Aferian plc

Annual Report 2023

Aferian plc

Aferian plc 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 as well as audiences in any environment. 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 Alternative Investment Market (AIM) (Symbol: AFRN). Headquartered in Cambridge, UK, the company has offices in major European cities as Amsterdam, Copenhagen, Brno and Hong Kong.

For more information, please visit www.aferian.com.

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BUILDING A MORE PREDICTABLE, SOFTWARE-DRIVEN GROWTH BUSINESS

FY2023 was a challenging year for Aferian, amid a tough macro-economic backdrop and changing competitive environment which resulted in significantly lower than prior year streaming device sales, closing the year at $21.3m. Despite this, higher margin software and services revenues grew year-on-year by 10% to $26.6m. Group revenue for FY2023 was $47.8m (2022: $91.1m), which is stated after a $45.8m decrease in device revenues compared to 2022. As a result of the decline in recorded and forecast revenues, the Group also recognised an impairment charge of $48.9m during the year. Exit run rate Annual Recurring Revenue ("ARR") also decreased by 21% to $14.7m due to some customer contracts ending at the back-end of FY2023

To address this decline in revenue and resulting statutory operating loss of $63.8m, the Group implemented a number of significant measures to reduce its cost base, whilst ensuring that, with the support of its shareholders and debt facility lenders, the Group has sufficient financial flexibility to continue to execute on its strategy and its key ambition of becoming a software-led business in the highly attractive video streaming market.

The media and entertainment sector continues its migration from traditional broadcast distribution models such as cable and satellite to streaming as the video delivery of choice. Aferian has been at the forefront of this type of content delivery for over 25 years and the continued transition to streaming demonstrates a growing market opportunity for the Group. Aferian's strategy is to serve this growing market by leveraging its expertise and investments already made in its software capabilities. This will enable the Group to organically build a more predictable, software-driven growth business.

Financial Key Figures

US$m unless otherwise stated	**2023**	**2022**	**Change %**
Total revenue	**47.8**	91.1	(48%)
Device revenue [1]	**21.3**	67.0	(68%)
Software and services revenue	**26.6**	24.1	+10%
Exit run rate Annual Recurring Revenue (ARR) [2]	**14.7**	18.7	(21%)
Statutory operating (loss)	**(63.9)**	(16.6)	(285%)
Statutory operating cash flow before tax	**(4.9)**	6.4	(177%)
Statutory basic loss per share (US cents)	**(67.3)**	(20.5)	(228%)
Adjusted operating (loss)/profit [3]	**(6.1)**	7.5	(181%)
Adjusted operating cash flow before tax [4]	**3.2**	8.9	(64%)
Adjusted basic earnings per share (US cents) [5]	**(8.7)**	6.6	(232%)
Net (debt)/cash [6]	**(6.1)**	4.0	(252%)
Dividend per share (pence)	**0.0**	1.0	(100%)

Notes:

(1) Includes integrated software and associated accessories

(2) Exit run rate ARR is annual run-rate recurring revenue as at 30 November 2023.

(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.

(6) Net (debt)/cash is a non-GAAP measure and is calculated as loans and borrowings net of cash and cash equivalents.

OUR VISION

To define iconic video streaming experiences with the most versatile technologies for what's next in media delivery sustainably.

WHAT WE DO

Aferian plc is a B2B video streaming services 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.

The technology required to bring TV and video content to phones, tablets, Smart TVs, Digital Signage displays, 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

Aferian Plc has two operating companies: 24i and Amino:

24i helps companies who have video content to get it onto every kind of device (smartphone, tablet, Smart TV etc.) so their users can watch it online.

This is achieved by providing both front-end user applications (what consumers use to view the video), and back-end management software (what companies use to schedule content for display in the apps).

Amino helps companies to deliver PayTV over broadband to their subscribers. It also enables a wide range of businesses to display video content in multiple enterprise use cases, including digital signs in public spaces.

This is achieved by providing specialist video streaming hardware devices with integrated software and remote management software.

OUR STRATEGY

24i's strategy is to capitalise on the growing video streaming market by offering a suite of versatile software solutions. By catering to broadcasters, video streaming companies, and Pay TV operators, 24i aims to solidify its position as a leading provider in the rapidly evolving streaming industry as follows:

Market Expansion: With the video streaming industry continuing to grow, 24i aims to grow revenues with its suite of software solutions tailored for broadcasters, specialist streaming companies, and Pay TV operators.

Reducing complexity: 24i offers a range of solutions designed to cater to various market segments. Its modular SaaS platform provides white-label video streaming applications across all consumer devices. This flexibility allows clients to customize their streaming services while ensuring compatibility across multiple platforms, thereby reducing complexity.

Personalisation through Data: 24i focuses on data-driven personalisation and offers a tailored and engaging experience for end-users. This platform can be bundled with all 24is solutions or sold independently, emphasising the importance of personalisation in today's streaming landscape.

Amino's strategy is to leverage its investment in its software and device management platform, and expand into the digital signage sector while simultaneously addressing the evolving needs of operators in the shrinking Pay TV market as follows:

Targeted Investment adding value for Customers: Amino continues to invest in differentiating its products with its SaaS device management platform. This platform, which can be bundled with Amino video streaming and digital signage devices, or sold separately, reduces operational and deployment costs for both Pay TV and digital signage operators.

