-end management accounts, specifically comparing the cash position against that budgeted.
- Making inquiries of the Directors as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern.
- Considering the adequacy and completeness of the disclosures in the financial statements against the requirements of the accounting standards and the Directors' going concern assessment.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	*2022: 100% (2021: 100%) of Group revenue* *2022: 99% (2021: 99%%) of Group total assets*
Key audit matters	<table><tr><td></td><td></td><td>2022</td><td>2021</td></tr><tr><td>1.</td><td>Revenue Recognition</td><td>✔</td><td>✔</td></tr><tr><td>2.</td><td>Impairment of Intangible Assets (including goodwill)</td><td>✔</td><td>✔</td></tr><tr><td>3.</td><td>Intangible Assets: Development Costs, Amortisation and Impairment</td><td>✔</td><td>✔</td></tr><tr><td>4.</td><td>Acquisition of FokusOnTV (formerly Nordija AS)</td><td>-</td><td>✔</td></tr><tr><td>5.</td><td>Acquisition of 24iQ (formerly called The Filter)</td><td>✔</td><td>-</td></tr><tr><td>6.</td><td>Going concern</td><td>✔</td><td>-</td></tr></table> KAM 4 is no longer considered to be a key audit matter because this was an acquisition which was completed in 2021.
Materiality	*Group financial statements as a whole* $637k (2021: $644k) based on 0.7% (2021 0.7%) of revenue

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group is comprised of four (4) incorporated UK trading or holding companies (including the Parent Company), five (5) significant non-UK components, and several other non-significant components.

Based on our assessment of the group, we focused our group audit scope primarily over the parent company (Aferian plc) and six principal trading entities that were identified as significant components: Amino Communications Limited (ACL), Amino Communications Oy (ACO), Amino Technologies (HK) Limited, Amino Technologies (US) LLC, FokusOnTV, and the sub-group headed by 24i Unit Media BV (excluding ACO). These components accounted for 100% of the Group's revenue in both 2022 and 2021. Specifically:

- Amino Communications Limited and Amino Technologies (US) LLC were subject to full scope audits by the group audit team.
- 24i Unit Media BV and subsidiaries (*excluding Amino Communications Oy*) were also subject to full scope audits by the group audit team, the group audit team utilised and directly supervised members of staff from BDO Netherlands to assist with planning and execution of procedures relating to this component.
- BDO member firms were engaged to perform a full scope audit for group reporting purposes of the financial information of the remaining significant non-UK components:
  - Amino Communications Oy;
  - FokusOnTV; and
  - Amino Technologies (HK) Limited.

Full scope audits were completed by the Group audit team for the remaining incorporated UK trading or holding entities. Desktop reviews were performed on the remaining group entities.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to Wconclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with each of the component auditors included the following:

- Amino Communications Oy: We instructed this member firm as to the scope and timing of their work on the financial information for group reporting purposes, we engaged with this audit team regularly through the planning, execution and completion stage of their audit and remotely performed a review of their audit documentation and findings.
- FokusOnTV: We instructed this member firm as to the scope and timing of their work on the financial information for group reporting purposes, we engaged with this audit team regularly through the planning, execution and completion stage of their audit and remotely performed a review of their audit documentation and findings; and
- Amino Technologies (HK) Limited: We instructed this member firm as to the scope and timing of their work on the financial information for group reporting purposes, we engaged with this audit team regularly through the planning, execution and completion stage of their audit and remotely performed a review of their audit documentation and findings.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue Recognition *See accounting policy in Note 2 on page 76 and related disclosures in Note 4 on page 91*	The Group primarily generates revenue from two sources: • devices incorporating Amino software and associated accessories; and • Software and services. We considered there to be a significant audit risk arising from recognition of revenue. The key audit matters related to revenue recognition are as follows: • There is a risk that Group's revenue streams have not been recognised appropriately in line with their respective performance obligations (existence and accuracy), and that the revenue policy itself is not in accordance with appropriate accounting standards. • The risk of a material misstatement was focused on ensuring revenue around the year end (existence), particularly in relation to sale of devices and the adjustments recorded with respect to software and services for which revenue is recognised over time or in accordance with stage of completion.	With regards to the risk of material misstatement related to the recognition of revenue we performed the following procedures: • Obtained an understanding of and evaluated the design and implementation of management's controls around revenue recognition; • Assessed whether the revenue recognition policies adopted by the Group comply with applicable accounting standards. • In relation to devices incorporating integrated Amino software and associated accessories, we reviewed a sample of contracts to assess whether the revenue had been recognised in accordance with the Group's accounting policy, whether it was recognised appropriately from a timing perspective (being at the right point in time) and whether any other terms within the contract had any material accounting or disclosure implications. Furthermore, we tested a sample of revenue transactions recognised in the general ledger to source documentation including sales orders, third party evidence of delivery to customer, cash receipts and sales invoices. In making our assessment of compliance with the Group's accounting policy, we also checked that revenues were only recognised at the point of delivery of the Group's goods or service. • In relation to software and services revenue, we tested a sample of revenue transactions recognised in the general ledger to source documentation by reference to work performed and assessment of stage of completion (point in time or over time), access to software platform and cash receipts. • In respect of revenue being recognised over time, including licence, support and maintenance revenue, we arithmetically tested the calculations and check the service obligations to service deliverables to evidence the existence of accrued income and completeness of deferred revenue balances shown in the statement of financial position at year end.

<table>
<tr>
<td>Revenue Recognition
(continued)</td>
<td></td>
<td>• We selected a sample of revenue transactions occurring either side of the year-end reporting date across all revenue streams and checked that the revenues recognised for the year under audit and accrued income and deferred revenues recognised at the year-end reporting date had been recorded appropriately with reference to the sampled revenue contract.

Key observations:

Based on the work performed we consider that the Group's revenue recognition accounting policy is appropriate, and that revenue has been recognised in accordance with the Group's revenue policy.</td>
</tr>
<tr>
<td>Impairment of acquired intangible assets (including Goodwill)

Details of the Group's accounting policies applied and related disclosures are given in note 2 and 14 to the financial statements on pages 85 and 102, respectively.</td>
<td>The Directors assessment of impairment of acquired intangible assets and goodwill, for each of their cash generation units ('CGU'), is based on value in use models, which includes consideration of scenarios based on different revenue and cost growth assumptions, to assess the recoverability of the acquired intangible assets and goodwill.

We regarded this as a KAM due to the significant judgement in determining the assumptions used in the estimation of the recoverable amount of each CGU. An impairment has been recognised in the financial statements.</td>
<td>We have completed our work in relation to the impairment assessment of each CGU to which acquired intangibles assets (including goodwill) are attributed and our audit procedures included the following:

• We reviewed management's impairment assessment based on our knowledge of the Group's business, performance to date and from discussions with management;

• We considered whether the methodology applied in valuing the recoverable amount of the acquired intangibles (including goodwill) is appropriate and that it appropriately supports the asset value;

• We reviewed and challenged the assumptions underpinning the forecasts and the other inputs into the value-in-use model. This included an assessment of the appropriateness of the discount rate applied (which involved the use of an auditor's expert), revenue growth rates, expected profit margins and terminal value;

• We checked that the forecast figures included within the models had been approved by the Board and the base case scenario for each CGU was consistent with information obtained in other audit procedures;

• We also reviewed the different scenarios used by management and ran our own sensitives to evaluate management's assessment of the recoverability of intangibles (including goodwill); and

• We assessed the related accounting policies and disclosures in the financial statements.

Key observations:

Based on the procedures performed, we consider the assumptions and judgements made relating to the impairment of intangible assets and the related disclosures in the financial statements, to be appropriate.</td>
</tr>
</table>

Intangible Assets: Development Costs Capitalisation, Amortisation and Impairment *Details of the Group's accounting policies applied and related disclosures are given in note 2 and 14 to the financial statements on pages 79 and 102 respectively.*	The group capitalises costs in relation to the development of the software provided to its clients. Such costs must satisfy certain criteria as set out in the Group's accounting policy in notes 2 and 14 to the financial statements and in IAS 38 intangible assets. There is significant judgement involved in the determination of which costs are capitalised, their amortisation period and whether there is any impairment of previously capitalised amounts. For this reason, we considered this to be a Key Audit Matter.	Our audit procedures included the following: • Discussions were held with the Group's technology team to understand the Group's processes, procedures and projects in relation to development costs; • We assessed the ability of the asset to generate future economic benefits for the Group taking account of management's future forecasts, which at least exceed its carrying value by assessing the use of the technology platforms in the performance of the Group's obligations to customers; • We considered, on a sample basis, whether the development costs capitalised met the criteria for capitalisation under the applicable accounting standards; • We checked the accuracy of the contractor and payroll data, on a sample basis, included in the calculations for capitalised costs to supporting documentation including employment contracts and agreements with contractors; • We considered the proportion of time allocations for employees and contractor roles, corroborating management's explanations to supporting evidence; • We assessed management's estimate of the amortisation period applied to the asset, establishing whether any indicators of impairment exist, taking account of any changes in usability of amounts previously capitalised; and • We checked that assets that were not yet available for use (such as projects in development) had an impairment review undertaken. **Key observations**: Based on the procedures performed, we consider the assumptions and judgements made in the capitalisation of development costs, determination of amortisation period and impairment assessment to be appropriate.

<table>
<tr>
<td>Acquisition of 24iQ (formerly called The Filter)

Details of the Group’s accounting policies applied and related disclosures are given in note 2, 14, and 28 to the financial statements on pages75, 102, and 120, respectively.</td>
<td>The acquisition of 24iQ (formerly called The Filter) resulted in the group holding on consolidation, the following significant balances:
- Identifiable intangible assets: $2,728k
- Goodwill: $1,195k
- Consideration: $3,700k (Cash: $1,549; Deferred: $327k; and contingent consideration: $1,824k)
- Deferred tax liability: $682k
- Net current assets: $65k

There are risks present as a result of management making significant judgements in assessing the fair values of the consideration and the assets and liabilities acquired.

Management engaged external valuations experts to undertake the purchase price allocation exercise required. The complexity of this transaction and the significant judgements involved are why it is deemed a Key Audit Matter.</td>
<td>We performed the following specific testing:

• With input from our valuations team, we challenged the existance, accuracy and completeness of identified intangibles, assumptions underpinning the significant judgements and estimates used by management in the assessment of the fair values of the assets and liabilities acquired and consideration paid, especially around the contingent consideration. The assumptions included nature of intangibles, revenue and profit forecasts, discount rates, customer attrition rates, probability of contingent events being achieved (which impacts an element of the consideration).

• Our testing focused on both material and more judgmental fair value adjustments that were recorded. Particular considerations made were:

- The directors obtained external valuations for the acquired intangible assets. We assessed the objectivity, qualifications and experience of the external expert. Utilising our own valuation team's expertise, we evaluated the valuation methodologies used for each type of asset to check that the methodology used by the directors was appropriate and consistent with market practice.
- Total consideration has three elements: cash consideration $1,549 which was agreed to the bank payments; deferred consideration of $327k which is due in 18 months from the acquisition date; and contingent consideration of $1,824k. We assessed whether the contingent consideration represented additional purchase price or compensation to the seller linked to a post-deal of ARR growth, and the calculation of the quantum determined to be settleable at the first and second anniversaries of the acquisition;
- Taxation: We examined and satisfied ourselves, by way of recalculation, the methodology and tax rates used to calculate the associated deferred tax liabilities arising from the creation of intangible assets. This involved reference to the tax jurisdictions in which the acquired entity operates.

Key observations:

Based on the procedures performed. we noted no instances of material misstatements relating to the accounting for the acquisition of 24iQ (formerly called The Filter).</td>
</tr>
</table>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFERIAN PLC (continued)

For the year ended 30 November 2022

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2022	2021	2022	2021
Materiality	$637,000	$644,000	$573,000	$580,000
Basis for determining materiality	0.7% of revenue	0.7% of Revenue	90% of Group materiality	90% of Group materiality
Rationale for the benchmark applied	We considered revenue to be the most appropriate benchmark as this is the primary key performance indicator, which is used to address the performance of the Group by the board and an important performance-based metric to the user of the financial statements.		Capped at 90% of group materiality given the assessment of the component's aggregation risk.	
Performance materiality	$477,750	$363,750	$429,750	$327,000
Basis for determining performance materiality	Performance materiality was set at 75% (2021: 75%) due to the low value of brought forward adjustments and lower expected total value of known and likely misstatements.		Performance materiality was set at 75% (2021: 75%) due to the low value of brought forward adjustments and lower expected total value of known and likely misstatements.	

C*omponent materiality*

We set materiality for each component of the Group based on a percentage of between 16% and 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from $100,000 to $573,000 (2021: $100,000 to $525,000). In the audit of each component, we further applied performance materiality levels of 75% (2021: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $31,850 (2021: $32,200). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, rules of the London Stock Exchange for companies trading securities on AIM, the Companies Act 2006 and relevant tax compliance regulations. We made enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management from across the Group to understand where they considered there was a susceptibility to fraud;
- Our audit planning identified fraud risks in relation to management override of controls and inappropriate or incorrect recognition of revenue (revenue recognition assessed as a Key Audit Matter above) across the Group. We obtained an understanding of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those processes and controls;
- With regards to the fraud risk in management override of controls, our procedures included journal transaction testing, across the group, with a focus on large or unusual transactions based on our knowledge of the business. We also performed an assessment on the appropriateness of key judgements and estimates, for example the capitalisation of development costs (the risks associated with the capitalisation of development costs has been assessed as a Key Audit Matter above), which are subject to managements' judgement and estimation, and could be subject to potential bias; and
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and component auditors, who were all deemed to have appropriate competence and capabilities, to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Iain Henderson (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, United Kingdom

Date: 15 May 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT

For the year ended 30 November 2022

	Notes	Year to 30 November 2022 $000s	Year to 30 November 2021* $000s
Revenue	4	**91,127**	92,890
Cost of sales		**(49,121)**	(47,996)
Gross profit		**42,006**	44,894
Operating expenses	8	**(58,603)**	(39,714)
Operating (loss)/profit		**(16,597)**	5,180
Adjusted operating profit		**7,522**	11,759
Share-based payment charge	26	**(407)**	(1,079)
Impairment of goodwill	14	**(12,488)**	-
Exceptional items	6	**(6,662)**	(1,505)
Amortisation of acquired intangible assets	8	**(4,562)**	(3,995)
Operating (loss)/profit		**(16,597)**	5,180
Finance expense		**(313)**	(688)
Finance income		**-**	290
Net finance expense	7	**(313)**	(398)
(Loss)/profit before tax	8	**(16,910)**	4,782
Tax (charge)/credit	11	**(512)**	582
(Loss)/profit after tax		**(17,422)**	5,364
(Loss)/profit for the year from continuing operations attributable to equity holders		**(17,422)**	5,652
Non-controlling interest		**-**	(288)
(Loss)/profit for the year		**(17,422)**	5,364
Earnings per share			
Basic earnings per 1p ordinary share	12	**(20.48c)**	7.03c
Diluted earnings per 1p ordinary share	12	**(20.48c)**	6.89c

* See Note 28 regarding finalisation of the 2022 acquisition fair value in accordance with IFRS 3.

All amounts relate to continuing activities.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 November 2022

	Notes	**Year to 30 November 2022 $000s**	Year to 30 November 2021* $000s
(Loss)/profit for the financial year		**(17,422)**	5,364
Items that may be reclassified subsequently to profit or loss:			
Net foreign exchange (loss) arising on consolidation		**(5,334)**	(3,112)
Other comprehensive (expense)		**(5,334)**	(3,112)
Total comprehensive (expenses)/ income for the year		**(22,756)**	2,252
Non-controlling interest		**-**	288
Total comprehensive (expenses)/ income for the financial year attributable to equity holders		**(22,756)**	2,540

* See Note 28 regarding finalisation of the 2022 acquisition fair value in accordance with IFRS 3.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2022

Assets	Notes	As at 30 November 2022 $000s	As at 30 November 2021* $000s
Non-current assets			
Property, plant and equipment	15	**496**	630
Right of use assets	16	**2,276**	1,910
Intangible assets	14	**81,021**	95,864
Trade and other receivables	18	**183**	235
		83,976	98,639
Current assets			
Inventories	17	**9,222**	2,557
Trade and other receivables	18	**19,846**	21,936
Corporation tax receivable	18	**654**	113
Cash and cash equivalents	19	**11,524**	14,182
		41,246	38,788
Total assets		**125,222**	137,427
Capital and reserves attributable to equity holders of the Company			
Called-up share capital	25	**1,488**	1,484
Share premium		**39,768**	39,249
Capital redemption reserve		**12**	12
Foreign exchange reserve		**(8,722)**	(3,388)
Merger reserve		**42,750**	42,750
Retained earnings		**3,587**	23,857
Equity attributable to owners of the parent		**78,883**	103,964
Liabilities			
Current liabilities			
Trade and other payables	20	**33,534**	27,777
Lease liabilities	16	**1,121**	1,002
Corporation tax payable	20	**505**	774
Loans and borrowings	21	**7,531**	35
		42,691	29,588
Non-current liabilities			
Trade and other payables	20	**1,070**	677
Lease liabilities	16	**1,177**	966
Provisions	22	**288**	1,163
Deferred tax liabilities	24	**1,113**	1,069
		3,648	3,875
Total liabilities		**46,339**	33,463
Total equity and liabilities		**125,222**	137,427

* See Note 28 regarding finalisation of the 2021 acquisition fair value in accordance with IFRS 3.

