31 July 2024

AFERIAN PLC

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

HALF YEAR RESULTS

Aferian plc (LSE AIM: AFRN), the B2B video streaming solutions company, announces its unaudited results for the six months ended 31 May 2024 (“H1 2024”).

Financial Highlights

- Revenue for the period decreased as expected by 48% to $12.2 million (H1 2023: $23.4 million) and adjusted EBITDA(1) for the six months ended 31 May 2024 was a loss of $2.4 million (H1 2023: $0.1 million).
- Exit run rate Annual Recurring Revenue (“ARR”)(2) decreased by 25% to $14.1million (31 May 2023: $18.8 million) as a result of two significant customer contracts ending towards the end of FY2023.
- Adjusted operating cash flow before tax(3) was an outflow of $5.0 million (H1 2023: $7.0 million outflow).
- The Group’s inventory balance at 31 May 2024 was $4.0m, down from $8.6m at 31 May 2023 and $5.1m at 30 November 2023. This is expected to decrease further in the second half of the financial year.
- Net debt(4) at 31 May 2024 was $14.9 million (30 November 2023 $6.1 million). This is expected to decrease by circa $1 million during the second half of the financial year.

Notes
1. Adjusted EBITDA is calculated as operating loss before depreciation, interest, tax, amortisation, exceptional items and employee share-based payment charges.
2. Exit run rate ARR is annual run-rate recurring revenue as at 31 May 2024.
3. Adjusted operating cash flow before tax is a non-GAAP measure and excludes cash paid/received in respect of exceptional items.
4. Net debt is a non-GAAP measure and is calculated as loans and borrowings net of cash and cash equivalents and excluding capitalised refinancing costs.

Operational Highlights

- Management actions have now reduced the Group’s cost base in line with the expected reduction in revenues and our teams are aligned behind the Group’s strategic goals. Since 31 May 2023 these actions have reduced annualised operating costs by $14.5 million and annualised capital expenditure by $5.0 million.
- Following the cost reduction actions taken 24i is making progress in line with its focus on improving cash flow. It has also seen new customer deployments and multiple contract extensions being delivered in the first half of the year.
- Positively, Amino has seen an increase in sales order intake for video streaming devices in the first half and gross profit margin has improved to 55%. Although devices revenue has decreased by 74% year on year, volumes of higher margin Digital Signage and Enterprise device sales and sales orders in H1 2024 have exceeded management expectations.

Current Trading and Outlook

Trading remains in line with the trading and outlook communicated in FY2023 full year results on 31 May 2024. Although we have taken management actions to further reduce the Group's cost base in the first half of FY2024, we expect Group adjusted EBITDA for FY2024 to be lower than the FY2023 adjusted EBITDA of $1.6m (though still positive), and for this delivery to be weighted towards the second half of the financial year. Net debt is expected to reduce by approximately $1 million by year end as the cost reduction and working capital measures taken in the first half improve free cash flow in the second half.

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About Aferian plc

Aferian plc (AIM: AFRN) is a B2B video streaming solutions company. Our end-to-end solutions bring live and on-demand video to every kind of screen. We create the forward-thinking solutions that our customers need to drive subscriber engagement, audience satisfaction, and revenue growth.

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

Aferian plc is traded on the London Stock Exchange's AIM stock market (AIM: symbol AFRN). Headquartered in Cambridge, UK, the Company operates across the USA, Europe and Asia. For more information, please visit www.aferian.com.

Chief Executive Officer's Review

Operational Review

Although this has been another challenging 6 months for the Group, the strategic goals of the Group remain clear:

- To improve the video entertainment experience for consumers by aggregating the video discovery experience; and
- To make it easy for our customers to deliver the most compelling digital signage and enterprise video solutions.