Digital Signage Expansion: Amino's growth strategy targets the rapidly growing digital signage market targeting direct sales to large integrators and smaller integrators via distributors and partners.

Combining Pay TV services and 3rd Party Streaming services: Amino's video streaming devices combine 3rd party streaming services with Pay TV services. This approach helps Pay TV operators protect their market share.

ESG AT THE HEART OF OUR GROUP

In all our actions, we prioritise cultivating a diverse workforce and fostering a positive work environment. We responsibly source through our supply chain, minimise our environmental footprint, and compassionately engage with our communities.

Additionally, we consistently dedicate 1% of our key resources – People, Product, and Profit – to address 6 of the 17 United Nations' sustainable development goals. These specific goals were chosen by our staff and executives from across our operations, reflecting their strong commitment and focus on making a positive impact on our world.

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 2023. A copy can be found on the Aferian website: https://aferian.com/esg/.

Here are some of the actions we have already taken:

- Having successfully eliminated all non-recyclable packaging from our product supply chain, Amino continuously engages in upcycling its own devices and those of other manufacturers. Furthermore, the company remains committed to providing its remote device management platform and self-install software, contributing to a substantial 50% reduction in the need for installers to visit customers' homes or commercial premises. This dedication to sustainability and innovation earned Amino the prestigious Corporate Star award for the Best Carbon Footprint Improvement Initiative in September 2023.
- In the past year, 24i initiated a program to migrate all remaining ‘on-premises’ customer deployments to shared cloud resources where feasible. The implementation of dynamic scaling on key customer accounts has been instrumental in minimising unnecessary hardware duplication and the associated power demands.
- Additionally, we continued our investment in people, supporting IT education for children and women of all ages through a multi-year partnership with Czechitas, an NGO in the Czech Republic. This commitment extends to our internal initiatives, including our internal leadership training and graduate programs, ensuring a well-rounded approach to our people development.

CHAIRMAN'S REPORT

FY2023 posed significant challenges for Aferian. Unfavourable macro-economic conditions, coupled with a change in competitive environment, led to a substantial decrease in sales of Pay TV streaming devices compared to the previous year resulting in an impairment of a significant share of the Group's goodwill and intangible assets. In response to this decline, the Group has implemented substantial measures to reduce its cost base. With the backing of its shareholders and debt facility lenders, the Group continues to have access to adequate financial resources to execute its strategy. The key ambition remains to build a more predictable software-driven growth business.

Despite these challenging trading conditions, we remain optimistic about the long-term outlook for the video streaming sector, particularly where both Amino and 24i operate. The media and entertainment sector continues its migration from traditional broadcast distribution models such as cable and satellite to streaming as the preferred mode of video delivery, and the Enterprise and Digital Signage market is presenting significant new opportunities for Amino. Aferian has been at the forefront of this type of content delivery for over 25 years and the continued transition to streaming demonstrates a growing market opportunity for the Group. Aferian's strategy is to serve this growing market by leveraging its expertise and investments already made in its software capabilities. This will enable the Group to organically build a more predictable, software-driven growth business.

During the year, we have also continued to make excellent progress on our ESG commitments, as detailed in the latest iteration of our ESG report which was published in August 2023. This includes further progress on initiatives across our businesses to reduce the carbon footprint of our supply chain both in the delivery of video streaming software and devices. We have also continued to invest in our people through partnerships with local education organisations as well as our own internal leadership, training and graduate programmes to nurture future talent into the industry.

On 4 April 2023, Max Royde was appointed to the Board as a Non-Executive Director. Following the resignation of Stephen Vaughan on 27 April 2023, Max Royde took up the position of Chair of the Board's Remuneration Committee. 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. On 31 August 2023, Allen Broome was appointed to the Board as a Non-Executive Director. Allen currently serves as the Chief Executive Officer at MediaKind, a prominent global media technology provider, after previously leading the research and development organisation for two years in the role of Chief Technology Officer. With a robust background in software development and a track record of spearheading transformative technological changes in the media industry, Allen brings valuable experience to the Board.

On 22nd April 2024 Aferian plc announced that, following fourteen years of service, Donald McGarva will step down from his role as CEO and leave the Company in October 2024. The Board would like to take this opportunity to thank Donald for his contribution to the Company and wish him well for the future.

A review of the composition of the Board is underway and the Company will make a further announcement once this has been completed.

The Board is not proposing a final Dividend (2022: 1.0 GBP pence/1.26 US cents per share) for this financial year in order to retain the capital available to the Group to pursue its strategy.

Mark Wells
Chairman
30 May 2024

GROUP CHIEF EXECUTIVE OFFICER'S REPORT

Sales of Pay TV streaming devices in the year were significantly lower than the prior year at $21.3m, representing a decrease of 68% year-on-year. Whilst the video streaming device market continues to grow, particularly in the Enterprise Video and Digital Signage sector, the number of Pay TV devices shipped in the period was impacted by customers de-stocking in response to reduced lead-times and a more challenging competitive environment. This downturn within the Amino division's revenues has had a significant impact on Group results for the year resulting in a significant impairment to the Group's goodwill and intangible assets.