The financial statements on pages 68 to 126 were approved and authorised for issue by the Board of directors on 15 May 2023 and were signed on its behalf by:-

Donald McGarva
Director

Mark Carlisle
Director

Registered number: 05083390

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 November 2022

	Notes	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s
Cash flows from operating activities			
Cash generated from operations	29	**6,389**	14,113
Corporation tax paid		**(2,360)**	(3,241)
Net cash generated from operating activities		**4,029**	10,872
Cash flows from investing activities			
Purchases of intangible assets	14	**(7,635)**	(8,035)
Purchases of property, plant and equipment	15	**(172)**	(329)
Interest received	7	**-**	-
Purchase of non-controlling interest	20	**-**	(1,180)
Acquisition of subsidiaries net of cash acquired	28	**(1,545)**	(4,749)
Net cash used in investing activities		**(9,352)**	(14,293)
Cash flows from financing activities			
Proceeds from exercise of employee share options		**-**	206
Proceeds from issue of new shares	25	**523**	12,723
Lease payments		**(1,104)**	(1,341)
Dividends paid	13	**(3,256)**	(3,118)
Interest paid		**(677)**	(131)
Repayment of borrowings		**-**	(6,887)
Proceeds borrowings	21	**7,500**	6,887
Net cash generated from financing activities		**2,986**	8,339
Net (decrease)/ increase in cash and cash equivalents		**(2,336)**	4,918
Cash and cash equivalents at beginning of year		**14,182**	9,476
Effects of exchange rate fluctuations on cash held		**(322)**	(212)
Cash and cash equivalents at end of year	19	**11,524**	14,182

* See Note 28 regarding finalisation of the 2021 acquisition fair sale in accordance with IFRS 3.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2022

	Notes	Share capital $000s	Share premium $000s	Merger reserve $000s	Other reserve $000s	Foreign exchange reserve $000s	Capital redemption reserve $000s	Profit and loss $000s	Total attributable to owners of parent $000s	Non-controlling interest $000s	Total Equity $000s
Shareholders' equity at 30 November 2020		**1,367**	**35,907**	**30,122**	**(2,794)**	**(276)**	**12**	**23,475**	**87,813**	**195**	**88,008**
Profit for the year*		-	-	-	-	-	-	5,652	5,652	(288)	5,364
Other comprehensive expense		-	-	-	-	(3,112)	-	-	(3,112)	-	(3,112)
Total comprehensive income for the year* attributable to equity holders		-	-	-	-	(3,112)	-	5,652	2,540	(288)	2,252
Share based payment charge	26	-	-	-	-	-	-	529	529	-	529
Exercise of employee share options		-	-	-	-	-	-	206	206	-	206
Dividends paid	13	-	-	-	-	-	-	(3,118)	(3,118)	-	(3,118)
Transfer of non-controlling interest & put option reserve on acquisition	20	-	-	-	2,794	-	-	(2,887)	(93)	93	-
Issue of share capital, net of issue costs	25	117	3,342	12,628	-	-	-	-	16,087	-	16,087
Total transactions with owners		117	3,342	12,628	2,794	-	-	(5,270)	13,611	93	13,704
Total movement in shareholders' equity		**117**	**3,342**	**12,628**	**2,794**	**(3,112)**	**-**	**382**	**16,151**	**(195)**	**15,956**
Shareholders' equity at 30 November 2021*		**1,484**	**39,249**	**42,750**	**-**	**(3,388)**	**12**	**23,857**	**103,964**	**-**	**103,964**
(Loss) for the year		-	-	-	-	-	-	(17,422)	(17,422)	-	(17,422)
Other comprehensive expense		-	-	-	-	(5,334)	-	-	(5,334)	-	(5,334)
Total comprehensive (expenses) for the year attributable to equity holders		-	-	-	-	(5,334)	-	(17,422)	(22,756)	-	(22,756)
Share based payment charge	26	-	-	-	-	-	-	408	408	-	408
Dividends paid	13	-	-	-	-	-	-	(3,256)	(3,256)	-	(3,256)
Issue of share capital, net of issue costs	25	4	519	-	-	-	-	-	523	-	523
Total transactions with owners		4	519	-	-	-	-	(2,848)	(2,325)	-	(2,325)
Total movement in shareholders' equity		**4**	**519**	**-**	**-**	**(5,334)**	**-**	**(20,270)**	**(25,081)**	**-**	**(25,081)**
Shareholders' equity at 30 November 2022		**1,488**	**39,768**	**42,750**	**-**	**(8,722)**	**12**	**3,587**	**78,883**	**-**	**78,883**

* See Note 28 regarding finalisation of the 2021 acquisition fair value in accordance with IFRS 3.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2022

1. General Information and basis of preparation

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 end to end video streaming platform (including FokusOnTV and 24iQ) and Amino video streaming devices and associated operating and device management software.

The Company is a public limited company which is listed on the AIM of the London Stock Exchange and is incorporated and domiciled in England and Wales. The address of its registered office is given on page 136.

Basis of preparation

These consolidated financial statements have been prepared in accordance with accordance with International accounting standards in conformity with the requirements of the UK Adopted International accounting standards ('IFRS').

The consolidated financial statements have been prepared under the historical cost convention basis except for certain financial liabilities that are measured at fair value through profit or loss, as discussed in the accounting policies below.

The financial statements are presented in US $000s except where stated.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The ability of the Group to continue as a going concern is contingent of the ongoing working capital facilities and wider viability of the Group. The Group meets its day-to-day working capital requirements through its cash balances, working capital facilities and wider working capital management.

The Group had cash resources of $11.5m as at 30 November 2022 (2021: $14.2m) and a multicurrency working capital facility of $50.0m, of which $7.5m was drawn at 30 November 2022 (2021: $nil). On 30 December 2022 the Group executed an amendment letter to update the covenant definition in the existing banking facility with Barclays Bank plc, Silicon Valley Bank, and Bank of Ireland secured on 23 December 2021. As part of the amended covenant definition, the amount of available facility is subject to a cap of 2.5 times the amount of 12 months rolling Adjusted Lender EBITDA, tested on a monthly basis. The facility has a committed term to 23 December 2024 with options to extend by a further one or two years. The Group had net current liabilities of $1.2m as at 30 November 2022 (2021: net current assets of $9.2m).

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 Amino division revenue continues to experience a negative impact from the current macroeconomic environment. In respect of this going concern assessment, The Directors have considered the following principal risks and uncertainties that could potentially impact the Group's ability to fund its future activities, meet its liabilities as they fall due and adhere to its future banking covenants, including:

- A decline in market conditions resulting in lower than forecast sales; and
- Higher working capital requirement

The directors have prepared a base case cash flow forecast covering a period of at least 12 months from the date of approval of the financial statements. In addition, they have prepared various sensitised analyses. These reflect a variety of possible cash flow scenarios where the Group achieves further reduced revenues, reduction in gross margins and combinations of both, together, if required, with the timely deployment of cost containment and reduction measures that are aligned with the anticipated levels of performance. Overall, if the base case forecast is achieved, the Group and parent company will be able to operate within its existing working capital facilities. However, the recovery of the Amino division revenues, continued growth in 24i division revenues and cash conversion expected in H2 2023 are key. Failure to achieve the base case view of forecast sales pipeline conversion assumed in the base case forecast could result in the Group failing to comply with financial covenants associated with its existing banking facility, potentially resulting in the facilities being withdrawn.

1. General Information and basis of preparation (continued)

We are currently in active discussions with the Group's existing loan facility providers to seek solutions in order to increase the safety headroom based on the current covenant definitions. Should those not be successful we may need to seek additional funding through a placement of shares or other sources of funding which have not yet been secured. The Group has a history of successfully negotiating covenant revision, and raising financing.

Taking account of these matters, the Directors have concluded that the circumstances set forth above indicates the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. However, given the Group's current performance, the Directors have considered it is appropriate to prepare the financial statements on a going concern basis and the financial statements do not include the adjustments that would be required if the Group were unable to continue as a going concern.

Adoption of new and revised standards

For the purposes of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 December 2021. The adoption of following amendments to the accounting standards, issued by the IASB and endorsed by the UK during the year ending 30 November 2022 had no impact on the Group's consolidated results, financial position or disclosures:

- Amendments to IFRS 16 – Covid-19 – related rent concessions beyond 30 June 2021; and
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (phase 2).

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 December 2022, or later periods, have been adopted early. The following new standards and interpretations currently in issue but not effective, based on UK mandatory effective dates, are not expected to significantly impact the Group's consolidated results or financial position:

Standard	Description	Effective date
IAS 16	*Property, Plant and Equipment* *(Amendment – Proceeds before Intended Use)*	Year ending 30 November 2023
IAS 37	*Provisions, Contingent Liabilities and Contingent Assets* *(Amendment – Onerous Contracts – Cost of Fulfilling a Contract)*	Year ending 30 November 2023
IFRS 3	*Business Combinations* *(Amendment – Reference to the Conceptual Framework)*	Year ending 30 November 2023
IFRS 17	*Insurance contracts*	Year ending 30 November 2024
IAS 12	*Income Taxes* *(Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)*	Year ending 30 November 2024

2. Summary of significant accounting policies

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The Company beneficially owns 100% of the voting rights in all of its subsidiaries. Control is achieved where the Company has power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-recognised from the date that control ceases.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies.

Business combinations

A business combination is defined as an acquisition of assets and liabilities that constitute a business and is accounted for using the acquisition method. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return to the Group and its shareholders in the form of dividends, lower costs or other economic benefits. A business consists of inputs, including non-current assets, and processes, including operational processes, that when applied to those inputs, have the ability to create outputs that provide a return to the Group and its shareholders.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement. Goodwill is recorded in the functional currency of entities acquired, with foreign exchange losses recorded each year, when consolidated in the group's presentation currency.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During this measurement period, if necessary, the Group will retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

During the measurement period, the Group will also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable and shall not exceed one year from the acquisition date.

2. Summary of significant accounting policies (continued)

Business combinations (continued)

The consideration transferred in a business combination is measured at its acquisition date fair value. The acquisition date is the date the Group obtains control over the acquiree, which is generally the date that consideration is transferred, and the Group acquires the assets and assumes the liabilities of the acquiree. The Group considers all relevant facts and circumstances in determining the acquisition date. When the consideration includes a contingent consideration arrangement, it is measured at its acquisition date fair value and included as part of the consideration. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. For those changes to the fair value of the contingent consideration which do not qualify as measurement period adjustments are remeasured at fair value at subsequent reporting dates with changes in fair value recognized in earnings, except for those classified as equity, which are not remeasured.

Acquisition-related costs, other than costs to issue equity securities, of the acquirer are expensed as incurred. The costs to issue equity securities of the Group as consideration for the acquisition are reduced from share capital as share issue costs.

Revenue recognition

Revenue represents the invoice value of goods sold and services provided in the year, the value of sales of licences, professional services, and support and maintenance, stated exclusive of early settlement discounts, value added tax and other local indirect taxes. The Group has two product types with the following revenue recognition bases:

Devices incorporating integrated Amino software and associated accessories

- Income from the sale of products is recognised at a point in time when goods are determined to be delivered, being the point at which control is transferred to the customer, in accordance with the terms and conditions of sale agreed with the customer, including the incoterms.

Software and services

- Licence revenues for perpetual, non-cancellable licence agreements are recognised at a point in time once the economic benefit of the licenced hardware and/or software has been transferred to the customer and no further material performance obligations remain outstanding.
- Professional services are invoiced in line with customer contracts and revenue is recognised:
  - on the basis of the stage of completion, determined by reference to work performed, where an asset is created with no alternative use to the Group and there is an enforceable right to receive payment for the work completed; or
  - at a point in time when each performance obligation is fulfilled in the absence of this right.
- Revenue from support and maintenance and licence fees is recognised over time over the contract period during which the service is provided and consumed by the customer on a straight line basis.

Contract assets and liabilities are recognised relating to professional services revenue, support and maintenance revenue and licence fees because payments are received in advance and in arrears of the services being provided. Further details are set out in note 4.

Stage of completion is assessed using timesheet records and project management knowledge and experience of the technical work involved. No variable consideration or costs of obtaining and fulfilling contracts have been recorded in the year to 30 November 2022 (2021: no variable consideration or costs recorded)

2. Summary of significant accounting policies (continued)

Non-controlling interests

For business combinations, the Group initially recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. Non-controlling interest balances in an acquiree are released where a balance in the non-controlling interest reserve remains after the acquisition of the remaining proportionate share of the acquiree by the Group.

Foreign currencies

(i) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in US dollars, which is the Group's presentational currency. The Parent Company's financial statements on pages 127 – 135 are presented in sterling, which is the Parent Company's functional currency. The functional currency of the entities in the Group has remained unchanged during the reporting period.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

(iii) Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated on consolidation into dollars as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the year end date;
- income and expenses for each income statement are translated at the average exchange rate for the month where these approximate the exchange rate at the date of the transaction; and
- all resulting exchange differences are recognised within other comprehensive income and taken to the foreign exchange reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into dollars at the closing rate.

2. Summary of significant accounting policies (continued)

Financial instruments

(i) Financial assets

The Group has one class of financial asset that is recorded at amortised cost as detailed below.

These assets, which are held to collect, arise principally from the provision of goods and services to customers (e.g. trade receivables). Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach with IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. The probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within operating expenses in the consolidated income statement. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The impairment rules in IFRS 9 also apply to contract assets. A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to the customer. A contract asset becomes a receivable when the Group's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis as financial assets that are within the scope of IFRS 9.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables, contract assets and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments and, for the purposes of the statement of cash flows, bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities in the statement of financial position.

(ii) Financial liabilities

The Group has two classes of financial liability: those recorded at amortised cost and those at fair value as detailed below.

Bank borrowing, loans from related parties, deferred post-acquisition remuneration, contract liabilities, trade payables and other short-term monetary liabilities are initially recognised at fair value, net of any transaction costs directly attributable to the issue of the instrument and are subsequently measured at amortised cost using the effective interest method which ensures that any interest expense and associated finance costs over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purpose of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption as well as any interest payable while the liability is outstanding. Contingent consideration is initially measured at fair value, with subsequent changes recorded at fair value through profit and loss.

For debt modifications that are not substantial, the existing liability is not derecognised. Instead the Group recalculates the amortised cost of the financial liability as the present value of the estimated future contractual cashflows, including transaction fees, that are discounted at the financial instrument's original effective interest rate. Any gain or loss on the revised amortised cost is recognised in profit or loss as interest income or interest expense.

2. Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment in value. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected economic useful life. Depreciation is recognised within operating expenses within the consolidated income statement.

The principal annual rates used for this purpose are:

Computer equipment	33.3% per annum
Office and other equipment	25% per annum
Leasehold improvements	Over the period of the lease

Depreciation of right of use assets is explained in the Leases accounting policy below.

Intangible assets

(i) Research and development – internally generated

All on-going research expenditure is expensed in the year in which it is incurred. When the criteria for capitalisation are met, development costs are capitalised as an internally generated asset. Internally generated intangible assets are amortised on a straight-line basis over their estimated useful lives, which is two years for set top box device development and associated software and three years for video apps. Amortisation commences when the asset is available for use.

Development costs are capitalised when the following criteria are met: a product is technically feasible; production and sale are intended; a market exists; expenditure can be measured reliably; and sufficient resources are available to complete the project. Development costs are capitalised up to the amount which, taken together with further related costs, will be recovered from the future economic benefits related to the asset. No interest costs are capitalised.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(ii) Acquired platforms

Acquired software and hardware platforms are considered a separate class of asset as they are field-proven and expected to generate future economic benefits for a longer period of time than internally generated developments. Acquired platform intangible assets are amortised on a straight-line basis over their estimated useful lives, which is five years.

(iii) Software licences

Software licences are capitalised at cost. Software licence intangible assets are amortised on a straight-line basis over their estimated useful lives which is the shorter of three years or the licence period.

Amortisation of intangible assets is recognised within operating expenses within the consolidated income statement.

The principal annual rates used for this purpose are:

Acquired software/hardware platforms	20% - 33.3% per annum
Customer relationships	6.7% - 20% per annum
Trade names	10% - 20% per annum
Software licences	33.3% per annum

Customer relationships and trade names were capitalised as part of fair value adjustments relating to acquisitions.

2. Summary of significant accounting policies (continued)

Impairment of intangible assets excluding goodwill

At each reporting date, the Group performs an impairment review in respect of any intangible assets excluding goodwill and reviews the carrying amounts to determine whether there is any indication that those assets have suffered any impairment. If any such indication exists, the recoverable amount of the asset (being the higher of fair value less costs to sell and value in use) is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In determining a value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash generating unit that have not already been included in the estimate of future cash flows.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income Statement. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

Impairment of goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable net assets acquired and is capitalised.