Under the leadership of Sebastian Braun, who was appointed as CEO of 24i on 3rd July 2024, 24i is focussed on improving the video entertainment experience for consumers by delivering its next generation 24i Video Cloud to its customers. 24i's H1 2024 revenue and exit ARR has declined year on year by 33% and 32% respectively as a result of two significant customer contracts ending at the back end of FY2023. However, following the cost reduction actions taken, 24i is making progress in line with its focus on improving cash flow. Importantly, it has also seen new customer deployments and multiple contract extensions delivered in the year's first half.

Amino's managed video streaming devices and SaaS platform enable Pay TV and Digital Signage & Enterprise video operators to deliver high-quality live, scheduled, and on-demand content for big-screen viewing. H1 2024 revenue declined by 40% year-over-year due to lower Pay TV device sales, as customers delayed purchases. However, following a focussed period of investment in sales and marketing, Amino has now received higher-than-expected sales orders for Digital Signage and Enterprise devices for 2024 as well as first orders for the next generation PayTV devices in the North American market which will be delivered in Q3 2024. Consequently, further gross margin improvements are expected in the second half of the year.

Operationally, management actions have successfully reduced the Group's cost base following the further decline in revenues. Since 31 May 2023 these actions have reduced annualised operating costs by $14.5 million and annualised capital expenditure by $5.0 million.

Financial Review

H1 2024 Key Performance Indicators

	H1 2024	H1 2023	Change
	$m	$m	%
Devices revenues	**2.4**	9.4	(74%)
Software & services revenues	**9.8**	14.0	(30%)
Total revenue	**12.2**	23.4	(48%)
Exit run rate Annual Recurring Revenue ("ARR") at 31 May	**14.1**	18.8	(25%)
Adjusted operating cashflow before tax	**(4.3)**	(7.0)	39%

High margin software & services revenues decreased by 30% to $9.8 million (H1 2023: $14.0 million). Device revenues in the first half are $2.4 million (H1 2023: $9.4 million), representing a decrease of 74% year-on-year due to the reduction in the number of PayTV video streaming devices sold as customers have delayed purchasing decisions. Consequently, Group revenue for the period is $12.2 million (H1 2023: $23.4 million). At 31 May 2024, exit run rate ARR decreased to $14.1 million (H1 2023: $18.8 million).

Revenue, adjusted EBITDA and capitalised development costs by segment

	Revenue		Adjusted EBITDA		Capitalised Development Costs	
	H1 2024	H1 2023	**H1 2024**	H1 2023	**H1 2024**	H1 2023
	$m	$m	**$m**	$m	**$m**	$m
24i	**7.4**	11.3	**(0.5)**	1.4	**0.3**	2.6
Amino	**4.8**	12.1	**(0.8)**	(0.5)	**0.4**	0.7
Central costs	**-**	-	**(1.1)**	(1.0)	**-**	-
Total	**12.2**	23.4	**(2.4)**	(0.1)	**0.7**	3.3

Adjusted EBITDA for the six months ended 31 May 2024 was a loss of $2.4 million (H1 2023: $0.1 million). 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.

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

	H1 2024	H1 2023
	$m	$m
Adjusted EBITDA	**(2.4)**	(0.1)
Exceptional items within operating expenses	**(2.7)**	(1.2)
Employee share-based payment charge	**(0.1)**	(0.3)
Depreciation and amortisation	**(5.0)**	(6.4)
Operating loss	**(10.2)**	(8.0)

Exceptional items

Exceptional items for the period comprised:

- $1.0 million (H1 2023: $1.2 million) redundancy and associated restructuring costs; and
- $1.4 million (H1 2023: $nil) impairment of trade receivables and inventory balances; and
- $0.3 million (H1 2023: $nil) refinancing and other costs

Cash flow and net debt

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

	H1 2024 **$m**	H1 2023 $m
Adjusted operating cashflow before tax	**(5.0)**	(7.0)
Post-acquisition integration and associated restructuring costs	**-**	(1.2)
One-off refinancing costs	**(0.3)**	-
Redundancy and associated costs	**(1.0)**	-
Acquisition costs for the aborted acquisition in prior year	**-**	(4.1)
Cash used in operations before tax	**(6.3)**	(12.3)

Adjusted operating cash flow before tax was a $5.0 million outflow (H1 2023: $7.0 million outflow), a decrease of 39% due to a reduced working capital outflow of $0.6 million (H1 2023: $11.0 million outflow) offset by higher losses and the impact of acquisition and aborted acquisition costs in H1 2023.