Continued demand experienced by the 24i division, which serves the video streaming market, meant the Group made progress in executing on its strategy to grow software and services revenue in this market. Software and services revenue for the year closed the year at $26.6m, a double-digit increase of 10% versus prior year.

Group revenue for the year was $47.8m, a decrease of 48% versus prior year. As a result, and to position ourselves better with our customers' changing needs, we took proactive steps to reduce the Group's cost base in both 24i and Amino during the year. These actions have generated c$12m of annualised cost savings for the Group. To position the Group for profitability in the second half of 2024, post year end we also completed further cost reduction programmes in early December 2023 and April 2024 which generated an additional c$6m of annualised cost savings.

Aferian secured additional cash funding by way of a loan arranged by the Group's largest shareholder of $1.3m on 31 May 2023. The Group also successfully raised $4.0m (before expenses) on 25 July 2023, through an issue of equity share capital to be used for general working capital purposes.

Positively, in April 2024, we secured an extension to the Group's $16.5m senior lending facilities to September 2025 as well as an extension to the Group's $1.3m term loan arranged by its largest shareholder Kestrel Partners LLP to January 2026. Securing these extensions combined with the management actions taken to streamline the operations of the Group in the last twelve months now provides a stable financial platform on which the Group can move forward.

FY2023 KEY PERFORMANCE INDICATORS

US$m unless otherwise stated	**2023**	**2022**	**Change %**
Total revenue	**47.8**	91.1	(48%)
Software & services revenue	**26.6**	24.1	+10%
Exit run rate Annual Recurring Revenue (ARR)	**14.7**	18.7	(21%)
Adjusted operating cash flow before tax	**3.2**	8.9	(64%)

Our key performance indicators demonstrate growth in software & services revenue (up 10%), although exit run rate Annual Recurring Revenue decreased by 21% to $14.7m due to some customer contracts ending at the backend of FY2023. The executive management team remain focused on reducing inventory levels and improving operating cash flows following the cost reduction actions taken and as trading improves in 2024.

OPERATIONAL REVIEW

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

24i

24i's robust, end-to-end SaaS video streaming platform enables all kinds of video content owners and distributors to monetise their content investments by quickly launching and efficiently managing attractive streaming services on all consumer devices. These include mobile phones and tablets to Smart TVs and the managed devices provided by pay TV operators.

24i revenue analysis

US$m unless otherwise stated	**2023**	**2022**	**Change %**
Software and services	**21.0**	19.1	10%
Devices	**0.4**	-	n/a
Total revenue	**21.4**	19.1	12%
Exit ARR at 30 November	**9.9**	14.2	(32%)

In FY2023 revenue grew as 24i launched new products strategically positioned to capitalise on the expansion of ad-funded streaming, specifically targeting what is commonly referred to as Free Ad supported Streaming TV ('FAST') channels Today, thousands of these streaming-only TV channels are available on aggregation platforms worldwide.

In March 2023, we announced a partnership with global FAST experts, Amagi, in which 24i can support the owners of these channels to quickly launch their own streaming apps, build direct relationships with their consumers and develop new monetisation strategies. The first joint Amagi and 24i customer, US food and travel video streaming network Tastemade, launched their 24i-based apps followed thereafter by Virgin Media.

Other customer project wins in the year included Israeli Public Broadcaster, KAN, which used 24i's application framework and SaaS content management platform to launch a series of new Smart TV streaming applications with sophisticated new features such as personalisation in December 2022 to coincide with the FIFA World Cup. The 24i-powered app was downloaded more than 380,000 times during the tournament alone.

We proactively reduced the cost base of 24i as a result of further synergies identified from our prior M&A endeavours and the successful completion of product development. Regrettably, two significant customer contracts ending at the back end of FY2023 resulted in lower exit ARR revenue for 24i at 30 November 2023. Nonetheless, the demand for 24i's video streaming platform remains robust, and our past investments in sales and marketing are yielding positive outcomes.

Amino

Amino's managed video streaming devices and SaaS management platform enable Pay TV and Digital Signage operators to deliver their live, scheduled and on-demand content with the quality of service and level of support that consumers demand for their big-screen viewing experience.

Amino revenue analysis

US$m unless otherwise stated	**2023**	**2022**	**Change %**
Software and services	**5.6**	5.0	12%
Devices	**20.9**	67.0	(69%)
Total revenue	**26.5**	72.0	(63%)
Exit ARR at 30 November	**4.7**	4.4	7%

The significant decrease in Pay TV device revenues was due to customers delaying device orders, deferring capital expenditure post COVID-19 and throughout the continued cost-of-living crisis. Whilst we expect the impact of this to reverse in FY2024 we are also seeing increased competition from commoditised low margin Pay TV streaming devices. As a result, we anticipate that Amino's revenue will be lower than levels recorded in FY2023. We have already adjusted the Amino cost base in line with these revenue forecasts.

Having made the decision in early 2022 to invest in components and finished goods as a precautionary measure to mitigate supply chain risks linked to the COVID-19 pandemic, inventory in Amino at 30 November 2023 was $5.1m, $4.1m lower than prior year. As lead times reduce, we have taken the decision to also reduce inventory and anticipate inventory levels to reduce back towards 30 November 2021 levels (which were $2.6m) in 2024.