At each reporting date, and during the year if any events or changes in circumstances indicate potential impairment, the Group performs an impairment review in respect of goodwill to determine whether there is any indication that it has suffered any impairment. Any impairment loss is recognised as an expense in the consolidated income statement in the year in which it was identified to the extent that the carrying value exceeds the recoverable amount.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use in the Group. In determining a value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash generating unit that have not already been included in the estimate of future cash flows.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to those cash-generating units that are expected to benefit from the synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Impairment losses recognised in respect of goodwill are not reversed in subsequent periods.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is based on estimated selling price, in the ordinary course of business, less further costs expected to be incurred to completion and sale.

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Highly liquid investments with original maturity dates of three months or less from inception are considered to be cash equivalents.

Current and deferred tax

UK corporation tax and overseas income tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted at the year end.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated at taxation rates and laws that are expected to apply in the period when the liability is settled or the asset is realised, provided that the rates are substantively enacted at the year end. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with through the statement of comprehensive income or statement of changes in equity.

Where there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions then the Group:

- Considers whether uncertain tax treatments should be considered separately or together as a group based on which approach provides better predictions of the resolution;
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on which ever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

The Group may be entitled to claim tax allowances in relation to qualifying research and development (R&D) Expenditure (eg, R&D tax credits – which allows a deduction of an extra 130% of qualifying costs from the yearly profit, as well as the normal 100% deduction, to make a total 230% deduction. Where a taxable loss is generated in a year, this can be surrendered for a cash tax refund). The Group can recognise such tax credits at the point when it is probable that the benefit will flow to the Group and that the benefits can be reliably measured. Where credits are claimed through R&D tax relief, the amount receivable is considered a direct credit to tax payable and is therefore recognised after profit before tax as part of the tax charge/(credit) for the period.

2. Summary of significant accounting policies (continued)

Employee benefits

(i) Pension obligations

The Group operates a number of stakeholder pension schemes and contributes to a number of personal pension schemes on behalf of its employees. The Group provides no other post-retirement benefits to its employees. Pension costs are charged to the consolidated income statement in the year to which they relate.

(ii) Share-based compensation

The Group operates a number of equity and cash settled share-based compensation plans. Equity-settled and cash-settled share-based payments (including where the Company has an option to settle in cash or equity) are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled and cash-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black-Scholes option pricing model or a Monte Carlo option valuation model as appropriate depending on the terms of the options.

In order to facilitate the exercise of share options the Group maintains an Employee Benefit Trust (EBT). This is consolidated in accordance with IFRS 10. The costs of purchasing own shares held by the EBT are deducted from profit and loss reserves. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group's income statement or statement of comprehensive income. When shares are subsequently transferred to employees for less than their purchase

(ii) Share-based compensation (continued)

price the difference is a realised loss recognised directly in reserves. The Group schemes, which award shares in the parent entity, includes recipients who are employees in certain subsidiaries. In the consolidated financial statements, the transaction is treated as an equity-settled share-based payment, as the Group has received services in consideration for equity instruments. An expense is recognised in the Group income statement for the fair value of share-based payment over the vesting year, with a credit recognised in equity.

In the subsidiaries' financial statements, the awards, in proportion to the recipients who are employees in said subsidiary, are treated as an equity-settled or cash-settled share-based payment, as the subsidiaries do not have an obligation to settle the award. An expense for the grant date fair value of the aware is recognised over the vesting year, with a credit recognised in equity. The credit to equity is treated as a capital contribution, as the parent is compensating the subsidiaries' employees with no cost to the subsidiaries as there is no expectation to recharge the cost. In the parent company's financial statements, there is no share-based payment charge where the recipients are employed by a subsidiary, with the parent company recognising an increase in the investment in the subsidiaries as a capital contribution from the parent and a credit to equity.

2. Summary of significant accounting policies (continued)

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or a rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right of use assets are initially measured at the amount of the lease liability increased by the amount of any material direct costs incurred in entering the lease and any material provisions for contractual dilapidations costs.

Lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight-line basis over the remaining term of the lease. Charges for common areas do not form part of the lease payments.

In May 2020, the IASB issued an amendment to IFRS 16 (COVID-19-Related Rent Concessions). It was endorsed by the EU on 9 October 2020. It was effective for annual periods beginning on or after 1 June 2020, but earlier application was permitted, including in financial statements not authorised for issue at 28 May 2020. The amendment provides relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The Group did not receive any rent rebates as a direct consequence of the COVID-19 pandemic and therefore it has not applied this practical expedient meaning that any rent rebates and other lease changes to existing leases were accounted as modifications to the lease liability and Right of use asset only.

Nature of leasing activities (in the capacity as lessee)

The group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. In some jurisdictions property leases the periodic rent is fixed over the lease term. The group also leases certain items of plant and equipment.

Provisions

The Group has recognised provisions for warranty claims from customers. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

The Group has recognised provisions for uncertain tax positions relating to the application of OECD (Organisation for Economic Co-operation and Development) transfer pricing principles within the Group's subsidiaries.

2. Summary of significant accounting policies (continued)

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Reserves

- Share capital – comprises the nominal value of ordinary shares classified as equity.
- Share premium reserve – comprises the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Merger reserve – resulted from the merger of Aferian plc and Amino Holdings Limited on 28 May 2004, prior to the Group's adoption of IFRS and from the issue of Aferian plc shares in May 2021 undertaken using a cashbox structure (see note 25).
- Foreign exchange reserve – comprises the foreign exchange differences arising on consolidation.
- Capital redemption reserve – comprises the repurchase and cancellation of own shares on 15 April 2008.
- Other reserve – comprises the fair value of the put option liability at inception in respect of the non-controlling interest following the acquisition of 24i Unit Media BV. The put option liability was settled upon exercise of the option in August 2021, with the balance in the reserve of $2.8m transferred to Group profit and loss reserve upon completion.
- Profit and loss reserve – comprises all current and prior period retained profits and losses.

Exceptional and other items presented separately on the face of the consolidated income statement

Adjusted operating profit is shown before exceptional items, impairment of goodwill, amortisation of acquired intangibles and share-based payment charges on the face of the consolidated income statement. 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.

Exceptional items are items which are material or non-recurring in nature and which are therefore presented separately from underlying operating expenses and income. Material costs may include: release of contingent consideration no longer payable, release of royalty costs recognised in prior years and subsequently renegotiated, redundancy and associated costs, legal and professional advisors fees in respect of acquisition costs, contingent post acquisition remuneration payable and additions, aborted acquisition costs or releases to the provision for uncertain tax positions. Material income comprises amounts outside the course of normal trading activities.

Furthermore, the Group considers the fair value movement in contingent consideration and the put option interest charge to be adjusting items within net finance expenses because they are non-cash and they do not relate to day-to-day trading activities of the Group. They are treated as adjusting items below adjusted operating profit in prior year but not presented on the face of the consolidated income statement. See note 6 for further details.

Investment in own shares

The Group offsets the cost of own shares held, including following a share buyback, as a debit within the profit and loss reserve. These shares are held at cost and are typically used to satisfy share awards at which point, the cost is credited to the profit and loss reserve.

2. Summary of significant accounting policies (continued)

Critical accounting estimates and significant judgements

The preparation of financial information in conformity with IFRS requires the directors to make critical accounting estimates and significant judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. An assessment of the impact of these estimates and judgements on the financial statements is set out below. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information is available.

Critical judgements in applying the Group's accounting policies

Assessing whether development costs meet the criteria for capitalisation

The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgement of the point at which technical feasibility is demonstrable. Furthermore, the useful economic lives of capitalised development costs are based on management's knowledge of the life cycle of the Group's products and technology. The carrying value of development assets also depends on management's ability to demonstrate the future economic benefits they will deliver. This judgement requires assumptions about factors outside the business's control such as short and medium term economic conditions, technological developments and market changes. Details are contained in note 14.

Key sources of estimation uncertainty

Impairment of intangible assets

The Group tests annually whether intangible assets, including those acquired through a business combination, have been impaired by reference to expected future generation of cash from the relevant products incorporating the technologies developed. In estimating the cash flows the capitalised development costs may generate the directors make judgements, based on budgets and forecasts, about the amount of future profits from the relevant products that will be generated and the timing of when these will be realised. Furthermore, where new technology is acquired through an acquisition, management consider the impact this could have on the carrying value of existing technology, that is similar in nature, when preparing the budgets and forecasts. Details are contained in note 14.

Assessing whether goodwill has been impaired

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The Group has carried out an impairment review of the Amino software and devices CGU (formerly Entone, Inc) and recognized $12.5m impairment loss on goodwill in the year. The recoverable amount of the CGU is based on estimates of future cash flows discounted using an appropriate discount rate. Estimates of future cash flows are inherently uncertain due to the challenging wider macro-economic impact on the device business, as the increased interest rates have led some customers to delay device orders as they ask to temporarily reduce working capital and defer capital expenditure. To take account of this uncertainty, management have used the "expected cash flow approach" which involves probability weighting several alternative scenarios.

It is possible that changes in economic conditions or deviations in actual performance from forecast could result in a material adjustment to the carrying value of the Amino software and devices CGU (formerly Entone, Inc) within the next financial year and beyond. The key estimates made by management are set out in Note 14. The information in Note 14 given on each scenario also provides an indication of the amount of any further impairment for other reasonably possible outcomes.

2. Summary of significant accounting policies (continued)

Assessing the potential impairment of inventories

In determining whether inventories are impaired, management considers expected future sales including product mix, pricing and volumes. If the inventories provided for were sold in the future, the provision may be overstated by $148,000 (2021: $464,000). The carrying value of the Group's provision for write-downs and obsolescence is disclosed in note 17.

Assessing the potential impairment of trade receivables

In determining whether trade receivables are impaired, management adopted a simplified approach within IFRS9 using a provision matrix in the determination of the lifetime expected credit loss. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

Assessing the fair value of assets and liabilities in a business combination

Fair value of assets acquired and liabilities assumed, when the Group obtains control of a business the business combination is accounted for using the acquisition method of accounting. By applying this method all assets acquired and liabilities assumed are to be measured at fair value at acquisition date. The excess of the purchase consideration over the fair value of the net assets and liabilities acquired (if any) is recognised as goodwill. If the fair values of the net assets and liabilities assumed are more than the purchase consideration, the excess is recognized as a bargain purchase gain in the statement of comprehensive earnings/(loss). The determination of fair value often requires management to make estimates and assumptions regarding future events which include, but are not limited to, revenue growth rates, operating costs, capital expenditures, terminal values, customer retention rates and discount rates. Details of the fair value assessment are set out in note 28.

Uncertain tax positions

The Group is subject to taxation in several jurisdictions and significant judgement is required in calculating the consolidated tax position. There are transactions for which the ultimate tax determination is uncertain and for which the Group makes provisions based on an assessment of internal estimates and appropriate advice. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the difference will impact the tax charge in the period in which the outcome is determined in the range $0 - $210,000 (2021: $0 - $1,053,000). It is possible that the ultimate resolution of these matters could result in tax charges that are higher or lower than the amount provided. The carrying value of the Group's uncertain tax provision is disclosed in note 22.

Royalties

The Group uses certain standards-based technologies which may be subject to third-party licences. Where the ownership, validity and value of such licences has not been clearly established, the Group makes estimates for licence costs which may subsequently be negotiated at a different rate once the rights and value of the IP have been established. The Group has estimated liabilities of c.$1,200,000 (2021: c.$1,200,000) that may be negotiated.

Leases

Management assess the reasonable certainty of the period during which a leased building is expected to be occupied for the purpose of calculating the lease liability under IFRS 16. The judgement is based on factors from the local requirements of the business to the overall Group strategy.

3. Financial risk management

Management assess the discount rate used in calculating the lease liability on an individual lease basis. The judgement is based on factors such as the location of the asset, the currency in which the lease payments are made and the credit rating of the counterparty.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk) and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's finance department under policies approved by the Board of directors. These policies permit the use of financial instruments such as forward foreign exchange contracts where appropriate but speculative transactions are not permitted.

Market Risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the UK pound sterling, in which dividends are also paid, the HK Dollar, the Euro, the Czech Koruna, the Swedish Krone, the Canadian Dollar and Danish Krone.

The Group considers foreign exchange risk to be one of its financial risks and may seek to minimise its effects by using forward foreign exchange contracts where appropriate. Such contracts would be entered into to hedge against known foreign exchange exposures only and are not used for speculative purposes. Forward foreign exchange contracts are not designated for hedge accounting and are valued (i.e. marked to market) at the balance sheet date and any resulting profits or losses are taken to the consolidated income statement.

During 2021 and 2022, the Group did not enter into any forward foreign exchange contracts.

The Group had the following current assets and liabilities denominated in currencies other than the functional currencies of the entities in which they were held:

As at 30 November 2022	USD $000s	Euros €000s	CAD $000s	GBP £000	SEK kr000s
Trade and other receivables denominated in foreign currency	6,234	433	-	-	-
Cash balances denominated in foreign currency	909	3,679	-	-	-
Trade and other payables denominated in foreign currency	(5,341)	(92)	(250)	(99)	-
Net current assets denominated in foreign currency	**1,802**	**4,020**	**(250)**	**(99)**	**-**

As at 30 November 2021	USD $000s	Euros €000s	CAD $000s	GBP £000	SEK kr000s
Trade and other receivables denominated in foreign currency	11,983	2,632	-	-	6,152
Cash balances denominated in foreign currency	2,679	81	-	-	-
Trade and other payables denominated in foreign currency	(5,773)	(157)	-	(36)	-
Net current assets denominated in foreign currency	**8,889**	**2,556**	**-**	**(36)**	**6,152**

At 30 November 2022, if the US dollar had weakened/strengthened by 10% against the euro with all other variables held constant, the retranslation of the year end foreign currency balances would have increased/decreased post-tax (loss)/profit for the year by $0.4m/$0.4m (2021: $0.3m/$0.3m).

These values have been calculated by re-translating balances denominated in currencies at an exchange rate 10% higher/lower than that used in preparing the financial statements and comparing this with the actual balances consolidated.

3. Financial risk management (continued)

(ii) Interest rate risk

Throughout the year-ended 30 November 2022 cash was held in investments repayable on demand. Cash at bank earns interest based on relevant LIBOR equivalents and during the year earned interest at an average rate of 0.05% (2021: 0.05%). The interest rate on the new facility is 2.10% plus SOFR (secured overnight financing rate).

At 30 November 2022, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Borrowings are managed centrally and local operations are not permitted to borrow long-term from external sources. During 2022 the Group's borrowings at variable rate were denominated in USD (2021: USD).

The sensitivity of profit to a reasonably possible change in interest rates of +/- 2% (2021: +/- 2%) with all other variables held constant, at 30 November 2022, would have increased/decreased post-tax (loss)/profit for the year by $0.1m/$0.1m (2021: $0.0m/$0.0m). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates.

The directors consider that 3% (2021: 1%) is the maximum likely change in interest rates on USD borrowings over the next year, being the period up to the next point at which the Group expects to make these disclosures.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group spreads this risk by depositing cash across a number of banks. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

It is Group policy to insure its debtors where it is deemed appropriate. Where debtors are covered by insurance, the Group's exposure is limited to 10% of the value of the debt that is insured. Where the credit limit authorised by the insurer is exceeded, the exposure would be 100% of the debt. Where insurance cannot be obtained due to the territory or customer involved, where possible for sale of devices the necessary terms are placed on the customer so that monies are prepaid in full or to an adequate level so that maximum exposure is equal to the margin on the sale of devices. Where not covered by insurance or prepaid appropriate credit limits and payment terms are agreed with customers.

Temporary increases in credit limits for specific contracts are subject to Executive management review and approval.

The Group's credit risk is limited to the carrying value of financial assets recognised at the reporting date, summarised below:

Financial asset carrying amounts	**As at 30 November 2022 $000s**	As at 30 November 2021 $000s
Non-current assets		
• trade and other receivables	**183**	235
Current assets		
• trade and other receivables	**18,218**	21,349
• cash and cash equivalents	**11,524**	14,182
	29,925	35,766

Trade and other receivables includes $17.3m (2021: $19.6m) trade receivables of which $8.9m (2021: $13.8m) is covered by insurance, representing coverage of 52% (2021: 70%) on a gross basis. For further details on the analysis of credit risk relating to trade receivables see note 18.

3. Financial risk management (continued)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. As at 30 November 2022 the Group had an external multicurrency credit facility of $50.0m, of which $7.5m was drawn at 30 November 2022 (2021: $nil). During the year the Group secured a new banking facility increasing to $50.0m which also includes up to a further $50m available by way of an accordion. See note 21 for more details.

At 30 November 2022 the value of external borrowings was $7,529,000 (2021: $nil).

	As at 30 November 2022 $000s	As at 30 November 2021 $000s*
Capital		
Total equity	**78,883**	103,964
Less: cash and cash equivalents	**(11,524)**	(14,182)
	67,359	89,782
Overall financing		
Total equity	**78,883**	103,964
Plus: borrowings (see note 21)	**7,531**	35
	86,414	103,999
Capital-to-overall financing ratio	**1:1.28**	1:1.16

On 8 December 2020 the Company announced a new dividend policy of between 33% and 50% of adjusted annual earnings per share. This policy has been proposed to be revised to 19% of adjusted earnings per share to reflect the short-term impact on the Group of the challenging macro-economic environment in the first half of 2023. None of the entities in the Group are subject to externally imposed capital requirements.