Cash used in operations before tax was $6.3 million outflow (H1 2023: $12.3 million outflow) including $0.3 million payments for the refinancing of the bank loan and $1.0 million restructuring and associated costs relating to the cost reduction actions taken by management in the period.

Tax payments, principally in respect of corporation tax, totalled $0.2 million during the period (H1 2023: $0.3 million). Post period end the Group received a corporation tax refund of $1.1 million in July 2024 and has applied for a further $0.6 million refund in respect of FY23 losses which it expects to receive in the second half of the financial year.

During the period, the Group capitalised $0.7 million of development costs (H1 2023: $3.3 million). The decrease of $2.6 million was driven by the cost reduction actions taken in 2023 and the first half of 2024.

Interest paid in the period of $0.8 million (H1 2023: $0.5 million) comprises bank loan and overdraft interest.

Net debt at 31 May 2024 was $14.9 million (30 November 2023 $6.1 million). This is expected to decrease by circa $1 million during the second half of the financial year.

Financial position

The Group had net debt of $14.9 million as at 31 May 2024 (30 November 2023: $6.1 million).

At 31 May 2024, the Group had total equity of $12.2 million (30 November 2023: $22.3 million) and net current liabilities of $1.4 million (30 November 2023: $1.4 million). Net current liabilities includes a $2.3m overdraft drawn under the Group’s $16.5 million multicurrency working capital facility which runs to September 2025

Going concern

The Directors have considered it appropriate to prepare these consolidated interim financial statements on a going concern basis. The Directors assessment of going concern including is set out in note 2.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group remain consistent with the principal risks and uncertainties reported in Aferian Plc’s 2023 Annual Report.

Current Trading and Outlook

Trading remains in line with the trading and outlook communicated in FY2023 full year results on 31 May 2024. Although we have taken management actions to further reduce the Group's cost base in the first half of FY2024, we expect Group adjusted EBITDA for FY2024 to be lower than the FY2023 adjusted EBITDA of $1.6m (though still positive), and for this to be weighted into the second half of the financial year. Net debt is expected to decrease by circa $1 million during the second half of the financial year.

Mark Carlisle

Chief Executive Officer

31 July 2024

Consolidated income statement

For the six months ended 31 May 2024

	Notes	**Six months ended 31 May 2024 Unaudited $000s**	Six months ended 31 May 2023 Unaudited $000s
Revenue	3	**12,173**	23,348
Cost of sales		**(4,851)**	(10,332)
Gross profit		**7,322**	13,016
Operating expenses		**(17,567)**	(21,000)
Operating loss		**(10,245)**	(7,984)
Adjusted operating loss		**(5,669)**	(4,172)
Share based payment charge		**(78)**	(286)
Exceptional items	5	**(2,682)**	(1,151)
Amortisation of acquired intangible assets		**(1,816)**	(2,375)
Operating loss		**(10,245)**	(7,984)
Finance expense		**(791)**	(1,199)
Finance income		**89**	534
Net finance expense		**(702)**	(665)
Loss before tax		**(10,947)**	(8,649)
Tax credit/(charge)		**921**	(43)
Loss after tax		**(10,026)**	(8,692)
Basic and Diluted earnings per share	6	**(9.02c)**	(10.20c)