With Pay TV operators looking to maximise their own cost efficiencies, Amino's SaaS device management platform continues to gain traction in the market. This platform has now been deployed by over 120 Pay TV operators who use it to remotely maintain and upgrade devices located in consumer homes, ensuring they maintain a high level of service quality whilst also reducing customer support costs. Unlike previous generations of satellite and cable TV set-top-boxes, streaming devices can be posted to customers, self-installed and remotely managed, providing a major cost saving compared to the old model of an engineer home visit installation for every customer.

Encouragingly, we have witnessed ongoing advancements in the deployment of our digital signage devices. These devices play a crucial role in streaming information and entertainment content to digital displays across diverse settings, ranging from betting shops and stadiums to healthcare facilities, retail outlets, transportation hubs, and government facilities.

Notably, our digital signage devices have been successfully deployed in several international airports in India. Furthermore, one major betting shop operator is undertaking a migration of its services from legacy satellite delivery to next-gen low-latency IP video delivery by leveraging Amino digital signage devices throughout its shops in the UK and Ireland. This transition not only enhances the quality of service and reduces latency for an improved customer experience; but also results in significant operational cost savings driven by secure remote device management and control across an extensively distributed network.

Whilst the video streaming device market is forecast to continue to grow it has evolved with low-cost manufacturers meeting the needs of many pay TV operators who, whilst needing to upgrade their services to incorporate video streaming, remain focused on cost reduction. Therefore, to enhance profitability, Amino's focus will be on delivering value to its customers through:

- delivering higher quality, higher margin Pay TV streaming devices which can also be bundled with the Group's Software-as-a-Service ("SaaS") device management platform. This SaaS device management platform is also integrated with third party devices and sold on a standalone basis; and
- driving growth in its digital signage and enterprise video business selling into large integrators and via distributors.

CURRENT TRADING AND OUTLOOK

Although the 24i video streaming business has seen a decline in its ARR, following the cost reduction actions taken it is making progress in line with its focus on profitability and cash flow. It has also seen new customer deployments and multiple contract extensions being delivered in the first half of the year. Unfortunately, since 30 November 2023 there has been a further deterioration in the trading of the Amino business due to lower than expected orders for video streaming devices as customers have delayed purchasing decisions longer than anticipated. 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 at 31 March 2024 was $12.3m and is expected to be higher at 31 May 2024 reflecting the seasonal billing cycle of the Group and the costs of management actions taken in the first half to reduce the cost base and renegotiate the Group's loan facilities. Positively, the extension of the Group's loan facilities provides a stable financial platform on which the Group can move forward.

Donald McGarva
Chief Executive Officer
30 May 2024

GROUP CHIEF FINANCIAL OFFICER'S REPORT

FINANCIAL OVERVIEW

Group revenue decreased by 48% to $47.8m from $91.1m in 2022, primarily driven by a significant decrease in the number of devices shipped during the financial year. This is due in part to macro-economic impacts and customer destocking activities prompted by reduced lead-times, following the accumulation of stock to navigate COVID-19 supply chain challenges.

On a revenue segment basis, sales of streaming devices were significantly lower than prior year at $21.3m (2022: $67.0m) representing a decrease of 68%. There was, however, a positive performance from our high-margin software and services revenue segment which grew by 10% to $26.6m (2022: $24.1m). However, exit ARR decreased by 21% and as a result we expect the software and services revenue to decrease in FY24. ARR is projected to grow from this lower base as new contract deployments continue.

The Group's gross profit margin of 52% was up 600 basis points on the prior year. Adjusted EBITDA[*1] was $1.6m (2022: $14.6m), a decrease compared to prior year of 88% primarily driven by the fall in devices revenue. The 24i business improved adjusted EBITDA to $2.9m (2022: $0.7m). However, adjusted EBITDA in Amino decreased to $0.4m (2022: $15.8m) due to the significant reduction in reported device sales.

Throughout the year, proactive measures were implemented to reduce the Group's cost base through a targeted cost-reduction program. This initiative resulted in approximately c$12m of annualised cost savings for the Group of which c$8m were in operating costs and c$4m in capex spend. Central costs include expenses related to the Board, including executive directors, and costs associated with the Company's listing on the London Stock Exchange. These costs reduced by $0.1m to $1.7m, mainly driven by a reduction in Executive director salaries.

The Group reported a statutory operating loss of $63.9m (2022: $16.6m loss), after $0.1m (2022: $0.4m) share based payment charge, $48.9m (2022: $12.5m) impairment of goodwill and acquisition intangibles, $4.3m (2022: $6.7m) exceptional items and $4.4m (2022: $4.6m) amortisation of intangibles.

The net finance expense was $0.8m (2022: $0.3m), a tax credit of $1.2m (2022: $0.5m tax charge) leading to a loss after tax of $63.4m (2022: $17.4m).