* See Note 28 regarding the restatement of prior year comparatives due to Nordija acquisition.

3. Financial risk management (continued)

Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations and arises from trade and other payables. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows. Net cash requirements are compared to available cash and banking facilities in order to determine headroom or any shortfall. This analysis shows that available borrowing facilities are expected to be sufficient over the 12 month period from the approval of the financial statements. At 30 November 2022, the Group's non-derivative financial liabilities have contractual maturities (representing undiscounted contractual cash flows) as summarised below:

	Current		**Non-current**	
	Within 6 months $000s	**6 to 12 months $000s**	**1 to 5 years $000s**	**Later than 5 years $000s**
USD bank loan	7,531	-	-	-
Trade and other payables	30,138	809	-	-
Lease liabilities	630	537	1,223	-
Total	**38,101**	**1,344**	**1,223**	**-**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

	Current		Non-current	
	Within 6 months $000s	6 to 12 months $000s	1 to 5 years $000s	Later than 5 years $000s
USD bank loan	-	35	-	-
Trade and other payables	22,562	1,117	-	-
Put option liability	-	-	-	-
Lease liabilities	661	364	991	-
Total	**23,223**	**1,516**	**991**	**-**

4. Revenue

Disaggregation of Revenue

In the tables below, 24i refers to the development and sale of its end-to-end video streaming platform and associated services. Amino refers to the development and sale of video streaming devices and software solutions, associated software and a SaaS device management platform.. This is consistent with the segmental analysis contained in note 5 below.

The Group's revenue disaggregated by primary geographical market is as follows:

Geographical external customer revenue analysis

	Year to 30 November 2022			Year to 30 November 2021		
	Amino $000s	**24i $000s**	**Total $000s**	Amino $000s	24i $000s	Total $000s
USA	**29,389**	**5,809**	**35,198**	34,584	5,225	39,809
Latin America	**6,217**	**1,254**	**7,471**	8,117	986	9,103
Netherlands	**23,354**	**6,502**	**29,856**	21,167	6,879	28,046
Rest of EMEA	**10,462**	**5,542**	**16,004**	8,432	4,708	13,140
EMEA	**33,816**	**12,044**	**45,860**	29,599	11,587	41,186
Rest of the World	**2,598**		**2,598**	2,792	-	2,792
	72,020	**19,107**	**91,127**	75,092	17,798	92,890

The Group had 3 (2021: 3) significant customers in the year, defined as representing more than 10% of revenue, USA 1 $17.2m, USA 2 $10.4m and EMEA 1 $10.8m (2021: USA 1 $20.5m, USA 2 $12.4m and EMEA 1 $12.3m). The Group's largest customers in the USA are distributors.

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

	Year to 30 November 2022			Year to 30 November 2021		
	Amino $000s	**24i $000s**	**Total $000s**	Amino $000s	24i $000s	Total $000s
Devices incorporating integrated software and associated accessories	**67,045**	**-**	**67,045**	70,072	414	70,486
Software and services	**4,975**	**19,107**	**24,082**	5,020	17,384	22,404
	72,020	**19,107**	**91,127**	75,092	17,798	92,890

4. Revenue (continued)

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	Year to 30 November 2022			Year to 30 November 2021		
	Amino	**24i**	**Total**	Amino	24i	Total
	$000s	**$000s**	**$000s**	$000s	$000s	$000s
Goods and services transferred at a point in time	**67,055**	**558**	**67,613**	70,167	2,076	72,243
Software licences and services transferred over time	**4,965**	**18,549**	**23,514**	4,925	15,722	20,647
	72,020	**19,107**	**91,127**	75,092	17,798	92,890

The Group's revenue disaggregated by customer group is as follows:

	Year to 30 November 2022			Year to 30 November 2021		
	Amino	**24i**	**Total**	Amino	24i	Total
	$000s	**$000s**	**$000s**	$000s	$000s	$000s
Direct customers	**44,202**	**19,107**	**63,309**	40,969	17,798	58,767
Distribution channel	**27,818**	**-**	**27,818**	34,123	-	34,123
	72,020	**19,107**	**91,127**	75,092	17,798	92,890

Contract balances

	Contract Assets		Contract Liabilities	
	Year to 30 November			
	2022	2021	**2022**	2021
	$000s	$000s	**$000s**	$000s
At 1 December	**1,527**	1,418	**(2,261)**	(1,611)
Changes due to business combinations	**-**	59	**-**	(525)
Transfers in the period from contract assets to trade receivables	**(4,002)**	(7,624)	**-**	-
Amounts included in contract liabilities that were recognised as revenue during the period	**-**	-	**5,768**	12,619
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	**3,861**	7,688	**-**	-
Cash received in advance of performance and not recognised as revenue during the period	**-**	-	**(5,946)**	(13,089)
Acquired with acquisition	**-**	-	**(27)**	-
Foreign exchange gains/(losses)	**(195)**	(14)	**180**	345
At 30 November	**1,191**	1,527	**(2,286)**	(2,261)

Contract assets and contract liabilities are included within "trade and other receivables" and "trade and other payables" respectively on the face of the statement of financial position. They arise from the Group's software licence and support contracts, which can be for a period of more than one year, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

4. Revenue (continued)

Remaining performance obligations

The majority of the Group's contracts are for goods and services supplied within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies.

There are certain software support, professional service, maintenance and licences contracts that have been entered into for which both:

- the original contract period was greater than 12 months; and
- the Group's right to consideration does not correspond directly with performance.

The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is shown below.

As at 30 November 2022	**Year to 30 November**		
	2023	**2024**	**2025-6**
	$000	**$000**	**$000**
Revenue expected to be recognised on Software and Service contracts	**6,911**	**6,416**	**2,534**

As at 30 November 2021	Year to 30 November		
	2022	2023	2024-5
	$000	$000	$000
Revenue expected to be recognised on Software and Service contracts	8,620	6,055	1,945

No variable consideration or costs of obtaining and fulfilling contracts have been recorded in the year to 30 November 2022 (2021: nil).

The Group provides a warranty on its devices and accessories products of up to two years. Although this is a separately identifiable performance obligation, it is not considered distinct from the associated product and therefore does not meet the criteria requiring the separate allocation of revenue to it.

5. 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 video streaming devices and solutions, including licensing and support services ("Amino");
- development and sale of the 24i end-to-end video streaming platform and associated services. This includes the results of 24iQ (formerly called the Filter) and FokusOnTV (formerly Nordija); 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.

Aferian plc is domiciled in the United Kingdom.

2022		**Amino $000s**	**24i $000s**	**Central costs $000s**	**Total $000s**
Revenue	Software & services	4,975	19,107	-	**24,082**
	Devices *	67,045	-	-	**67,045**
	Total	72,020	19,107	-	**91,127**
	% Recurring	6%	75%		**21%**
Adjusted cost of sales		(44,095)	(5,074)	-	**(49,169)**
Adjusted gross profit		27,925	14,033	-	**41,958**
Adjusted operating expenses		(12,170)	(13,370)	(1,846)	**(27,386)**
Adjusted EBITDA		**15,755**	**663**	**(1,846)**	**14,572**
Exceptional items	Cost of sales				**48**
	Operating expenses				**(6,710)**
	Impairment of goodwill				**(12,488)**
Share based payment charge					**(407)**
Depreciation and amortisation					**(11,612)**
Operating loss					**(16,597)**
Net finance expense					**(313)**
Loss before tax					**(16,910)**
Additions to non-current assets: Capitalised development costs		1,962	5,673		**7,635**

5. Segmental analysis (continued)

2021		**Amino $000s**	**24i $000s**	**Central costs $000s**	**Total $000s**
Revenue	Software & services*	5,020	17,384	-	22,404
	Devices *	70,072	414	-	70,486
	Total	75,092	17,798	-	92,890
	% Recurring	5%	47%	-	14%
Adjusted cost of sales		(44,363)	(3,796)	-	(48,159)
Adjusted gross profit		30,729	14,002	-	44,731
Adjusted operating expenses		(11,057)	(12,744)	(2,493)	(26,294)
Adjusted EBITDA		19,672	1,258	(2,493)	18,437
Exceptional items	Cost of sales				163
	Operating expenses				(1,668)
Share based payment charge					(1,079)
Depreciation and amortisation					(10,673)
Operating profit					5,180
Net finance expense					(398)
Profit before tax					4,782
Additions to non-current assets: Capitalised development costs		2,276	5,759	-	8,035

* updated to include FokusOnTV (formerly Nordija) in prior years

* incorporating integrated software and associated accessories

The location of non-current assets of the Group, other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising out of insurance contracts), is shown below.

Non-current assets by geographic area analysis (excluding deferred tax assets)	**As at 30 November 2022 $000s**	As at 30 November 2021 $000s
United Kingdom	**1,654**	2,368
USA	**30,799**	44,393
Finland	**8,860**	8,718
Netherlands	**33,102**	34,107
Denmark	**7,814**	7,801
Rest of the World	**1,747**	1,252
	83,976	98,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 November 2022

6. Exceptional items

Exceptional items included in operating profit comprise the following charges/(credits):

	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s
Credit relating to royalty costs recognised in prior years and subsequently renegotiated	**(48)**	(163)
Subtotal cost of sales	**(48)**	(163)
Expensed contingent post-acquisition remuneration in respect of the acquisition of 24i Unit Media BV	**-**	347
Redundancy and associated costs (note 9)	**1,072**	304
Acquisition and one-off legal costs	**432**	638
Aborted acquisition costs	**5,206**	379
Subtotal operating expenses	**6,710**	1,668
Total exceptional items	**6,662**	1,505
Other exceptional items		
Goodwill impairment charge	**12,488**	-

Exceptional items within net finance expense comprise the following charges/(credits):

	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s
Credit in relation to movement in contingent consideration (note 7)	**-**	(179)
Subtotal finance income	**-**	(179)
Unwinding discount on put option liability regarding non-controlling interest of the 24i Group	**-**	532
Unwinding discount on contingent consideration regarding FokusOnTV (formerly Nordija) acquisition (note 28)	**(403)**	79
Subtotal finance expense	**(403)**	611
Total net finance (income)/expense – exceptional items	**(403)**	432

7.Net finance expense

	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s
Interest payable and similar costs	**(271)**	(688)
Credit in relation to movement in contingent consideration	**-**	179
Net foreign exchange (losses)/gains	**(42)**	111
	(313)	(398)

The current year $0.4m credit in relation to the movement in contingent consideration relates to the acquisition of Exabre Limited. Further details are provided in note 28.

7.Net finance expense (continued)

Interest payable and similar costs comprises:

	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s
Bank loan interest	**527**	28
Unwinding discount on put option liability regarding non-controlling interest of the 24i Group	**-**	532
Unwinding discount on contingent consideration regarding FokusOnTV (formerly Nordija) acquisition	**(403)**	79
Lease interest	**87**	42
Bank and other interest payable	**60**	7
	271	688

8.(Loss)/profit before tax

(Loss)/profit before tax is stated after charging/(crediting):	**Year to 30 November 2022 $000s**	Year to 30 November 2021 $000s*
Depreciation of owned property, plant and equipment (see note 15)	**457**	284
Depreciation of right of use assets (see note 16)	**1,227**	1,327
Amortisation of intangible assets		
• other assets (see note 14)	**5,366**	5,067
• acquired intangible assets (see note 14)	**4,562**	3,995
Loss on disposal of property, plant and equipment	**4**	9
Goodwill impairment charge (see note 14)	**12,488**	-
Research and development expense (excluding amortisation)	**6,021**	5,000
Short term and low value lease costs (see note 16)	**179**	193
Auditor's remuneration:		
Audit services		
• fees payable to Company auditor for the audit of the Company and consolidated financial statements	**348**	118
Other services		
• the auditing of the Company's subsidiaries pursuant to legislation	**178**	148
• audit related assurance services	**12**	12
Movements in provision (note 17)	**(316)**	68
Net realised loss/(gain) on foreign exchange	**42**	(111)

* See Note 28 regarding the restatement of prior year comparatives due to Nordija acquisition.

9. Staff costs

The year end and average monthly number of employees of the Group (including executive directors) was:

	As at 30 November		Year to 30 November	
	2022	2021	**2022**	2021
	Year end Number	Year end Number	**Average Number**	Average Number
Customer support and professional services	**34**	31	36	32
Research and development	**169**	177	176	176
Sales, marketing and operations	**47**	36	42	33
General and administration	**54**	41	49	40
	304	285	303	281

	Year to 30 November 2022	Year to 30 November 2021
	$000s	$000s
Their aggregate remuneration comprised:		
Wages and salaries	**21,741**	20,473
Redundancy and associated costs	**1,072**	304
Social security costs	**2,450**	2,122
Other pension costs (see note 31)	**847**	1,012
Expense of share-based payments (see note 26)	**408**	1,079
	26,518	24,990

10. Key management and directors compensation

Details of aggregate key management emoluments for the year are as follows:

	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s
Salaries and other short term employee benefits	**1,321**	1,763
Social security costs	**131**	196
Company contributions to personal pension schemes	**102**	122
Expense for share based payments	**278**	261
	1,832	2,342

The directors are of the opinion that the key management of the Group comprises the executive and non-executive directors of Aferian plc. These persons have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. At the year end 30 November 2022, key management comprised 6 people (2021: 7).

10. Key management and directors compensation (continued)

Directors' emoluments are disclosed in the Remuneration Committee report on page 43 and is summarised below.

	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s
Salaries and other short-term employee benefits	**1,321**	1,763
Company contributions to personal pension schemes	**102**	122
	1,423	1,885

The highest paid director was Donald McGarva:

	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s
Salaries and other short-term employee benefits	**385**	652
Company contributions to personal pension schemes	**43**	46
	428	698

The pension entitlement was elected to be paid as salary in both years.

11. Tax charge

	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s*
Corporation tax charge for the year	**1,991**	2,824
Release of uncertain tax provision (note 22)	**(843)**	(57)
Adjustment in respect of prior years	**(59)**	35
Total current tax charge	**1,089**	2,802
Net deferred tax (origination and reversal of temporary differences) (see note 24)	**(577)**	(3,384)
Total tax charge / (credit) in consolidated income statement	**512**	(582)

* See Note 28 regarding the restatement of prior year comparatives due to Nordija acquisition.

The tax charge for the year differs from that calculated by applying the pro-rated standard rate of corporation tax in the UK of 19.0% (2021: 19.0%). The differences are explained below:

	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s*
(Loss)/profit on ordinary activities before corporation tax	**(16,910)**	4,782
At the standard rate of corporation tax in the UK of 19% (2021: 19%)	**(3,213)**	909
Effects of:		
Amounts not allowable for tax purposes	**3,589**	717
Enhanced deduction for research and development expenditure	**(391)**	(366)
Adjustment in respect of prior years	**(59)**	35
Losses utilised during the year	**195**	(12)
Utlisation of losses not previously recognised	**-**	(1,663)
Losses carried forward not recognised	**1,169**	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	**74**	(66)
Movement in deferred tax not recognised	**(9)**	(79)
Release of uncertain tax provision (note 22)	**(843)**	(57)
Total current tax charge/(credit)	**512**	(582)

* See Note 28 regarding the restatement of prior year comparatives due to Nordija acquisition.

Deferred tax not recognised primarily relates to losses carried forward but not recognised as a deferred tax asset as at 30 November 2022. Deferred tax assets in respect of taxable losses are recognised based on guidance provided in IAS 12. See note 24 for further details of deferred tax assets.

12. Earnings per share

	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s
(Loss)/profit attributable to ordinary shareholders	**(17,422)**	5,652
Exceptional items (see note 6)	**6,662**	1,505
Impairment of goodwill	**12,488**	-
Share-based payment charges	**407**	1,079
Finance income (see note 6)	**(403)**	(179)
Finance expense (see note 6)	**-**	611
Amortisation of acquired intangible assets	**4,562**	3,995
Deferred tax credit on acquired intangibles (see note 24)	**(682)**	(734)
Deferred tax credit on tax losses recognised	**-**	(2,721)
(Loss)/ profit attributable to ordinary shareholders excluding adjusting items	**5,612**	9,208
Weighted average number of shares (Basic)	**85,070,688**	80,385,687
Dilutive share options outstanding	**1,545,606**	1,613,485
Weighted average number of shares (Diluted)	**86,616,294**	81,999,172
Basic earnings per ordinary share of 1p	**(20.48)c**	7.03c
Diluted earnings per ordinary share of 1p	**(20.48)c**	6.89c
Adjusted basic earnings per ordinary share of 1p	**6.6c**	11.45c
Adjusted diluted earnings per ordinary share of 1p	**6.48c**	11.23c

The calculation of basic earnings per share is based on profit after taxation and the weighted average of ordinary shares of 1p each in issue during the year. The Company holds 1,482,502 (2021: 1,531,458) of its own shares in treasury and these are excluded from the weighted average above. The basic weighted average number of shares also excludes 242 (2021: 242) being the weighted average shares held by the EBT in the year.

The number of dilutive share options above represents the share options where the market price is greater than exercise price of the Company's ordinary shares.