Consolidated statement of comprehensive income

For the six months ended 31 May 2024

	Six months ended 31 May 2024	Six months ended 31 May 2023
	Unaudited	Unaudited
	$000s	$000s
Loss for the period	**(10,026)**	(8,692)
Foreign exchange difference arising on consolidation	**(451)**	1,960
Other comprehensive (loss)/income	**(451)**	1,960
Total comprehensive loss for the period	**(10,477)**	(6,732)

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Consolidated balance sheet

As at 31 May 2024

Assets	Notes	As at 31 May 2024 Unaudited $000s	As at 30 November 2023 $000s
Non-current assets			
Property, plant and equipment		**210**	239
Right of use assets		**666**	1,117
Intangible assets		**25,205**	29,273
Other receivables		**184**	184
Deferred tax assets		**509**	348
		26,774	31,161
Current assets			
Inventories		**3,991**	5,099
Trade and other receivables		**5,443**	9,127
Cash and cash equivalents		**1,034**	5,771
Corporation tax receivable		**1,769**	858
		12,237	20,855
Total assets		**39,011**	52,016
Capital and reserves attributable to equity holders of the business			
Called-up share capital		**1,822**	1,822
Share premium		**43,425**	43,425
Other equity		**(103)**	(103)
Capital redemption reserve		**12**	12
Foreign exchange reserves		**(6,421)**	(5,971)
Merger reserve		**42,750**	42,750
Retained earnings		**(69,258)**	(59,638)
Total equity		**12,227**	22,297
Liabilities			
Current liabilities			
Trade and other payables		**10,566**	15,518
Lease liabilities		**198**	634
Corporation tax payable		**605**	364
Loans and borrowings		**2,248**	10,607
		13,617	27,123
Non-current liabilities			
Trade and other payables		**25**	26
Lease liabilities		**536**	497
Loans and borrowings	4	**12,525**	1,496
Provisions		**81**	81
Deferred tax liability		**-**	496
		13,167	2,596
Total liabilities		**26,784**	29,719
Total equity and liabilities		**39,011**	52,016

Consolidated Cash Flow Statement

For the six months ended 31 May 2024

	Notes	**Six months ended 31 May 2024**	Six months ended 31 May 2023
		Unaudited	Unaudited
		$000s	$000s
Cash flows from operating activities			
Cash generated from operations	7	**(6,273)**	(12,254)
Net corporation tax paid		**(210)**	(268)
Net cash used in operating activities		**(6,483)**	(12,522)
Cash flows from investing activities			
Expenditure on intangible assets		**(680)**	(3,288)
Purchase of property, plant and equipment		**(5)**	(36)
Interest received		**6**	3
Net cash used in investing activities		**(679)**	(3,321)
Cash flows from financing activities			
Interest paid		**(754)**	(464)
Lease liability repayments		**(372)**	(639)
Proceeds from borrowings		**1,500**	15,813
Repayment of borrowings		**-**	(4,500)
Net cash generated from financing activities		**374**	10,210
Net decrease in cash and cash equivalents		**(6,788)**	(5,633)
Cash and cash equivalents at start of the period		**5,771**	11,524
Effects of exchange rate fluctuations on cash held		**(197)**	181
Cash and cash equivalents at end of period		**(1,214)**	6,072

Notes to the interim condensed consolidated unaudited financial information

Six months ended 31 May 2024

1 General information

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

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

2 Basis of preparation

These interim consolidated financial statements have been prepared using accounting policies based on United Kingdom adopted international accounting standards ('IFRS'). The group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim financial information. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 30 November 2023 Annual Report. The financial information for the six months ended 31 May 2024 and 31 May 2023 does not constitute statutory accounts within the meaning of Section 434 (3) of the Companies Act 2006 and both periods are unaudited.

The annual financial statements of Aferian Plc ('the Group') were prepared in accordance with United Kingdom adopted international accounting standards ('IFRS'). The statutory Annual Report and Financial Statements for 2023 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 30 November 2023 was unmodified, drew attention to a material uncertainty related to going concern and did not contain a statement under 498(2) – (3) of the Companies Act 2006.