[*1] Adjusted EBITDA is calculated as operating loss before depreciation, interest, tax, amortisation, impairment of goodwill, exceptional items and employee share-based payment charges

Exceptional Items

US$000s unless otherwise stated	**2023**	**2022**
Restructuring and associated costs	**3,873**	1,072
Refinancing and other costs	**267**	-
Credit relating to royalty costs recognised in prior years and subsequently renegotiated	-	(48)
Acquisition and one-off legal costs	-	432
Aborted acquisition costs	**142**	5,206
Exceptional items included in operating expenses	**4,282**	6,662
Other exceptional items		
Impairment charge (further details in note 14)	**48,905**	12,488
Exceptional items included in total net finance income comprise the following charges/(credits):		
Fair value adjustment of contingent consideration	**(1,505)**	403
Unwinding discount on contingent consideration regarding FokusOnTV (formerly Nordija) acquisition	**278**	(403)
Total exceptional items	**51,960**	19,150

RESEARCH & DEVELOPMENT COSTS

The Group maintained its commitment to research and development of new products with spend of $13.0m on R&D activities (2022: $13.8m) of which $5.4m was capitalised (2022: $7.8m). Management initiatives during the year have successfully reduced the Group's annualised operating cost base by c.$12m such that capitalised R&D is expected to be c. $2m in 2024.

NET FINANCE EXPENSE

Net finance expense stood at $0.8m (2022: $0.3m), which represented the interest charged on our borrowing facilities of $2.0m (2022: $0.5m), $0.0m interest charged on lease agreements (2022: $0.1m) in accordance with IFRS 16 (leases) and a $1.2m debit (2022: $0.4m credit) relating to the unwinding of the discount on contingent consideration.

TAXATION

The Group recognised a total tax credit of $1.2m (2022: $0.5m tax charge). The effective tax rate of 1.9%, was lower than the blended statutory corporation tax rate of 23% primarily due to operating losses and amortisation of acquisition intangible assets. The Group's net cash tax payment for the year was $0.4m (2022: $2.4m). The deferred tax liability as at 30 November 23 was $0.5m (2022: $1.1m) mainly reflects the unwinding of deferred tax on the acquisitions in prior years. The deferred tax asset recognised in the year was $0.3m (2022: nil).

CASH FLOW

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

US$m unless otherwise stated	**2023**	**2022**
Adjusted operating cash flow before tax	**3.1**	8.9
Restructuring and associated other costs	**(3.8)**	(1.5)
Refinancing and other costs	**(0.5)**	-
Aborted acquisition costs	**(3.9)**	(1.0)
Cash generated from operations before tax	**(4.9)**	6.4

Adjusted operating cash flow[*2] from operations was $3.2m (2022: $8.9m). The reduction in adjusted cash flow from operations was due in large part to a cash outflow from working capital of $2.6m (2022: $5.6m) mainly relating to a decrease in trade and other payables of $17.3m (2022: $0.2m increase). Effective management of working capital remains a pivotal focus area for the Group.

Exceptional cash flows in FY2023 comprised one-off costs of $8.2m (2022: $2.5m).

[*2] Adjusted operated cash flow is calculated as cash flows from operations less cash paid/received from exceptional items

FINANCIAL POSITION

At 30 November 2023, the Group's net debt was $6.1m (2022: net cash $4.0m). The Group has a banking facility with Barclays Bank plc, HSBC plc, and Bank of Ireland of which the Group had drawn $10.6m at 30 November 2023 (2022: $7.5m). On 31 May 2023 the Group agreed with its existing loan facility providers to reduce the total available loan facility from $50m to $25.4m, with a further reduction of the facility to $16.5m. On 22 April 2024 Aferian plc secured an extension to its $16.5m multicurrency working capital facility, previously due to mature on 23 December 2024, to 30 September 2025.

In addition, on 31 May 2023, the Group secured a loan of $1.3m arranged by its largest shareholder, Kestrel Partners LLP. This loan is now repayable on 31 January 2026.

At 30 November 2023, the Group had equity of $22.3m (2022: $78.9m) and net current liabilities of $6.3m (2022: $1.4m). Net current assets excluding cash drawn under the banking facility is $4.3m (2022: $6.1m). Goodwill has reduced by $46.4m to $11.3m (2022: $56.3m), reflecting the $48.9m impairment charge across the Group together with foreign exchange translation movements.

GOING CONCERN

These financial statements have been prepared on the going concern basis.

The Parent Company is a holding entity and as such its going concern is inter-dependent on the Group therefore its going concern assessment was performed as part of the Group's assessment.

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 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.

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 June 2025). However, if the Group fails to deliver their plausible downside cashflow forecast, the Group could be unable to operate within its multicurrency working capital facility limits as a result of non-compliance with the financial covenants associated with its existing facilities (which were amended on 22 April 2024 when 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 $1.3m term loan facility provided by certain funds managed by Kestrel Partners LLP was extended to 31 January 2026).

However, should the Group trade at a level below that of its severe but plausible downside forecast, it could be in breach of covenant compliance which will also have a direct impact on the Parent Company's going concern status, this indicates the existence of material uncertainty that may cast significant doubt on both the Group and Parent Company's ability to continue as a going concern and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

However, the Directors consider that the Group and Parent Company will trade in a positive scenario and therefore deem it to be 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 and Parent Company were unable to continue as a going concern.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board considers strategic, financial and operational risks and identifies actions to mitigate those risks, further details are included on pages 14 to 16.

DIVIDEND

The Board is not proposing a final Dividend for this financial year (2022: 1.0 GBP pence/1.26 US cents* per share).