13. Dividends

Amounts recognised as distributions to equity holders in the year:

	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s
Final dividend for the year ended 30 November 2021 of 2.09p (2021: 1.87p for year ended 30 November 2020) per share	**2,297**	1,968
Interim dividend for the year ended 30 November 2022 of 1.0p (2021: 1.0p) per share	**959**	1,150
	3,256	3,118

In August 2022, the Company paid an interim dividend of 1.0 pence (1.26 US cents*) per share in respect of the year ended 30 November 2022. A final dividend of nil GBP pence (nil US cents) (2021: 2.09 pence / 2.87 US cents) is proposed. As a result, the total dividend for the year was 1.00 GBP pence (1.26 US cents) per share (2021: 3.09 pence / 4.26 US cents) and is 19% of adjusted earnings per share. This is lower than the Group's stated policy of 33-50% of adjusted earnings per share and reflects the short-term impact on the Group of the challenging macro-economic environment in the first half of 2023.

14. Intangible assets

	Goodwill* $000s	Customer relationships $000s	Trade names $000s	Intellectual Property $000s	Software licences $000s	Development costs $000s	Acquired platforms* $000s	Total $000s
Cost								
At 30 November 2020	68,237	20,810	2,557	390	1,639	41,194	13,917	148,744
Additions	-	-	-	-	-	8,035	-	8,035
Acquisition of subsidiary	2,950	1,000	-	-	-	-	3,888	7,838
Foreign exchange adjustment	(1,660)	(686)	(69)	-	2	(458)	(650)	(3,521)
At 30 November 2021	69,527	21,124	2,488	390	1,641	48,771	17,155	161,096
Additions	-	-	-	-	-	7,636	-	7,636
Acquisition of subsidiary (note 28)	1,586	119	-	-	-	-	2,609	4,314
Impairment	(12,488)	-	-	-	-	-	-	(12,488)
Foreign exchange adjustment	(2,333)	(931)	(94)	-	(160)	(1,220)	(1,123)	(5,861)
At 30 November 2022	**56,292**	**20,312**	**2,394**	**390**	**1,481**	**55,187**	**18,641**	**154,697**
Amortisation								
At 30 November 2020	-	7,711	1,776	390	1,606	34,429	10,765	56,677
Charge for the year	-	2,403	89	-	31	5,036	1,503	9,062
Foreign exchange adjustment	-	(48)	(22)	-	1	(142)	(296)	(507)
At 30 November 2021	-	10,066	1,843	390	1,638	39,323	11,972	65,232
Charge for the year	-	2,011	80	-	3	5,363	2,471	9,928
Foreign exchange adjustment	-	(217)	(43)	-	(160)	(510)	(554)	(1,484)
At 30 November 2022	**-**	**11,860**	**1,880**	**390**	**1,481**	**44,176**	**13,889**	**73,676**
Net book amount								
At 30 November 2022	**56,292**	**8,452**	**514**	**-**	**-**	**11,011**	**4,752**	**81,021**
At 30 November 2021	69,527	11,008	645	-	3	9,448	5,233	95,864

*refer to note 28 for the details of the restatement of a contract asset that has subsequently been recognised,

Development costs relate to a number of projects with varying start dates. All of these projects are being amortised evenly over their estimated useful life, usually two or three years for internally generated additions and five years for platforms acquired, subject to impairment review.

Foreign exchange adjustments in the year totalled a loss of $4,377,000 (2021: $3,014,000 loss) contributing to the overall foreign exchange reserve movements seen in the year.

14. Intangible assets (continued)

Following the acquisition of 24iQ (formerly called the Filter, see note 28) during the year, the Group now has 4 (2021: 3) cash-generating units ("CGUs"). The carrying value of goodwill is allocated to those 4 cash-generating units ("CGUs") as follows:

CGU	As at 30 November 2022 $000s	As at 30 November 2021 $000s
Cash flows from 24i Mod Studio	**22,364**	24,358
Cash flows from 24iQ (formerly the Filter)	**1,450**	-
Cash flows from FokusOnTV (formerly Nordija)	**2,567**	2,770
Cash flows from Amino software and devices (formerly Entone, Inc.)	**29,911**	42,399
	56,292	69,527

Management has considered each CGU separately when determining appropriate assumptions. The recoverable amounts for the CGUs given above were determined based on value-in-use calculations at a level where there are largely independent cash flows. Management prepares a cash flow forecast based initially on the detailed 2023 operating budgets which are then extended for a further four years plus a terminal value. A post-tax discount rate is then applied in order to calculate the present value of such cash flows, which represents the recoverable amount.

Discount rates applied to future cash flows. The Group's post-tax weighted average cost of capital ("WACC") has been used as the foundation to determine the discount rates to be applied. For 24i Group, 24iQ (formerly the Filter), FokusOnTV (formerly Nordija), and Amino software and devices (formerly Entone, Inc), the WACC has then been adjusted to reflect risks specific to that CGU that are not already reflected in the future cashflows. The discount rate used for the impairment review of each CGU was as follows:

CGU	Discount rate % 2022	Discount rate % 2021
24i Mod Studio	**14.3%**	14.5%
24iQ	**17.0%**	-
FokusOnTV	**14.5%**	19.0%
Amino software and devices (formerly Entone, Inc.)	**12.0%**	9.4%

The key assumptions for the value in use calculations are detailed below, together with the annual growth rates used in the cashflow projections over the five-year period

Key assumption	24i Group (excluding FokusOnTV)	24iQ (formerly the Filter)	FokusOnTV (formerly Nordija)	Amino software and devices (formerly Entone, Inc)
Average annual revenue growth rate	25%	34%	12%	2%
Average Gross profit margin growth / (reduction) rate (per annum)	4bps	5bps	(5bps)	0bps
Average Operating cost growth rate	8bps	8bps	8bps	5bps
Terminal growth rate from FY26	2%	2%	2%	-2%

14. Intangible assets (continued)

The annual growth rates are based on management's view of customer and product development opportunities. For 24i Group, 24iQ (formerly the Filter), FokusOnTV (formerly Nordija), this takes into account forecast growth from new and existing customers, and the long-term growth rate into perpetuity has been assumed to be 2% per annum reflecting the long-term potential of the market in which each of the CGU operates. Management has taken a prudent view on the terminate growth rate for Amino software and devices (formerly Entone, Inc.), and assumed -2% growth rate in order to reflect longer term declines of PayTV subscriptions, as once the satellite and cable to IP migration is finished which is bolstering streaming device market growth to 8% there will be a decline in PayTV subscriptions, which will be partially offset by the growth in low margin devices due to the market trend to move towards Android to combine OTT and PayTV, and digital signage products.

Management has performed several scenarios to sensitise the cashflow projections used in the impairment review for all 4 CGUs, based on the changes to the following key assumptions:

CGU	Scenario 1 Scenario annual revenue and operating cost growth rate	Scenario 2 Scenario annual gross profit margin growth rate	Scenario 3 Combined
24i Mod Studio	10% reduction to revenue forecast per annum 15% average Operating cost growth rate	No growth to gross profit margin against FY22	Combination of scenario 1 & 2
24iQ (Formerly Filter)	10% reduction to revenue forecast per annum 15% average Operating cost growth rate	No growth to gross profit margin against FY23 forecast	Combination of scenario 1 & 2
FokusOnTV (Formerly Nordija)	10% reduction to revenue forecast per annum 15% average Operating cost growth rate	5bps reduction to Gross profit margin against FY23 forecast	Combination of scenario 1 & 2
Amino software and devices (formerly Entone, Inc)	Limited growth to revenue from 2025 to 2027* 5% average Operating cost growth rate	Gross profit margin declines by 2% per annum	Combination of scenario 1 & 2

* We have reflected the negative impact of the macro-economic conditions for the Amino video streaming device business in the revenue and cash flow forecast for Amino software and devices (formerly Entone.Inc) CGU in 2023 especially in the first half.

14. Intangible assets (continued)

For 24i Group, 24iQ (formerly the Filter), and FokusOnTV (formerly Nordija), there are no impairment charges in the base case scenarios however there would be an impairment charge for some of the scenarios as detailed below.

		Value as at 30 November 2022 ($000s)				
CGU	**Scenario**	**Goodwill**	**Other intangibles & net current assets**	**Total carrying value**	**Value in use**	**Impairment provision**
24i Mod Studio	Scenario 2	22,364	15,845	38,209	30,329	7,880
24i Mod Studio	Scenario 3	22,364	15,845	38,209	10,444	27,765
FokusOnTV (Formerly Nordija)	Scenario 3	2,554	2,764	5,318	3,485	1,833
24iQ (Formerly Filter)	Scenario 3	1,450	2,371	3,821	2,999	822

For the Amino software and devices CGU (formerly Entone, Inc) an impairment loss of $12.5m has been recognised against goodwill in the year. The recoverable amount of the CGU was estimated using a value-in-use model by projecting estimates of cash flows for the next five years together with a terminal value using an assumed growth rate, discounted using an appropriate discount rate. The five-year projections used in the model are based on a sensitised business plans (which adjusted levels of future revenue growth and gross profit margin movements). It also considered current known and expected performance, the wider macro-economic impact on Amino business and anticipated changes in customer engagements with Amino's technologies. Toe take account of this uncertainty, management used the "expected cash flow approach" which involves probability weighting several alternative scenarios.

It is possible that changes in economic conditions or deviations in actual performance from forecast could result in material adjustment to the carrying value of the CGU within the next financial year, particularly in relation to longer term engagement with this CGU's technology. This particularly impacts the value attributed to the asset derived from the terminal value period. The key estimates made by management are set out below. The information given on each scenario also provides an indication of the amount of any further impairment for other reasonably possible outcomes. The value in use was estimated by probability weighting the value in use under each scenario as summarized below:

	Annual revenue growth					Annual gross profit margin growth rate	Value in use	(Impairment)	Probability
Scenarios	**FY23**	**FY24**	**FY25**	**FY26**	**FY27**	**FY23-FY27**	**$ million**	**$ million**	
Base	(54%)	60%	2%	3%	2%	5% in FY23, -8% in FY24, and flat in FY25 – FY27	32.8	(8.3)	65%
Scenario 1	(54%)	60%	0%	0%	0%		27.7	(13.3)	12%
Scenario 2	(54%)	60%	2%	3%	2%	5% in FY23, -8% in FY24, and -2% in FY25 – FY27	19.6	(21.5)	12%
Scenario 3	(54%)	60%	0%	0%	0%		15.2	(25.9)	12%
Probability weighted average							28.6	(12.5)	100%

14. Intangible assets (continued)

The single most likely scenario assumed revenue growth is as noted in the base case. The other key assumptions used were:

- Weighing the value in use calculated is as noted in the table above. A reduction in the probability of the base case by 5% and an increase in Scenario 1 by 5%, would see an a $0.2million reduction in value in use, increasing impairment to $12.7million. Furthermore, a reduction in the probability of the base case by 10% and an increase in Scenario 1 by 10%, would see an a $0.5million reduction in value in use, increasing impairment to $13.0million
- Post-tax discount rate of 12% (FY21: 9.4%) equivalent to a pre-tax discount rate of 16.1% (FY21: 13.5%). An increase of 0.5% in the post-tax discount rate would result in a $1.1million reduction in value in use, increasing impairment to $13.6million.
  Long term growth rate of negative 2.0% (FY21: positive 2.0%). An increase in the long-term negative growth rate to 5% would result in an $3.2million increase in the impairment to $15.7million, and a further increase in the long-term negative growth rate to 7.5 % would result in an $5.1million increase in the impairment to $17.6million

At the year end, the estimate of the recoverable amount of the Amino CGU was $28.6m against a carrying value of $41.1m. This has resulted in an impairment of goodwill of $12.5m

15. Property, plant and equipment

	Computer equipment $000s	Office and other equipment $000s	Leasehold improvements $000s	Total $000s
Cost				
At 30 November 2020	848	724	520	2,092
Foreign exchange adjustment	(5)	(32)	(6)	(43)
Additions	173	130	26	329
Acquired through a business combination	42	40	33	115
Disposals	(89)	(1)	-	(90)
At 30 November 2021	969	861	573	2,403
Foreign exchange adjustment	(78)	(83)	(40)	(201)
Additions	56	60	56	172
Acquired through a business combination (note 28)	4	-	-	4
Disposals	-	(4)	-	(4)
At 30 November 2022	**951**	**834**	**589**	**2,374**
Depreciation				
At 30 November 2020	778	319	485	1,582
Foreign exchange adjustment	(2)	(7)	(3)	(12)
Charge for the year	137	107	40	284
Disposals	(80)	(1)	-	(81)
At 30 November 2021	833	418	522	1,773
Foreign exchange adjustment	(102)	(167)	(83)	(352)
Charge for the year	110	305	42	457
At 30 November 2022	**841**	**556**	**481**	**1,878**
Net book amount				
At 30 November 2022	**110**	**278**	**108**	**496**
At 30 November 2021	136	443	51	630

16. Right of use assets and lease liabilities

Right-of-Use Assets

	Land and buildings $000s	Plant and machinery $000s	Total $000s
At 1 December 2020	2,621	13	2,634
Additions	25	-	25
Acquired through a business combination	468	-	468
Depreciation	(1,323)	(4)	(1,327)
Effect of modification to lease terms	170	-	170
Foreign exchange movements	(60)	-	(60)
At 30 November 2021	1,901	9	1,910
Additions	309	-	309
Acquired through a business combination (note 28)	69	-	69
Depreciation	(1,223)	(4)	(1,227)
Effect of modification to lease terms	1,317	-	1,317
Foreign exchange movements	(102)	-	(102)
At 30 November 2022	**2,271**	**5**	**2,276**

Lease liabilities

	Land and buildings $000s	Plant and machinery $000s	Total $000s
At 1 December 2020	2,707	4	2,711
Additions	25	-	25
Acquired through a business combination	468	-	468
Interest expense	41	1	42
Effect of modification to lease terms	170	-	170
Lease payments	(1,336)	(5)	(1,341)
Foreign exchange movements	(111)	4	(107)
At 30 November 2021	1,964	4	1,968
Additions	303	-	303
Acquired through a business combination (note 28)	69	-	69
Interest expense	86	1	87
Effect of modification to lease terms	1,317	-	1,317
Lease payments	(1,190)	(1)	(1,191)
Foreign exchange movements	(256)	-	(256)
At 30 November 2022	**2,294**	**4**	**2,298**

	2022 $000s	2021 $000s
Short-term lease expense	**39**	28
Low value lease expense	**139**	165
Expense relating to variable lease payments not included in the measurement of lease liabilities	**-**	(1)
Aggregate undiscounted commitments for short-term leases	**3**	2

17. Inventories

	As at 30 November 2022 $000s	As at 30 November 2021 $000s
Raw materials	**1,845**	1,692
Finished goods	**7,377**	865
	9,222	2,557

The following write-downs and obsolescence provisions were recognised in respect of inventories:

	2022 $000s	2021 $000s
Provision at 1 December	**464**	396
Provided in the year	**131**	117
Credited to the consolidated income statement for items sold/utilised	**-**	(2)
Inventory written off	**(420)**	(45)
Net foreign exchange translation gains	**(27)**	(2)
Provision at 30 November	**148**	464

The cost of inventories recognised as an expense and included in cost of sales amounted to $39.1m (2021: $38.3m).

18. Trade and other receivables

	As at 30 November 2022 $000s	As at 30 November 2021 $000s
Current assets:		
Trade receivables	**17,273**	19,575
Less: provision against trade receivables	**(646)**	(306)
Trade receivables (net)	**16,627**	19,269
Contract assets	**1,191**	1,527
Total financial assets other than cash and cash equivalents classified as amortised cost	**17,818**	20,796
Other receivables	**400**	601
Prepayments	**1,628**	539
Total trade and other receivables	**19,846**	21,936
Corporation tax receivable	**654**	113
Current assets: due within one year	**20,500**	22,049
Non-current assets:		
Other receivables	**183**	235

Other receivables due in more than one year comprise rent deposits. The carrying value of trade and other receivables classified at amortised cost approximates fair value. The Group does not hold any collateral as security.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

18. Trade and other receivables (continued)

The expected loss rates are based on the Group's historical credit losses experienced over the 12 month period prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates. Credit insurance forms part of the credit risk management strategy and is reviewed on an annual basis by management using historical credit loss experience and forward-looking information.

The lifetime expected loss provision for trade receivables and contract assets is as follows:

	Current	Under 90 days past due	Over 90 days past due	Total $000s
At 30 November 2022				
Expected loss rate	**0%**	**0%**	**81%**	**4%**
Gross carrying amount	**15,002**	**1,469**	**802**	**17,273**
Loss provision	**-**	**-**	**646**	**646**
At 30 November 2021				
Expected loss rate	0%	0%	63%	2%
Gross carrying amount	17,283	1,806	486	19,575
Loss provision	-	-	306	306

At 30 November 2022 trade receivables of $646,000 (2021: $306,000) had lifetime expected credit losses of the full value of the receivables.

Trade receivables that are more than three months past due are reviewed for impairment on an individual basis including consideration of previous payment history and the ongoing relationship with the customer. The ageing analysis of trade receivables that were past due but not impaired is as follows:

Trade receivables	**As at 30 November 2022 $000s**	As at 30 November 2021 $000s
Neither past due nor impaired	**15,002**	17,283
Under 90 days overdue but not provided for	**1,469**	1,806
Over 90 days overdue and provided for	**646**	306
Over 90 days overdue but not provided for	**156**	180
	17,273	19,575

18. Trade and other receivables (continued)

Standard credit terms vary from customer to customer largely based on territory. At the year-end $3.2m of debts were past due (2021: $2.3m). Of the 90 days overdue total of $0.8m, $0.6m has been provided for. As shown above, at 30 November 2022, third party trade receivables more than 90 days old but not provided for amounted to $0.2m. No further analysis has been provided here on the quality of these debts as they are unlikely to have a material adverse impact on the Group's future results.