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2023 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2023 and will be adopted in the 2024 financial statements. There are deemed to be no new and amended standards and/or interpretations that will apply for the first time in the next annual financial statements that are expected to have a material impact on the Group.

Going Concern

The interim consolidated financial statements have been prepared on a 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 directors have prepared a base case and severe but plausible downside cashflow forecasts for the Group covering a period of at least 12 months from the date of approval of the financial statements (being to July 2025).

On 7 May 2024 Aferian Plc secured an extension to its $16.5 million multicurrency working capital facility, previously due to mature on 23 December 2024, to 30 September 2025. In conjunction with this extension, the interest margin payable on the drawn amount of the facilities was increased to between 3% to 4.5% over SONIA (dependent on net leverage). In addition, the leverage, interest cover and fixed charge cover ratio covenants were removed, and the available liquidity covenant was relaxed. At the same time, the term of the Group's unsecured £1.3 million term loan facility provided by certain funds managed by Kestrel Partners LLP was extended to 31 January 2026.

However, if the Group fails to achieve its plausible downside cash flow forecast, it may be unable to operate within the limits of its multicurrency working capital facility due to non-compliance with the associated financial covenants. Should the Group's performance fall below this severe but plausible downside forecast, it could breach covenant compliance, directly impacting the Parent Company's going concern status. This scenario indicates the existence of material uncertainty, casting significant doubt on the ability of both the Group and the Parent Company to continue as going concerns. As a result, the Directors may be unable to realize their assets and discharge their liabilities in the normal course of business.

Despite this uncertainty, the Directors believe that the Group and Parent Company will trade in line with at minimum the severe but plausible case and therefore, they deem it appropriate to prepare the financial statements on a going concern basis. Consequently, the financial statements do not include the adjustments that would be necessary if the Group and Parent Company were unable to continue as going concerns.

The Board of Directors approved this interim report on 31 July 2024.

3 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 called Nordija A/S); 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.

2024		**Amino $000s**	**24i $000s**	**Central costs $000s**	**Total $000s**
Revenue	Software and services	2,382	7,401	-	9,783
	Devices *	2,387	3	-	2,390
	Total	**4,769**	**7,404**	**-**	**12,173**
	% Recurring	48%	74%	-	64%
Cost of sales		(2,122)	(2,729)	-	(4,851)
Gross profit		**2,647**	**4,675**	**-**	**7,322**
Operating expenses		(3,429)	(5,155)	(1,074)	(9,658)
Adjusted EBITDA		**(782)**	**(480)**	**(1,074)**	**(2,336)**
Exceptional items within operating expenses					(2,682)
Share based payment charge					(78)
Depreciation, amortisation, and loss on disposal of fixed assets					(5,149)
Operating loss					**(10,245)**
Net finance expense					(702)
Loss before tax					**(10,947)**
Additions to non-current assets: Capitalised development costs		395	285	-	680

* incorporating integrated Amino software and associated accessories.

3 Segmental analysis (continued)

2023		Amino $000s	24i $000s	Central costs $000s	Total $000s
Revenue	Software and services	2,884	11,071	-	13,955
	Devices *	9,185	208	-	9,393
	Total	**12,069**	**11,279**	**-**	**23,348**
	% Recurring	20%	63%	-	41%
Cost of sales		(7,162)	(3,170)	-	(10,332)
Gross profit		**4,907**	**8,109**	**-**	**13,016**
Operating expenses		(5,477)	(6,693)	(957)	(13,127)
Adjusted EBITDA		**(570)**	**1,416**	**(957)**	**(111)**
Exceptional items within operating expenses					(1,151)
Share based payment charge					(286)
Depreciation, amortisation, and loss on disposal of fixed assets					(6,436)
Operating loss					**(7,984)**
Net finance expense					(665)
Loss before tax					**(8,649)**
Additions to non-current assets: Capitalised development costs		675	2,571	-	3,246

* incorporating integrated Amino software and associated accessories.

