

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.

CHAIRMAN'S GOVERNANCE REPORT (continued)

For the year ended 30 November 2022

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 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.

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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