Movement on the Group provision for impairment of trade receivables is as follows:

	2022	2021
	$000s	$000s
At 1 December	**306**	367
Provision for receivables impaired	**339**	25
Amounts recovered during the year	**(241)**	(215)
Balances written off as irrecoverable *	**170**	-
Provision on acquisition of FokusOnTV (formerly Nordija)	**-**	137
Foreign exchange translation gains and losses	**72**	(8)
At 30 November	**646**	306

* the amounts written off relate to pre-acquisition balances relating to 24i Unit Media BV and its subsidiaries which have been subsequently determined to be irrecoverable

19. Cash and cash equivalents

	As at 30 November 2022 $000s	As at 30 November 2021 $000s
Cash and cash equivalents	**11,524**	14,182

The Group's overall interest rate risk is explained in note 3 "Financial risk management".

20. Trade and other payables

	As at 30 November 2022 $000s	As at 30 November 2021 $000s
Current liabilities		
Trade payables	**23,268**	14,420
Other payables	**111**	233
Accruals	**6,759**	7,909
Total current financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**30,138**	22,562
Contingent consideration	**809**	1,117
Total current financial liabilities measured at fair value	**809**	1,117
Social security and other taxes	**301**	1,837
Contract liabilities	**2,286**	2,261
Total trade and other payables	**33,534**	27,777
Lease liabilities	**1,121**	966
Corporation tax payable	**505**	774
	35,160	29,517
Non-current liabilities		
Other payables	**1,070**	677
Lease liabilities	**1,177**	1.002
	2,247	1,679

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

21. Loans and borrowings

	As at 30 November 2022 $000s	As at 30 November 2021 $000s
Bank loan	**7,531**	35

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 2.1% above bank reference rate. The bank loan is secured by a fixed and floating charge over all assets of the Group.

As at 30 November 2022 the Group had an external multicurrency credit facility of $50.0m, of which $7.5m was drawn at 30 November 2022 (2021: $nil). The banking facility was newly secured in the year and includes a further $50m available by way of an accordion. The interest rate on the new facility is 2.10% plus SOFR (secured overnight financing rate). The new facility has a committed term to 23 December 2024 with options to extend by a further one or two years.

On 30 December 2022 the Group executed an amendment letter to update the covenant definition in the existing banking facility. The Group remains compliant with its previous covenant terms as at 30 November 2022. This facility remains $50m, split evenly across the new three bank club, also includes up to a further $50m available by way of an accordion. However, as part of the amended covenant definition, the amount of available facility is subject to a cap of 2.5 times the amount of 12 month rolling Adjusted Lender EBITDA, tested on a monthly basis.

22. Provisions

	As at 30 November 2022 $000s			As at 30 November 2021 $000s		
	Uncertain tax	**Warranty**	**Total**	Uncertain tax	Warranty	Total
At 1 December	**1,053**	**110**	**1,163**	1,110	117	1,227
Credited in the year	**(843)**	**(10)**	**(853)**	(57)	(7)	(64)
Foreign exchange adjustment	**-**	**(22)**	**(22)**	-	-	-
At 30 November	**210**	**78**	**288**	1,053	110	1,163

Provisions comprise amounts reserved against uncertain corporation tax positions and potential warranty costs.

The Group provides a warranty on its products of up to two years and makes a provision for future warranty expenditure based on past experience of return rates and specific product quality issues. The provision is expected to be utilised or reversed within the next two years.

An uncertain tax provision has been recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. These uncertainties relate to the application of OECD transfer pricing principles within the Group's subsidiaries. The provision has been materially reversed this year and is no longer material.

23. Financial assets and liabilities

Below is thew analysis of financial assets and liabilities measured at either amortised cost or at fair value. The accounting policies applied are set out in note 2.

Carrying value of financial assets and liabilities within the consolidated balance sheet:	As at 30 November 2022 $000s	As at 30 November 2021 $000s
Financial assets		
Trade and other receivables due after one year	**183**	235
Trade and other receivables due within one year	**18,218**	21,349
Cash and cash equivalents	**11,524**	14,182
Financial assets at amortised cost	**29,925**	35,766
Financial liabilities		
Trade and other payables at amortised cost	**23,379**	14,653
Accruals	**6,759**	7,909
Bank loan	**7,531**	35
Lease liabilities due within one year	**1,121**	966
Lease liabilities due after more than one year	**1,177**	1,002
Financial liabilities at amortised cost	**39,967**	24,565
Contingent consideration	**809**	1,117
Financial liabilities at fair value	**809**	1,117

There is no material difference between the fair value and book value of financial instruments.

24. Deferred tax

Deferred tax liability

The Group also had recognised deferred tax liabilities due to the tax effect of temporary differences because of the acquisition of subsidiaries as follows:

	As at 30 November 2022		As at 30 November 2021*	
Deferred tax liability	**Amount recognised $000s**	**Amount unrecognised $000s**	Amount recognised $000s	Amount unrecognised $000s
At 1 December	**1,069**	**-**	3,948	-
Recognised in the income statement	**(577)**	**-**	(3,384)	-
Acquisition of subsidiary (see note 28)	**682**	**-**	772	-
Foreign exchange adjustment	**(61)**	**-**	(267)	-
At 30 November	**1,113**	**-**	1,069	-

* See Note 28 regarding the restatement of prior year comparatives due to Nordija acquisition.

The $682,000 recognised on the acquisition of Exabre Limited relates to fair value adjustment to acquired intangibles.

Deferred tax asset

The Group had potential unrecognised deferred tax assets as follows:

	As at 30 November 2022 $000s	As at 30 November 2021 $000s
Tax effect of temporary differences because of:		
Differences between capital allowances and depreciation	**13**	33
Tax losses carried forward	**1,920**	909
Equity-settled share options	**-**	50
Other short-term temporary differences	**16**	14
	1,949	1,006

Factors that may affect the future tax charge

The directors recognise a deferred tax asset in respect of taxable losses based on their expectation of the Group generating taxable profits in the next 12 months. No deferred tax asset is recognised on a further $8.2m of other trading losses (2021: $4.2m).

During the year, the Group used $nil of tax losses (2021: $0.2m) that were previously unrecognised.

25. Share capital

	As at 30 November 2022 $000s	As at 30 November 2021 $000s
Allotted, called up and fully paid		
86,694,609 (2021: 86,419,410) Ordinary shares of 1p each	**1,488**	1,484

Reconciliation of movement in number of Ordinary shares of 1p each during the year:

	Ordinary shares of 1p each	**Treasury shares**	**Shares with voting rights**
At 1 December 2021	86,419,410	(1,531,458)	84,887,952
FokusOnTV contingent consideration (see note 28)	275,199	-	275,199
Exercise of share-based payments (see note 26)	-	48,956	48,956
At 30 November 2022	**86,694,609**	**(1,482,502)**	**85,212,107**

26. Share based payments

Options granted to current and former employees and non-executives and others were under unapproved share option schemes:

	As at 30 November 2022 Number	As at 30 November 2021 Number
Total share options outstanding as at year end	**4,080,119**	5,586,429

Options granted under these schemes will be satisfied out of ordinary shares of 1p each through shares held in Treasury by the Company. The number of options relating to current and former employees and non-executives over ordinary shares of 1p each, granted, lapsed or cancelled during the year was as follows:

Date granted	**Exercise price**	**As at 30 November 2021 Number**	**Granted Number**	**Exercised Number**	**Lapsed Number**	**As at 30 November 2022 Number**	**Notes**
November 2016	£1.59	1,285,887	-	-	(1,285,887)	-	
November 2016	£1.605	49,570	-	-	(49,570)	-	
May 2017	£2.09	20,000	-	-	(20,000)	-	
October 2017	£1.93	50,000	-	-	(50,000)	-	
July 2018	£1.985	236,524	-	-	-	**236,524**	
March 2019	£0.86	467,000	-	(93,000)	-	**374,000**	
July 2019	£0.00	535,000	-	-	-	**535,000**	(b)
March 2020	£1.13	648,000	-	-	(143,667)	**504,333**	(a)
March 2020	£0.00	130,000	-	-	(43,333)	**86,667**	(c)
September 2020	£0.00	387,600	-	-	-	**387,600**	(d)
September 2020	£1.245	205,000	-	(145,000)	(60,000)	-	(e)
March 2021	£1.675	660,000	-	-	(167,633)	**492,367**	(a)
March 2021	£0.00	95,800	-	-	(63,867)	**31,933**	(f)
May 2021	£1.41	488,048	-	-	(162,353)	**325,695**	(a)
August 2021	£0.00	328,000	-	-	-	**328,000**	(g)
November 2022	£0.89	-	778,000	-	-	**778,000**	(a)
		5,586,429	778,000	(238,000)	(2,046,310)	**4,080,119**	

26. Share based payments (continued)

Of the 238,000 options exercised in the year nil were exercised on a gross basis and 238,000 on a net basis resulting in only 48,956 treasury shares being utilised for the year (2021: of 693,914 options 459,414 exercised on a gross basis and 234,500 on a net basis).

Notes:

(a) These options will vest three years after the date of grant.

(b) The vesting conditions of these options are as set out in the table below:

Average share price for 90 days ending 15 July 2022 (pence)	Number of options vesting
< 120	-
120	133,750
120.5 – 127.0	160,500 – 508,250 (an additional 5% for each 0.5 pence by which the share price exceeds 120 pence)
≥127.5	535,000

As detailed within the Remuneration Committee report, the three year performance period for the option grant dated 15th July 2019 expired during the year. The Remuneration Committee assessed the performance conditions, and found that as of that date they had been met in full. However, vesting of the options could not occur because of a close period, which did not end until 24th October 2022.

Given the significant change in trading circumstances between these two dates the Remuneration Committee again considered these option grants on 17th November 2022. It was agreed that the performance conditions had clearly been met at the end of the performance period, so the options had been earned, but that vesting in the immediate aftermath of the trading update would not be in the interest of shareholders. Consequently the Remuneration Committee reached agreement with the two option holders to defer vesting of the options until 29th March 2023. This deferral was without conditions save only for the individuals' continued employment in the Group.

€ The vesting conditions of these options are as set out in the table below:

Average share price for 90 days ending 19 March 2023 (pence)	Number of options vesting
< 160	-
160	32,500
160 – 167.5	39,000 – 123,500 (an additional 5% for each 0.5 pence by which the share price exceeds 160 pence)
≥167.5	130,000

(d) The vesting conditions of these options are as set out in the table below:

Average share price for 90 days ending 9 September 2023 (pence)	Number of options vesting
< 168	-
168	96,900
168.5 – 175.5	116,280 – 368,220 (an additional 5% for each 0.5 pence by which the share price exceeds 168 pence)
≥175.5	387,600

(e) These options vested on 16 August 2021 and lapsed 16 August 2022.

(f) The vesting conditions of these options are as set out in the table below:

Average share price for 90 days ending 22 March 2024 (pence)	Number of options vesting
< 160	-
160	23,950
160 – 167.5	28,740 – 91,010 (an additional 5% for each 0.5 pence by which the share price exceeds 160 pence)
≥167.5	95,800

26. Share based payments (continued)

(g) The vesting conditions of these options are as set out in the table below:

Average share price for 90 days ending 8 August 2024 (pence)	Number of options vesting
< 180.5	-
180.5	82,000
180.5 – 192	98,400 – 311,600 (an additional 5% for each 0.5 pence by which the share price exceeds 180.5 pence)
≥192	328,000

All other options excluding (a)-(g) as noted above have vested in full.

For options exercised in year:

- The weighted average exercise price of options exercised was £1.09 (2021: £0.69).
- The weighted average share price at date of exercise was £1.39 (2021: £1.59).

For options granted in year:

- The weighted average fair value of options granted was £0.17 (2021: £0.43).
- The weighted average exercise price of options granted was £0.89 (2021: £1.15).

For options lapsed in year:

- The weighted average exercise price of options lapsed was £1.47 (2021: £1.62).

At 30 November 2022 there were a total of 4,080,119 options outstanding of which 610,524 had vested and were exercisable with a weighted average exercise price of £1.30 (2021: 1,846,981 exercisable options with a weighted average exercise price of £1.62). The options outstanding at the end of the year have a weighted average contractual life of 1.0 years (2021: 0.8 years).

During the year the Group recognised a total expense relating to employee share-based payments under the equity-settled and cash-settled compensation plans as follows:

	As at 30 November 2022 $000s	As at 30 November 2021 $000s
Equity-settled share-based payments	**408**	529
Cash-settled compensation plans	**(1)**	550
	407	1,079

26. Share based payments (continued)

The fair values of options granted were determined using a Black-Scholes model or Monte Carlo simulation option pricing model that takes into account factors specific to the share option plans, such as the vesting period. The related performance condition, being a market condition, has been incorporated into the measurement by means of actuarial modelling. The following principal assumptions were used in the valuation:

Grant date	30 November 2022	9 August 2021	27 May 2021	22 March 2021	12 March 2021	9 September 2020	19 March 2020	18 March 2020
Vesting period ends	30 November 2025	9 August 2024	27 May 2024	22 March 2024	12 March 2024	9 September 2023	19 March 2023	18 March 2023
Share price at date of grant	£0.91	£1.50	£1.41	£1.645	£1.675	£1.26	£1.13	£1.13
Volatility	36.08%	41.03%	36.54%	40.52%	36.14%	31.2%	38.9%	38.9%
Option life	3 years	3 years	4 years	3 years	4 years	3 years	3 years	4 years
Dividend yield	1.42%	2.44%	2.88%	3.15%	3.53%	3.0%	4.5%	4.5%
Risk-free investment rate	2.93%	0.06%	0.38%	0.15%	0.15%	0%	0.39%	0.48%
Fair value at grant date	£0.24	£0.68	£0.31	£0.89	£0.34	£0.36	£0.35	£0.23
Exercise price at date of grant	£0.89	£0.00	£1.41	£0.00	£1.675	£0.0	£0.00	£1.13
Exercisable to	30 November 2027	9 August 2026	27 May 2026	22 March 2026	12 March 2026	9 September 2025	19 March 2025	18 March 2025

The underlying expected volatility was determined by reference to the Company's historical share price movements

Cash-settled compensation plan

The number of options relating to the cash-settled compensation plan for current employees during the year was as follows:

Date granted	As at 30 November 2021 Number	Granted Number	Exercised Number	Lapsed Number	As at 30 November 2022 Number	Notes
25 March 2019	155,587	-	(154,587)	(1,000)	**-**	(a)
12 March 2020	159,904	-	-	(59,803)	**100,101**	(a)
19 March 2021	200,706	-	(183,515)	(17,191)	**-**	(b)
06 April 2022	-	229,051	-	(3,000)	**226,051**	(a)
	516,197	229,051	(338,102)	(80,994)	**326,152**	

Notes:

(a) These options will vest three years after the date of grant.

(b) These options vested one year after the date of grant.

26. Share based payments (continued)

The fair values of options granted were determined using a Black-Scholes model simulation option pricing model that takes into account factors specific to plan, such as the vesting period. The following principal assumptions were used in the valuation:

Grant date	Vesting & exercise period ends	Share price at date of grant	Volatility	Option life	Dividend yield	Risk-free investment rate	Fair value at grant date	Exercise price at date of grant
12 March 2020	12 March 2023	£1.19	31.23%	3	4.50%	0.00%	£1.07	£0.00
19 March 2021	19 March 2022	£1.655	26.21%	1	2.39%	0.15%	£1.62	£0.00
06 April 2022	06 April 2025	£1.33	17.68%	3	2.97%	0.15%	£1.22	£0.00

The options granted under this compensation plan will be cash-settled and based on the average closing share price between grant date and vesting date, which is remeasured at each reporting date. The fair values of each as at the reporting date are:

	Fair value at 30 November 2022	Fair value at 30 November 2021
25 March 2019	**n/a**	£1.31
12 March 2020	**£0.90**	£1.42
19 March 2021	**n/a**	£1.57
06 April 2022	**£0.80**	n/a

27. Investment in own shares

Offset within the Group profit and loss reserve at 30 November 2022 is an amount of $126 (2021: $126) representing the cost of own shares held. These shares are held by the EBT as detailed in note 1 to the parent company financial statements.

A further $2,097,639 (2021: $2,331,216) is offset within the Group profit and loss reserve at 30 November 2022 in relation to 1,482,502 of the Company's own shares repurchased in 2011 and 2014 and held in treasury less those used to settle part of the contingent post acquisition remuneration payable relating to the acquisition of Entone, Inc (completed in 2015) and to settle SAYE exercises in prior years.

28. Acquisition of subsidiaries

On 4 April 2022, the Group acquired 100% of the issued share capital of Exabre Limited (trading as 24iQ (formerly the Filter)), a UK-headquartered AI-powered video recommendation service for consideration up to £4.0m ($5.2m).