4 Loans and borrowings

	As at 31 May 2024 Unaudited $000s	As at 30 November 2023 $000s
Current		
Loans and borrowings	2,248	10,607
Non-current		
Bank loans (secured)	11,021	-
Shareholder loans (unsecured)	1,504	1,496
Total borrowings	**14,773**	12,103
Less cash and cash equivalents	1,034	6,072
Add back capitalised refinancing costs	1,115	-
Net debt(1)	**14,854**	6,031

1. Net debt is a non-GAAP measure and is calculated as loans and borrowings net of cash and cash equivalents and excluding capitalised refinancing costs which have been netted against bank loans secured in the table above

On 7 May 2024, the Company secured an extension to its $16.5 million senior banking facilities, previously due to mature on 23 December 2024, to 30 September 2025. The interest margin payable on the drawn amount of the facilities has been increased to between 3% to 4.5% over SONIA (dependent on net leverage). The leverage, interest cover and fixed charge cover ratio covenants have been removed and the available liquidity covenant has been relaxed and the Group remains in compliance with its loan facilities covenants. There is no difference between the book value and the fair value of the bank loan. The bank overdraft is drawn under the banking facilities and thus is not repayable on demand. The bank loan is stated net of $1.1 million in capitalised refinancing costs from extending the banking facilities.

In May 2023 certain funds managed by Kestrel Partners LLP (together the "Kestrel Lenders") provided an unsecured term loan facility of up to £3.25 million to the Company. £1.125 million of this facility was drawn (the "loan arranged by its largest shareholder") and the balance was cancelled on completion of the placing of new ordinary shares in July 2023. In connection with the drawing of the loan, the Company issued to the Kestrel Lenders warrants ("Warrants") to subscribe for a total of 4.5 million ordinary shares at 17p per ordinary share.

The original maturity date of the loan was approximately four months after the previous maturity date of the Group's senior banking facilities. Therefore, and as required by the Company's bank lenders in connection with the extension and revisions to the Group's senior banking facilities as set out above, the Company has agreed with the Kestrel Lenders an extension to the maturity date by which the loan must be repaid, from 31 March 2025 to 31 January 2026.

The principal terms of the loan arranged by Kestrel and related warrants were also amended to reflect a 5% increase in the annual coupon on the loan with interest rolling up on a quarterly basis, paid in kind, to 15% and a reduction in the strike price of the Warrants from 17p to 5p per ordinary share.

The Shareholder loan constitutes a form of convertible debt which is accounted for as a compound instrument under IAS 32. The fair value of the shareholder loan liability component is recognised as non-current liability as the loan is repayable on 31 January 2026, and calculated based on the present value of the contractual stream of future cash flows discounted at the market rate of interest that would have been applied to an instrument of comparable credit quality with substantially the same cash flows, on the same terms, but without the conversion option. The residual shareholder loan book value is recognised as the equity component.

Reconciliation to cash and cash equivalents per consolidated statement of cash flow	**As at 31 May 2024 Unaudited**
Current loans and borrowings (overdraft facility)	**(2,248)**
Add cash and cash equivalents	**1,034**
Cash and cash equivalents per consolidated statement of cash flow	**(1,214)**

5 Exceptional items

Exceptional items included in operating loss comprise the following charges:

	Six months ended 31 May 2024	Six months ended 31 May 2023
	Unaudited	Unaudited
	$000s	$000s
Post-acquisition integration and associated restructuring costs	**-**	1,151
Refinancing and other costs	**287**	-
Impairment of trade receivables and inventory balances	**1,388**	-
Redundancy and associated costs	**1,007**	-
Total exceptional items	**2,682**	1,151

Impairment of trade receivables and inventory balances comprise:

- a $1.0 million increase in the bad debt provision related to sales to a single Amino customer in FY23, where the results of legal action being taken to recover this debt are currently uncertain. Management actions taken to recover the debt include the removal of all support for devices sold under this contract.
- a $0.4 million increase in inventory provisions as a result of the sale of Amino video streaming device raw materials at a discount to improve operating cash flow in the second half of 2024.