* Average FX rate for the year was £1 : $1.26 in 2022.

Mark Carlisle
Chief Financial Officer
30 May 2024

PRINCIPAL RISKS AND UNCERTAINTIES

The Group conducts an annual risk review to identify risks that the Board deems significant to the development, performance, position, or future prospects of the Group. Aferian does not have a dedicated risk management or internal audit function, leading to the execution of the risk management review by the executive management team. Risks within the Group are classified into four categories: Strategic, Operational, Financial, and Compliance-related. The ensuing risks are regarded as material, and a summary of the associated mitigations is provided in the table below. The risks and mitigations are not presented 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. In addition, the competitive environment for video streaming technology is continuing to evolve. If the Group fails to adapt and/or innovate and respond effectively to these rapidly changing consumer trends, and the video streaming technology competitive environment, the Group's solutions may become less competitive or obsolete.	The Group monitors the markets of its products and solutions. This includes a review of the trends and competitive environment of the Group's video streaming technology platforms. 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 page 5.
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. 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. Ahead of the UK leaving the EU, the group put mitigating controls in place that ensured the supply chain was not disrupted.

Risks	Description and potential impact	Mitigation action/Control
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, HSBC plc, and Bank of Ireland secured on 23 December 2021, of which $10.6m was drawn at 30 November 2023 (2022: $7.5m). 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. In April 2024, the term of the banking facility was extended to September 2025 and the leverage, interest cover and fixed charge cover ratio covenants were removed, and the available liquidity covenant was relaxed.	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. 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 statement However, if the Group fails to deliver their plausible downside cashflow forecast, the Group may be unable to operate within its multicurrency working capital facility limits as a result of non-compliance with the financial covenants associated with its existing facilities potentially resulting in the facilities not being available.
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 more 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.

Risks	Description and potential impact	Mitigation action/Control
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 6 of the annual report.

The Strategic Report was approved and authorised for issue by the Board of Directors on 30 May 2024 and is signed on its behalf by:

Mark Carlisle
Director

30 May 2024

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 considered in Board discussions and decision-making.

BOARD EFFECTIVENESS AND TRAINING

STRATEGY

During the year, the Board reviewed progress against the Company's 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 3-5 as well as the ESG framework on page 6. 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. The Group has also delivered publicly available information through the Group's website and regulatory news updates.

Following the release of the Company's full year's results in May 2023 and interim results in August 2023, 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

The executive directors, Donald McGarva and Mark Carlisle have continued to engage with key suppliers by maintaining a regular dialogue with them during the year.

CUSTOMERS

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 FY2023 related to the review of the Company's cost base and available financing:

During the beginning of FY2023 the Company forecast a significant decline in device revenues in the first half of the year. Whilst device revenues were forecast to recover in the second half, they were not forecast recover to the same level as seen in FY2022. Consequently, the Board reviewed forecasts prepared by the executive management team and decided that actions needed to be taken to reduce the Group's cost base significantly. As the financial year progressed further reviews of the Group's cost base were performed, and action was taken to remove c$12m annualised costs from the business in FY2023. As these reviews were performed the Board considered the impact of these cost reductions on the long-term strategy of the Company as well as the short-term benefits to cash flows.

In May 2023, having reviewed the cash flow forecasts of the Group, the Board decided the Company should raise additional funds to increase the safety headroom over the Group's debt facility covenants.

On 31 May 2023, the Group secured a loan of $1.3m arranged by its largest shareholder, Kestrel Partners LLP. This loan is repayable on 31 March 2025.

On 25 July 2023, the Group successfully raised $4.0m (before expenses) through an issue of equity share capital to be used for general working capital purposes.

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). Donald McGarva will step down from his role as CEO and leave the Company in October 2024.

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 $75m 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.

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 focused 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 TIG 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.

BOARD OF DIRECTORS (continued)

Allen Broome, Non-Executive Director

Allen is a technical leader with a proven track record of delivering innovative, reliable, scalable products and services. He is currently Chief Executive Officer at MediaKind, a leading provider of global media technology, having led its research and development organisation for two years as Chief Technology Officer. Allen has been at the forefront of pivotal technology change in the media industry for over 25 years, pioneering major transformations including VoIP, IP Video, Streaming Media and Cloud. Since joining MediaKind in October 2019, Allen has helped advance the company's teams in the industrialisation of broadcast-quality internet streaming and reshaped its portfolio to enable full-service solutions. Under his technology leadership, MediaKind's 11-time Emmy-winning Engineering team has successfully broken down the barriers of live video delivery.

CHAIRMAN’S GOVERNANCE REPORT

For the year ended 30 November 2023

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.

Aferian’s strategy and business model

The strategy and business operations of the Group are set out in the Strategic Report on page 5.

The Group’s vision is “To define iconic video streaming experiences with the most versatile technologies for what’s next in media delivery, sustainably”.

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.

Understanding 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 prepares regular independent analysis of the Group’s results and prospects.

Environmental, Social and Governance policy commitment

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 6.

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.

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.

CHAIRMAN'S GOVERNANCE REPORT (continued)

For the year ended 30 November 2023

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.

Risk management

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.

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 managements 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 14 to 16.

Board governance and management

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. 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, as President of the Americas.