The Filter's technology will significantly accelerate the roadmap of 24i's video streaming platform by adding enhanced analytics, recommendations and personalisation to its existing data analytics services. 24i will also market The Filter's managed service solution to its existing OTT and Pay TV customers and prospects as a standalone service.

The acquisition represents a further supportive step along the Group's 2025 strategy which addresses the convergence of streaming services and traditional Pay TV. It is also in line with the Group's objective to acquire key and emerging technologies that add value to its platform's capabilities. The acquisition was completed in British Pound.

The preliminary amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

	Book value $000	Fair value adjustment $000	Fair value $000
Identifiable intangible assets	-	2,728	2,728
Right of use assets	69	-	69
Property, plant and equipment	3	-	3
Current assets			
• Current trade and other receivables	320	-	320
• Cash and cash equivalents	4	-	4
Liabilities			
• Current trade and other payables	(259)	-	(259)
• Lease liability	(69)	-	(69)
• Deferred tax liability	-	(682)	(682)
Total identifiable assets and liabilities	68	2,046	2,114
Goodwill (see note 14)			1,586
Total consideration			**3,700**

Satisfied by:	Fair value $000
Initial consideration:	
• Cash	1,549
Deferred consideration:	
• Cash	327
Contingent consideration:	
• Payable in cash	2,330
Total gross consideration	**4,206**
Impact of discounting deferred and contingent consideration	(506)
Total consideration	**3,700**

28. Acquisition of subsidiaries (continued)

Total consideration	**3,700**
Net cash outflow arising on acquisition	
Cash consideration	1,549
Less: cash and cash equivalent balances acquired	(4)
Net cash outflow on acquisition	**1,545**

The estimated goodwill of $0.5m arising from the acquisition consists of expected growth in the provision of user personalisation managed services. None of the goodwill is expected to be deductible for income tax purposes.

Total consideration transferred includes £0.3m ($0.3m) of deferred cash consideration, payable in October 2023. Contingent consideration is payable up to £2.5m ($3.2m), subject to achieving certain annual recurring revenue ("ARR") growth. The contingent consideration will be settled in cash and payable in two tranches, at the first and second anniversaries of the acquisition. At the acquisition date, the estimated fair value of the contingent consideration was $1.8m based on the ARR forecasts. Management has re-assessed the fair value of the contingent consideration as at the balance sheet to be $1.3m. The reduction in the liability of $0.5m has been recognised in the consolidated income statement as finance income (see note 7).

The costs of the acquisition were $0.2m. 24iQ (formerly the Filter) contributed $0.4m to revenue and $0.2m loss to the Group's operating profit for the year since the acquisition date. If the acquisition of 24iQ (formerly the Filter) had been completed on the first day of the financial year, Group revenues for the year would have been $91.3m and operating loss would have been $4.0m.

Acquisition in the prior period – FokusOnTV (formerly Nordija)

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

During the current period, and within the measurement period (which shall not exceed one year from the acquisition date, an additional intangible asset was identified which adjusted the provisional amounts recognised for this business combination. An intangible asset of $0.6m in relation to a contract asset has subsequently been recognised. This has resulted in the following remeasurements to the initial provisional estimated fair value adjustments:

- Increase to fair value of identifiable intangibles assets of $0.5m ($0.6m in relation to the contract asset, less $0.1m reduction to other identifiable intangible assets previously recognised);
- Increase to deferred tax liability of $0.1m in relation to the above adjustment; and
- Decrease to goodwill of $0.4m (previously reported goodwill of $3.3m)

During the measurement period, the Group has retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect new information obtained, as noted above, about facts and circumstances that existed as of the acquisition date. These changes were identified within 12 months of the acquisition date. The updated fair value of identifiable assets and liabilities at the acquisition date is disclosed in the table on the next page.

28. Acquisition of subsidiaries (continued)

	Book value $000	Fair value adjustment as previously reported $000	Adjustment to initial estimated fair value $000	Fair value $000
Identifiable intangible assets	2,523	1,865	500	4,888
Right of use assets	468	-	-	468
Property, plant and equipment	115	-	-	115
Non-current trade and other receivables	41	-	-	41
Current assets				
• Current trade and other receivables	787	(90)	-	697
• Cash and cash equivalents	269	-	-	269
Liabilities				
• Current trade and other payables	(1,781)	(66)	-	(1,847)
• Lease liability	(468)	-	-	(468)
• Deferred tax liability	(252)	(410)	(110)	(772)
Total identifiable assets and liabilities	1,702	1,299	390	3,391
Goodwill (see note 14)				2,950
Total consideration				**6,341**

The contract asset of $0.6m has been amortised in line with the associated customer contract revenue recognition. Accordingly, $0.5m should have been recognised in the consolidated income statement for the year ended 30 November 2021 as amortisation on acquired intangibles. Furthermore, $0.1m of the incremental deferred tax liability recognised in relation to the contract asset has been released in the consolidated income statement for the year ended 30 November 2021.

Satisfied by:	Fair value $000
Initial consideration:	
• Cash	5,018
• Equity instruments (315,511 ordinary shares of Aferian plc)	659
Contingent consideration:	
• Cash	144
• Equity instruments (292,030 ordinary shares of Aferian plc)	610
Total consideration before discounting	**6,431**
Fair value adjustment in relation to discounting contingent consideration	(90)
Total consideration transferred	**6,341**
Net cash outflow arising on acquisition	
Cash consideration	5,018
Less: cash and cash equivalent balances acquired	(269)
Net cash outflow on acquisition	**4,749**

28. Acquisition of subsidiaries (continued)

The fair value of the financial assets includes trade receivables with a fair value of $0.5m and a gross contractual value of $0.6m. The best estimate at acquisition date of the contract cash flows not to be collected is $0.1m.

Goodwill of $3.0m 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.

Contingent consideration

During the year, all targets associated with the contingent consideration payment were successfully satisfied in full. Accordingly, the following payments and issue of equity were made during the year:

- On 31 March 2022, the Group paid an amount of €0.5m ($0.6m), of which €0.1m ($0.1m) was settled in cash and the remaining €0.4m ($0.5m) through the issue of 222,430 new ordinary shares of 1p each in the capital of the Company.

  On 17 October 2022, the Group paid the remaining amount due of €0.1m ($0.1m), of which €0.03m ($0.03m) was settled in cash and the remaining €0.07m ($0.07m) through the issue of 52,769 new ordinary shares of 1p each in the capital of the Company.

29. Notes supporting statement of cash flows

Cash generated from operations	**Year to 30 November 2022 $000s**	Year to 30 November 2021 $000s
(Loss)/profit for the year	(17,422)	5,364
Tax charge/(credit)	512	(582)
Net finance costs	313	398
Amortisation charge*	9,928	9,062
Depreciation charge	1,684	1,611
Goodwill impairment charge	12,488	-
Loss on disposal of property, plant and equipment	4	9
Share based payment charge	407	1,079
Exchange differences	(1,451)	(249)
(Increase)/decrease in inventories	(6,665)	399
Decrease/(increase) in trade and other receivables	2,283	(6,795)
Decrease in provisions	(10)	(64)
(Decrease)/increase in trade and other payables	246	3,881
Increase in payables for aborted acquisition costs	4,072	-
Cash generated from operations	**6,389**	14,113

* Refer to note 14 for amortisation charge details

29. Notes supporting statement of cash flows (continued)

Adjusted operating cash flow before exceptional cash outflows was $8,937,000 (2021: $16,672,000).

	Year to 30 November 2022 $000s	Year to 30 November 2021 $000s
Adjusted operating cashflow	**8,937**	16,672
Post-acquisition remuneration in respect of the acquisition of 24i Unit Media BV	**-**	(1,270)
Redundancy and associated costs	**(1,072)**	(304)
Acquisition and one-off legal costs	**(432)**	(606)
Aborted acquisition costs	**(1,044)**	(379)
Cash generated from operations	**6,389**	14,113

	Current loans and borrowings $000s	**Put option liability $000s**	**Total $000s**
At 30 November 2020	130	3,356	**3,486**
Cash flows	(123)	(1,180)	**(1,303)**
Non-cash flows			
Share issue in relation to put option liability	-	(2,719)	**(2,719)**
Effects of foreign exchange	-	11	**11**
Interest accruing in the year	28	532	**560**
At 30 November 2021	**35**	**-**	**35**
Cash flows	**6,969**	**-**	**6,969**
Non-cash flows			
Interest accruing in the year	**527**	**-**	**527**
At 30 November 2022	**7,531**	**-**	**7,531**

30. Contingent liabilities

As detailed on page 46 within the Remuneration Committee Report, a contingent liability exists in relation to a special bonus scheme for three Executive Directors which would pay out, in the event of a change of control, a sum linked to the growth in share price since July 2019, subject to an initial uplift requirement, payable in cash or shares at the Remuneration Committee's discretion. In respect of this bonus scheme, no amount has been accrued as settlement is not deemed probable at the balance sheet date.

The Group had no other contingent liabilities at 30 November 2021 or 30 November 2022.

31. Pension commitments

The Group operates a number of defined contribution schemes for employees and also makes contributions to the private pension plans of a small number of employees.

The Group's pension charge for the year was $847,000 (2021: $1,012,000). A payable of $98,000 is included within other payables at 30 November 2022 (2021: $87,000) in respect of the final month's contributions.

32. Related party transactions

Dividends totalling $3,542 (2021: $23,664) were paid in the year in respect of ordinary shares held by the Company's directors.

			Balances owed by/(to) the Group		**Purchases by the Group**	
Name of related party	Nature of purchases	Relationship	**As at 30 November 2022 $000s**	As at 30 November 2021 $000s	**Year to 30 November 2022 $000s**	Year to 30 November 2021 $000s
Steve Oetegenn	Director fees only	Non-executive director	**(4)**	42		37
	Consultancy services			137		77
Progressive Equity Research Limited	Company research services	Stephen Vaughan, non-executive director until his resignation on 27 April 2023, is also a director of Progressive	**-**	25		52
Red Embedded Consulting Ltd	Technical consulting services	Karen Bach, chair and director in the year, is also a director of Red Embedded's parent company	**-**	-		258

There were no sales to related party companies. Directors fees and consultancy services payable to Steve Oetegenn have been disclosed in the directors' remuneration report on page 44.

33. Post balance sheet events

On 30 December 2022 the Group executed an amendment letter to update the covenant definition in the existing banking facility with Barclays Bank plc, Silicon Valley Bank, and Bank of Ireland secured on 23 December 2021. The Group remains compliant with its previous covenant terms as at 30 November 2022. This facility remains $50m, split evenly across the new three bank club, also includes up to a further $50m available by way of an accordion. However, as part of the amended covenant definition, the amount of available facility is subject to a cap of 2.5 times the amount of 12 months rolling Adjusted Lender EBITDA, tested on a monthly basis. The facility has a committed term to 23 December 2024 with options to extend by a further one or two years.

On Friday 10th March Silicon Valley Bank ("SVB") was closed in the USA with the Federal Deposit Insurance Corporation (the "FDIC") appointed as receiver and SVB's UK subsidiary, Silicon Valley Bank UK Limited ("SVBUK"), ceased making payments or accepting deposits.

The Group uses SVB and City National Bank for its day to day operational cash flow requirements in the USA. On Friday 10th March the Group had US$929,000 on deposit with SVB of which $250,000 was insured by the Federal Deposit Insurance Corporation. The Group does not use SVB for its day to day operational cash requirements in any other country than the USA. Over the weekend of the 11th and 12th March 2023 management implemented a mitigation plan of using City National Bank in the USA to receive all cash from customers and to pay its USA base staff using US Dollar deposits held with Barclays in the UK . In addition, the Aferian Group has a $50 million loan facility with SVB, Barclays and Bank of Ireland which matures in December 2024 and on 10th March 2023 this was partially drawn. Should SVBUK have become a defaulting lender under this facility and not provide further loans then this facility would have reduced to $40 million, which was more than adequate to provide the Group with sufficient liquidity. Consequently, management did not believe that the closure of SVB in the USA and subsequent cessation of trading of SVBUK would have had a material impact on its operations.

On Monday 13th March the FDIC confirmed that all deposits held with SVB would be guaranteed and the Group regained access to its deposits later that day. In addition, HSBC plc purchased SVBUK and management received confirmation that it would not become a defaulting lender under the Group's $50 million loan facility.

There are no other post balance sheet events requiring disclosure in the financial statements for the year ended 30 November 2022.

COMPANY BALANCE SHEET

For the year ended 30 November 2022

	Notes	As at 30 November 2022 £000s	As at 30 November 2021 £000s
Fixed assets			
Investments	3	**35,706**	35,397
Current assets			
Debtors: amounts falling due within one year	4	**16,729**	13,912
Cash at bank and in hand		**152**	1,503
		16,881	15,415
Creditors: amounts falling due within one year	5	**(6,071)**	(617)
Net current assets		**10,810**	14,798
Total assets less liabilities being net assets		**46,516**	50,195
Capital and reserves			
Called-up share capital	6	**867**	864
Share premium		**26,577**	26,173
Merger reserve		**8,955**	8,955
Capital redemption reserve		**6**	6
Profit and loss account		**10,111**	14,197
Total shareholder funds		**46,516**	50,195

As permitted by Section 408 of the Companies Act 2006, the Parent Company's profit and loss account has not been included in these financial statements. The Parent Company's loss after tax was £1,765,235 (2021: profit £1,671,324).

The financial statements were approved and authorised for issue by the Board of directors on 15 May 2023 and were signed on its behalf by:

Donald McGarva
Director

Mark Carlisle
Director

Registered number: 05083390

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2022

	Notes	Share capital £000s	Share premium £000s	Merger reserve £000s	Capital redemption reserve £000s	Profit and loss £000s	Total £000s
At 30 November 2020		781	23,748	-	6	14,241	38,776
Profit for the year		-	-	-	-	1,671	1,671
Total comprehensive income		-	-	-	-	1,671	1,671
Dividends paid		-	-	-	-	(2,256)	(2,256)
Exercise of employee share		-	-	-	-	149	149
options		-	-	-	-	392	392
Share based payment charge		83	2,425	8,955	-	-	11,463
Issue of share capital							
Total transactions with shareholders		83	2,425	8,955	-	(44)	11,419
At 30 November 2021		**864**	**26,173**	**8,955**	**6**	**14,197**	**50,195**
Loss for the year		-	-	-	-	(1,764)	(1,764)
Total comprehensive loss		-	-	-	-	(1,764)	(1,764)
Dividends paid	7	-	-	-	-	(2,630)	(2,630)
Share based payment charge		-	-	-	-	308	308
Issue of share capital	6	3	404	-	-	-	407
Total transactions with shareholders		3	404	-	-	(4,086)	(3,679)
At 30 November 2022		**867**	**26,577**	**8,955**	**6**	**10,111**	**46,517**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

For the year ended 30 November 2022

1. Summary of significant accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to both the years presented, unless otherwise stated.

Basis of preparation

The financial statements of Aferian plc have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") and the Companies Act 2006. A summary of the significant accounting policies, which have been reviewed by the Board of directors is set out below. The financial statements are prepared in accordance with the historical cost convention.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102, as it is a qualifying entity and its financial statements are included in the consolidated financial statements of its ultimate parent company, Aferian plc:

- A reconciliation of the number of shares outstanding at the beginning and end of the period;
- Disclosures for financial assets and financial liabilities;
- Key management personnel compensation in total.

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12 (b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Aferian plc, includes the Company's cash flows in its consolidated financial statements.

Going concern

The Company's subsidiary undertakings had net cash resources of $11.5m (2021: $12.2m) at the balance sheet date and an external multicurrency credit facility of up to $50.0m, of which $7.5m was drawn at 30 November 2022 (2021: $nil). During the year, one of the Company's subsidiary undertakings replaced this facility with a new, increased facility of $50.0m. The new facility expires on 23 December 2024 with options to extend by a further one or two years. However, given the relationship between the Company and the Group it is part of, its going concern position is interrelated to that of its Group. This assessment is detailed in Note 1 to the Group's financials on page 73.

For the Group, The directors have prepared a base case cash flow forecast covering a period of at least 12 months from the date of approval of the financial statements. In addition, they have prepared, various sensitised analyses. These reflect a variety of possible cash flow scenarios where the Group achieves further reduced revenues, and reduction in gross margins and combinations of both, together, if required, with the timely deployment of cost containment and reductions measures that are aligned with the anticipated levels of performance. Overall, if the base case forecast is achieved, the Group will be able to operate within its existing working capital facilities. However, the recovery of the Amino division revenues, continued growth in 24i division revenues and cash conversion expected in H2 2023 are key. Failure to achieve the base case view of forecast sales pipeline conversion assumed in the forecasts could result in the Group failing to comply with financial covenants associated with its existing banking facility, potentially resulting in the facilities being withdrawn.

The group's directors are currently in active discussions with the Group's existing loan facility providers to seek solutions in order to increase the safety headroom based on the current covenant definitions. Should those not be successful we may need to seek additional funding through a placement of shares or other sources of funding which have not yet been secured. The Group has a history of successfully negotiating covenant revision, and raising financing.