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

	Six months ended 31 May 2024	Six months ended 31 May 2023
	Unaudited	Unaudited
	$000s	$000s
Credit in relation to movement in contingent consideration	**-**	(530)
Unwinding discount on contingent consideration	**-**	198
Total exceptional items	**-**	(332)

Exceptional items are items which are material and 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, redundancy and associated costs and legal and professional advisor fees in respect of refinancing. Material income comprises amounts outside the course of normal trading activities.

Furthermore, the Group considers the fair value movement in contingent consideration and the unwinding of the discount on contingent consideration to be adjusting items within net finance expenses because they are non-cash and they do not relate to the day-to-day trading activities of the Group. They are treated as adjusting items below adjusted operating profit but not presented on the face of the consolidated income statement.

6 Earnings per share

	Six months ended 31 May 2024	Six months ended 31 May 2023
	Unaudited	Unaudited
	$000s	$000s
Loss attributable to shareholders	(10,026)	(8,692)
Exceptional items	2,682	1,151
Share-based payment charges	78	286
Finance income (see note 5)	89	(530)
Finance expense (see note 5)	(791)	198
Amortisation of acquired intangible assets	1,816	2,375
Tax effect thereon	921	(243)
Loss attributable to shareholders excluding exceptional items, share-based payments and amortisation of acquired intangibles and associated taxation	**(5,231)**	(5,455)
	Number	Number
Weighted average number of shares (basic and diluted)	**111,211,865**	85,211,865
Basic and diluted earnings per share (cents)	**(9.02)**	(10.20)
Adjusted basic and diluted earnings per share (cents)	**(4.7)**	(6.40)

The calculation of basic earnings per share is based on profit after taxation and the weighted average number of ordinary shares of 1p each in issue during the period. The Company holds 1,482,502 (H1 2023: 1,482,502) 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 (H1 2023: 242) being the weighted average shares held by the EBT in the year.

As the group is currently loss making there is no dilutive impact of share options.

7 Cash generated from operations

	Six months ended 31 May 2024 Unaudited $000s	Six months ended 31 May 2023 Unaudited $000s
Loss for the period	**(10,026)**	(8,692)
Tax (credit)/expense	**(921)**	43
Net finance expense	**702**	665
Capitalisation of refinancing costs	**(1,115)**	-
Amortisation charge	**5,116**	5,658
Depreciation charge	**34**	778
Loss on disposal of property, plant & equipment	**-**	-
Share based payment charge	**78**	286
Exchange differences	**19**	10
Decrease in inventories	**1,108**	615
Decrease in trade and other receivables	**3,684**	6,307
Decrease in provisions	**-**	-
Decrease in trade and other payables	**(4,952)**	(17,924)
Cash used in operations before tax	**(6,273)**	(12,254)

Adjusted operating cash flow before tax was a $5.0m outflow (H1 2023: $7.0m outflow) and is reconciled to cash generated from operations before tax as follows:

	Six months ended 31 May 2024 Unaudited $000s	Six months ended 31 May 2023 Unaudited $000s
Adjusted operating cashflow before tax	**(4,979)**	(7,003)
Redundancy and associated costs	**(1,007)**	(1,151)
Refinancing and other costs	**(287)**	-
Aborted acquisition costs	**-**	(4,100)
Cash used in operations before tax	**(6,273)**	(12,254)

Adjusted cash generated from operations before tax is a non-GAAP measure and excludes cash from exceptional and one-off items relating to bank loan facility set up costs that are considered non-trading in nature.

8 Cautionary statement

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