The Company currently has three independent non-executive directors: Mark Wells, Bruce Powell and Allen Broome (appointed on 31 August 2023). 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.

The background of all directors including details of their relevant experience, skills and capabilities is set out on pages 18-19.

There were four 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 and is considered to be independent.
- 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 and is not considered to be independent.
- Non-executive Allen Broome was appointed as a director on the 31 August 2023 and is considered to be independent.

In addition, during the year ended 30 November 2023:

- 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.

Board performance evaluation

On 22nd April 2024 the board announced that, following fourteen years of service, Donald McGarva will step down from his role as CEO and leave the Company in October 2024. A review of the composition of the Board is underway and the Company will make a further announcement once this has been completed.

The Board acknowledges the significance of succession planning and diversity in maintaining the Board's effectiveness and consistently evaluates its composition. The latest assessment of the Board's makeup led to the appointment of Max Royde and Allen Broome. Max Royde was appointed to the Board as a non-executive director on the 4th April 2023. 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. Allen Broome was appointed to the Board as a non-executive director on the 31st August 2023. Allen is a technical leader with a proven track record of delivering innovative, reliable, scalable products and services. 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.

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.

We trust each other

We have the courage to pursue and share new ideas with colleagues. We experience teamwork through personal accountability and a shared vision of success.

We are driven by innovate thinking

With a continuous improvement mindset, we develop impactful solutions because we understand how to create value and take calculated risks.

We are invested in the success of our customers and partners

Based on establishing strong relationships, we address their unique needs to help ensure growth and market leadership.

We value personal fulfilment

By building a diverse and inclusive community, we create an environment that celebrates individuality, purpose and creativity.

We strive to be financially and environmentally responsible

In everything we do, we focus on delivering value, while reducing our impact on the planet.

CHAIRMAN'S GOVERNANCE REPORT (continued)

For the year ended 30 November 2023

Governance structures and processes

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 14 to 16.

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 2024 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.

Remuneration Committee

The Remuneration Committee was comprised of Stephen Vaughan (Chair of the committee), Mark Wells and Bruce Powell. Stephen Vaughan resigned down from the Board and the committee on 27 April 2023. Following his recent appointment to the Board as a Non-Executive Director on 4 April 2023, Max Royde took the position of Chair of the Committee on 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. Stephen Vaughan, resigned from the Board and the committee 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 was comprised of Mark Wells (Chair of the committee), Stephen Vaughan (resigned from the committee and the Board on 27 April 2023) and Bruce Powell. 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 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.

The number of formal meetings of the Board, Audit Committee ("Auditco"), Remuneration Committee ("Remco") and Nominations Committee ("Nomco") during the year ended 30 November 2023 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
Mark Wells	13	4	-	2	13	4	-	2
Donald McGarva	13	4	-	-	13	4	-	-
Mark Carlisle	13	4	-	-	13	4	-	-
Stephen Vaughan	6	1	-	1	6	1	-	1
Steve Oetegenn	13	4	-	-	12	2	-	-
Bruce Powell	13	4	-	2	13	4	-	2
Max Royde	9	3	-	-	9	1	-	-
Allen Broome	3	1	-	-	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
30 May 2024

REMUNERATION COMMITTEE REPORT

For the year ended 30 November 2023

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 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 2023

Directors' detailed emoluments and compensation – audited

Year ended 30 November 2023

US$ unless otherwise stated	Salary and fees	Bonus	Benefits	Sub-total	Pensions contributions	Total
Mark Carlisle [(3)]	248,466	-	27,224	275,690	33,558	309,248
Donald McGarva [(1) (3)]	349,979	-	20,436	370,415	39,828	410,243
Mark Wells [(3)]	123,917	-	-	123,917	-	123,917
Stephen Vaughan [(3)]	22,202	-	-	22,202	-	22,202
Steve Oetegenn [(2)]	228,000	-	-	228,000	-	228,000
Bruce Powell [(3)]	55,763	-	-	55,763	-	55,763
Allen Broome	12,000	-	-	12,000	-	12,000
Max Royde[(6)]		-	-		-	
	1,040,327	**-**	**47,660**	**1,087,987**	**73,386**	**1,161,373**

Year ended 30 November 2022

US$ unless otherwise stated	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

Notes:

(1) Includes pension entitlement elected to be paid as salary of $39,828 (2022: $43,067).

(2) Steve Oetegenn fee also includes $228,000 (2022: $121,585) for his role as a consultant.

(3) Director is paid in GBP. Average FX rate for the year was £1 : $1.24 (2022: £1 : $1.27).

(4) Director is paid in EUR. Average FX rate for 2021: £1 : €1.19). Bonus amount represents compensation for loss of office.

(5) Karen Bach fee in 2021 also includes $26,979 compensation for loss of office.

(6) Aferian plc pays Kestrel Partners for services rendered by Max Royde (2023: $30,098) but he is not paid directly by the company.

REMUNERATION COMMITTEE REPORT (continued)

For the year ended 30 November 2023

Contributions were made to the pension schemes of two directors (2022: three), in accordance with their employment contracts.