1. Summary of significant accounting policies (continued)

Taking account of the above, the parent company's Directors have concluded that the circumstances set forth above indicates the existence of material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. However, given the Group's current performance, the company's Directors have considered it is appropriate to prepare the financial statements on a going concern basis and the financial statements do not include the adjustments that would be required if the company were unable to continue as a going concern.

Investments

Investments are stated at cost, less any provisions for impairment in value.

At each reporting date, investments are assessed to determine whether there is an indication that they may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtained as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

Debtors

Short term debtors, including amounts due from related party undertakings, are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Contingent consideration

The contingent consideration in the prior year related to the acquisition of FokusOnTV (formerly Nordija) . This was settled in full during the year following successfully completion of the targets associated with the consideration payment. Further details are provided in note 28 of the consolidated financial statements.

Employee share option schemes

The Company grants options over its equity instruments to the employees of its subsidiaries; there is no share-based payment charge in the Company where the recipients are employed by a subsidiary. The carrying value of the investment in these subsidiaries is increased by an amount equal to the fair value of the share-based payment charge attributable to the option holders in the respective subsidiaries and a credit to equity.

1. Summary of significant accounting policies (continued)

An Employee Benefit Trust (EBT) is maintained in order to facilitate the exercise of these share options. This is aggregated into the Parent Company in accordance with FRS 102. The costs of purchasing own shares held by the EBT are deducted from profit and loss reserves. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Company's income statement or statement of comprehensive income. When shares are subsequently transferred to employees for less than their purchase price the difference is a realised loss recognised directly in reserves.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Reserves

Equity includes the following reserves:

- Called up share capital represents the nominal value of shares that have been issued (see note 6).
- Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.
- Merger reserve resulted from the issue of shares in May 2021 undertaken using a cashbox structure.
- Capital redemption reserve comprises the repurchase and cancellation of own shares on 15 April 2008.
  Profit and loss account includes all current and prior period retained profits and losses.

2. Profit for the year

The profit for the year includes a dividend received from its subsidiary Amino Holdings Limited of £851,591 (2021: £1,422,851). Directors' emoluments are disclosed in the Remuneration Committee report on page 44. The Company had no employees in either year. The audit fee for the Parent Company was £3,200 (2021: £3,200). This expense was met by a subsidiary.

3. Fixed asset investments

	30 November 2022	30 November 2021
	£000s	£000s
Cost and net book value as at 1 December	**35,397**	27,601
Capital contributions arising from share-based payments charge	**309**	392
Increased capital contribution in subsidiary undertaking	**-**	7,404
Cost and net book value as at 30 November	**35,706**	35,397

3. Fixed asset investments (continued)

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of shares and voting rights held by the Group
Amino Holdings Limited	England and Wales	Ordinary shares of 1p each	100%
Amino Communications Limited	England and Wales	Ordinary shares of £1 each	*100%
Amino Communications LLC	Delaware, USA	Ordinary shares of $1 each	*100%
Amino Communications Employee Benefit Trust	England and Wales	Ordinary shares of £1 each	*100%
Amino Communications AB	Sweden	Ordinary shares of SEK 100	*100%
Amino Communications Oy	Finland	Ordinary shares of €1 each	*100%
Amino Technologies (US) LLC	Delaware, USA	Ordinary shares of $0.0001 each	*100%
Amino Technologies (HK) Limited	SAR Hong Kong	Ordinary shares of HKD 59.2 each	*100%
24i Holdings Limited	England and Wales	Ordinary shares of £0.01 each	*100%
Robbie BV	Netherlands	Ordinary shares of €1 each	*100%
24i Unit Media BV	Netherlands	Ordinary shares of €1 each	*100%
24i Unit Media Inc	California, USA	Ordinary shares of $1 each	*100%
24i Media s.r.o	Czech Republic	Ordinary shares of CZK1 each	*100%
Mautilus s.r.o	Czech Republic	Ordinary shares of CZK each	*100%
24i Media ES S.L.	Spain	Ordinary shares of €1 each	*100%
Stream1 Holding BV	Netherlands	Ordinary shares of €1 each	*100%
Stream1 BV	Netherlands	Ordinary shares of €1 each	*100%
Stream1 IP BV	Netherlands	Ordinary shares of €1 each	*100%
24i Unit Media A/S (formerly Nordija A/S)	Denmark	Ordinary shares of DKK 1 each	*100%
24i Unit Media Limited (formerly Exabre Limited)	England and Wales	Ordinary shares of 1p each	*100%

*indirectly held

All of the above subsidiaries are included within the consolidated financial statements of Aferian plc for the year ended 30 November 2022.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

For the year ended 30 November 2022

3. Fixed asset investments (continued)

Name of undertaking	Registered Office	Activity
Amino Holdings Limited	Botanic House, 100 Hills Road, Cambridge CB2 1PH	Non-trading intermediate holding company
Amino Communications Limited	Botanic House, 100 Hills Road, Cambridge CB2 1PH	Development of software technologies and customer-premises' products for the IPTV and video streaming market.
Amino Communications LLC	Botanic House, 100 Hills Road, Cambridge CB2 1PH	Non-trading intermediate holding company
Amino Communications Employee Benefit Trust	Botanic House, 100 Hills Road, Cambridge CB2 1PH	Holds a number of shares in the Company for the benefit of the employees and former employees of the Company and its subsidiaries to provide employees with the opportunity of acquiring shares in the Company
Amino Communications AB	Botanic House, 100 Hills Road, Cambridge CB2 1PH	Dormant
Amino Communications Oy	Annankatu 31-33 E, FI-00100 Helsinki, Finland	Provision of Cloud-TV technology as a service, enabling broadcasters, operators and copyright owners to deliver TV services
Amino Technologies (US) LLC	1633 Bayshore HWY, Suite, 338, Burlingame, CA 94010, USA	Marketing and distribution of products of Amino Communications Limited in North America
Amino Technologies (HK) Limited	Level 20, Billion Plaza Two,10 Cheung Yue Street, Lai Chi Kok, Hong Kong	Software development and after sales services
24i Holdings Limited	Botanic House, 100 Hills Road, Cambridge CB2 1PH	Non-trading intermediate holding company
Robbie BV	Transformatorweg 78, 1014 AK Amsterdam, The Netherlands	Non-trading intermediate holding company
24i Unit Media BV	Transformatorweg 78, 1014 AK Amsterdam, The Netherlands	Development and deployment of TV apps for every screen, from set-top boxes, SmartTVs and media players to game consoles, tablets and mobile phones
24i Media USA Inc	1633 Bayshore HWY, Suite, 338, Burlingame, CA 94010, USA	See 24i Unit Media BV
24i Media s.r.o	Londýnské náměstí 1, 639 00 Brno, Czech Republic	See 24i Unit Media BV
Mautilus s.r.o	U Vodárny 3032/2a, Brno, Postal Code 616 00, Czech Republic	See 24i Unit Media BV
24i Media ES S.L.	Calle del Prado 4 1°B, 28014 Madrid Spain	See 24i Unit Media BV
Stream1 Holding BV	Transformatorweg 78, 1014 AK Amsterdam, The Netherlands	Non-trading intermediate holding company
Stream1 BV	Transformatorweg 78, 1014 AK Amsterdam, The Netherlands	See 24i Unit Media BV
Stream1 IP BV	Transformatorweg 78, 1014 AK Amsterdam, The Netherlands	Holding company for Intellectual Property
24i Unit Media A/S (formerly Nordija A/S)	Gl. Lundtoftevej 1 E,DK- 2800 Kgs. Lyngby, Denmark	Develops and sells a software platform for TV and video services
24i Unit Media Limited (formerly Exabre Limited)	Botanic House, 100 Hills Road, Cambridge, CB2 1PH	Develops and sells recommendation services and data analytics tool

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

For the year ended 30 November 2022

3. Fixed asset investments (continued)

Statutory instrument exemption

The following subsidiary is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Act:

- 24i Unit Media Limited (formerly Exabre Limited)

4. Debtors

	As at 30 November 2022 £000s	As at 30 November 2021 £000s
Amounts owed by Group undertakings	**16,398**	13,840
VAT	**332**	-
Corporation tax receivable	**(1)**	72
	16,729	13,912

Amounts owed to the Company are unsecured, due on demand and may be subject to a market rate of interest. However, to the extent the counterparties are unable to do so, the company does not intend to recall the amounts due within one year.

5. Creditors

Amounts falling due within one year	**As at 30 November 2022 £000s**	As at 30 November 2021 £000s
Contingent consideration	**-**	526
Trade creditors	**3,849**	-
Amounts owed to Group undertakings	**2,222**	91
	6,071	617

The contingent consideration in the prior year was in relation to the acquisition of 24i Unit Media A/S (formerly Nordija A/S). This was fully settled in the year following successful completion of the targets associated with the consideration. Further details are provided in note 28 to the consolidated financial statements.

The increase to trade creditors relates to unpaid fees associated with an aborted acquisition. See note 6 of the consolidated financial statements for further information.

Amounts owed to the Group undertakings are unsecured, due on demand and subject to a market rate of interest.

6. Share capital

	As at 30 November 2022 £000s	As at 30 November 2021 £000s
Allotted, called up and fully paid		
86,694,609 (2021: 86,419,410) Ordinary shares of 1p each	**867**	864

The Company holds 1,482,502 of its own shares in treasury (2021: 1,531,458).

Reconciliation of movement in number of Ordinary shares of 1p each during the year:

	Ordinary shares of 1p each	**Treasury shares**	**Shares with voting rights**
At 1 December 2021	86,419,410	(1,531,458)	84,887,952
Nordija contingent consideration (see Group note 28)	275,199	-	275,199
Exercise of share based payments (see Group note 26)	-	48,956	48,956
At 30 November 2022	**86,694,609**	**(1,482,502)**	**85,212,107**

7. Dividends

Amounts recognised as distributions to equity holders in the year:

	Year to 30 November 2022 £000s	Year to 30 November 2021 £000s
Final dividend for the year ended 30 November 2021 of 2.09p (2021: 1.87p for year ended 30 November 2020) per share	**1,780**	1,423
Interim dividend for the year ended 30 November 2022 of 1.0p (2021: 1.0p) per share	**850**	833
	2,630	2,256

The Board of directors has proposed a final dividend of £nil for the current financial year (2021: £1,780,000). This bringing the total for 2022 to 1.00 pence per share (2021: 2.87 pence). The proposed dividend is subject to approval by shareholders at the Annual General Meeting ("AGM").

8. Share based payments

Information on share options which have been granted to directors and employees are given in note 26 to the consolidated financial statements.

9. Related party transactions

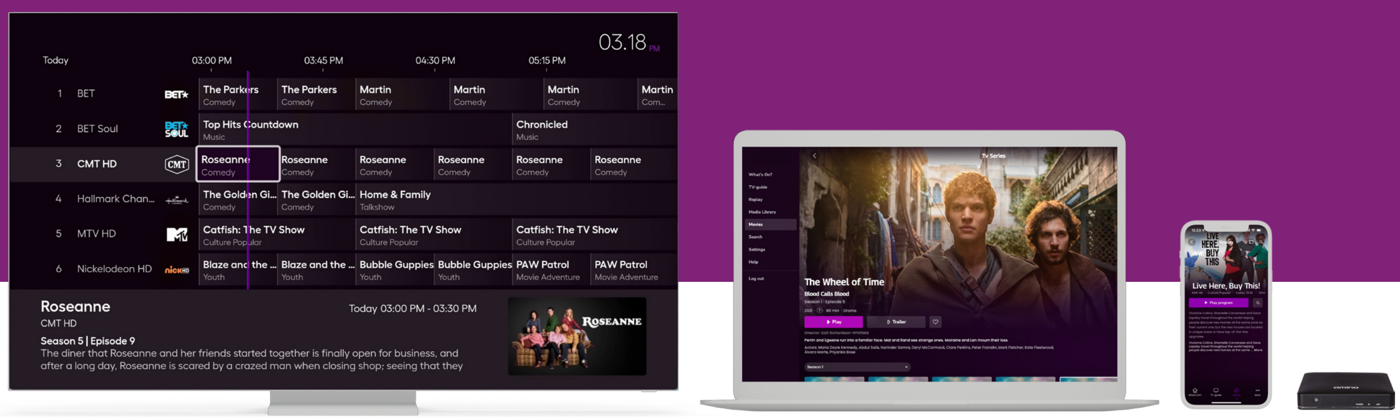
The Company takes advantage of the exemption under FRS102 for transactions with wholly owned group companies. There were no other related party transactions during the year, other than dividends totalling £2,868 (2021: £17,107) paid in the year in respect of ordinary shares held by the Company's directors.

AFERIAN PLC

Directors	**Mark Wells,** Non-executive Chairman **Donald McGarva,** Chief Executive Officer **Mark Carlisle,** Chief Financial Officer **Steve Oetegenn,** Executive Director **Bruce Powell,** Non-executive Director **Max Royde,** Non-executive Director
Registered Office	Botanic House 100 Hills Road Cambridge CB2 1PH
Secretary	**Robert Hart**
Nominated Adviser and Stockbroker	**Investec plc** 30 Gresham Street London EC2V 7QP
Auditor	**BDO LLP** 55 Baker Street Marylebone London W1U 7EU
Solicitors to the Company	**Bryan Crave Leighton Paisner** Governor's House 5 Laurence Pountney Hill London EC4R 0BR
Registrars and Receiving Agents	**Link Group** 10th Floor, Central Square 28 Wellington Street Leeds LS1 4DL
Head Office	**Aferian plc** 1010 Cambourne Business Park Cambourne Cambridge CB23 6DP Tel: +44 (0) 1223 598 197

GLOSSARY OF TERMS

- **24i**: A division of Aferian plc offering an end-to-end streaming platform and associated services to Pay TV operators and other streaming service providers. It incorporates the acquisitions of 24i Unit Media A/S (Nordija), 24i Unit Media Ltd (The Filter) and Amino Communications Oy (Booxmedia).
- **Adjusted cash flow from operations before tax**: cashflow from operations excluding exceptional items.
- **Adjusted EBITDA**: Operating profit that excludes depreciation, amortisation, interest, tax, impairment of goodwill, exceptional items and share-based payment charges.
- **Adjusted free cash flow**: adjusted cash flow from operations, less capital expenditure, IFRS 16 lease payments, taxation and net interest.
- **Adjusted operating profit**: Operating profit that excludes amortisation of acquired intangibles assets, impairment of goodwill, exceptional items and share-based payment charges.
- **Android TV**: A smart TV operating system based on Android and developed by Google for television sets, digital media players, set-top boxes, and soundbars.
- **Amino**: A division of Aferian plc selling streaming devices, associated software and a SaaS management platform to Pay TV operators and other enterprises. See description on page 6.
- **AVOD**: Advertiser-supported Video On Demand. VOD content that is available to the consumer for free and is monetized via the display of advertising.
- **BCG**: Boston Consulting Group.
- **CGU**: Cash-generating unit.
- **Enterprise video provider**: A company making video available to consumers on managed streaming devices but not offering traditional Pay TV to consumer homes, for example in-room entertainment in hotels, hospitals etc.
- **Exit run rate ARR**: Annual run-rate recurring revenue as at the year end date.
- **LIBOR**: London Interbank Offered Rate.
- **Linear TV**: Distribution of TV channels via streaming or broadcast over satellite, cable or terrestrial connections for viewing at the time of distribution, for example BBC1, Sky News.
- **Linux**: A family of open-source operating systems which runs on embedded systems in devices such as routers, smart home technology, televisions, automobiles, etc.
- **Metadata**: Descriptive information regarding video content such as title, synopsis, cast list, poster images etc. That is used to help consumers discover content that they wish to watch.
- **Net customer revenue retention rate**: Represents, as a percentage, the opening run rate ARR plus run rate ARR upsells from existing customers, less run rate ARR from customers lost in the year; divided by opening run rate ARR. This rate is calculated on constant currency basis by calculating this year's run rate ARR revenue using last year's exchange rates.
- **ODM (Original Design Manufacturing)**: a private label solution where companies use existing product designs from a factory catalogue and apply their branding.
- **OEMs (Original Equipment Manufacturers)**: producer of goods used as components in the products of another company.
- **OTT (Over The Top)**: Delivery of streamed video content (live or on demand) to consumers over the open internet rather than over an IP network that is managed by the service provider. Examples include Netflix, Disney+, BBC iPlayer, Amazon Prime Video.
- **Pay TV**: A package of linear TV channels (and often associated on demand content) that is accessed by consumers in return for a regular subscription.
- **RDK (Reference Design Kit)**: An open-source software platform for connected homes that is used in STBs, other streaming devices, broadband devices and IoT solutions.
- **STBs (Set Top Boxes)**: hardware deployed in a consumer home and connected to a TV screen. Used to de-scramble Pay TV services received over IP networks, cable, satellite or terrestrial broadcast.
- **Streaming:** The transmission of video and audio content over an IP network to a connected device which allows playback to begin while the rest of the content is still being received.
- **SVOD**: Subscription Video On Demand. VOD content that is available to the consumer in return for a regular subscription. Examples include Netflix, Amazon Prime Video, Disney+.
- **VOD**: Video on demand. Any video (including movies, clips or episodes of TV shows) that is made available in an online library of content and consumed at the time of the viewer's choosing, rather than at the time it is broadcast by a service provider on a linear TV channel.
- **WACC**: Weighted average cost of capital.



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