The highest paid director was Donald McGarva (2022: Donald McGarva)

Directors and their interests in shares

The directors held the following interests in Aferian plc:

	At 30 November 2023		At 30 November 2022	
	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	**839,627**	**726,100**	553,775	726,100
Mark Carlisle	**154,584**	**524,500**	8,751	524,500
Steve Oetegenn	**100,000**	**-**	-	-
Mark Wells	**208,333**	**-**	-	-
Stephen Vaughan	**N/A**[1]	**N/A**[1]	16,772	-

Notes:

[1] Stephen Vaughan resigned during the year

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

Director	**Grant Date**	**Expiry Date**	**Exercise Price**	**30 November 2023 Number**	30 November 2022 Number
Donald McGarva	15 July 2019	15 July 2029	£0.00	**310,000**	310,000
Donald McGarva	9 August 2021	9 August 2026	£0.00	**191,500**	191,500
Mark Carlisle	15 July 2019	15 July 2029	£0.00	**225,000**	225,000
Mark Carlisle	9 August 2021	9 August 2026	£0.00	**136,500**	136,500

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

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 financial year 2022. 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 in January 2024 that the awards be converted to nil cost share options, valid for ten years from date of the original grant, subject only to continued employment of the recipient (or for a period of six months following the cessation of that employment).

Details of the valuation of these options can be found in note 25 of 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 or recorded as a contingent liability as settlement is not deemed probable at the balance sheet date.

The market price of the Company's shares at the end of the financial year was 10.3p and ranged between 9.7p and 100.6p during the year.

Max Royde

Chairman, Remuneration Committee
30 May 2024

AUDIT COMMITTEE REPORT

For the year ended 30 November 2023

The Audit Committee is comprised of Bruce Powell (chair of the committee) and Mark Wells. 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 concurred with these as their own safeguards.

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 14 to 16.

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, after amortisation and recording an impairment charge of $48.9m the carrying value of goodwill and other intangibles was $29.3m at 30 November 2023. The Audit Committee reviewed the judgements taken in the impairment review performed for the Group's four cash generating units ("CGUs"), 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 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 and forecast reduction in growth of the 24i Mod Studio business following the ending of two material customer contracts in FY2023, has led management to record the following impairment charges for the year ended 30 November 2023:

- $29.1m against the carrying value of goodwill and intangible assets associated with Amino software and devices CGU;
- $16.8m against the carrying value of goodwill associated with the 24i Mod Studio CGU; and

- $3.0m against the carrying value of goodwill and intangible assets associated with the 24iQ CGU.

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 $0.7m (2022: $0.6m) at 30 November 2023.

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 2023 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 2023, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 December 2022.

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 2023, 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 twelve months from the date of approval of the financial statements, which included a base case and a severe but plausible down-case scenario. These scenarios reflect 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. Failure to achieve the severe but plausible 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 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 twelve months from the date of approval of these 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
30 May 2024

DIRECTORS' REPORT

For the year ended 30 November 2023

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 2023. The Chairman's governance report set out on pages 20 to 24 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 109.

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 6 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 36 including a description of the principal risks and uncertainties facing the Group on pages 14 to 16.

Proposed dividend

The Directors have not paid a dividend for the 2023 financial year (2022: 1.0 GBP pence/1.26 US cents).

Research and development

$13.0m was spent on research and development in FY2023 (2022: $13.8m). Under IAS 38 "Intangible Assets" $5.4m of development expenditure was capitalised (2022: $7.8m). 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

These financial statements have been prepared on the going concern basis.

The Parent Company is a holding entity and as such its going concern is inter-dependent on the Group therefore its going concern assessment was performed as part of the Group's assessment.

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 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.

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 June 2025). However, if the Group fails to deliver their plausible downside cashflow forecast, the Group could be unable to operate within its multicurrency working capital facility limits as a result of non-compliance with the financial covenants associated with its existing facilities (which were amended on 22 April 2024 when 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 £1.3m term loan facility provided by certain funds managed by Kestrel Partners LLP was extended to 31 January 2026).

However, should the Group trade at a level below that of its severe but plausible downside forecast, it could be in breach of covenant compliance which will also have a direct impact on the Parent Company's going concern status, this indicates the existence of material uncertainty that may cast significant doubt on both the Group and Parent Company's ability to continue as a going concern and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

However, the Directors consider that the Group and Parent Company will trade in a positive scenario and therefore deem it to be 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 and Parent Company were unable to continue as a going concern.

DIRECTORS' REPORT

For the year ended 30 November 2023

Post balance sheet events

On 7 May 2024, the Company secured an extension to its $16.5m senior banking facilities, previously due to mature on 23 December 2024, to 30 September 2025.

The original maturity date of the loan arranged by its largest shareholder was approximately four months after the previous maturity date of the Group's senior banking facilities. As required by the Company's bank lenders in connection with the extension and revisions to the Group's senior banking facilities, 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.

In April 2024 due to the further deterioration in trading within the Amino business the group implemented further annualised cost reductions of c.$3m.

On 22 April 2024 Aferian plc announced that, following fourteen years of service, Donald McGarva will step down from his role as CEO and leave the Company in October 2024.

Full details of post balance sheet events have been disclosed in note 30 to the financial statements.

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	Executive director
Mark Wells	Non-executive Chairman and Director
Bruce Powell	Non-executive Director
Max Royde	Non-executive Director – Appointed 4 April 2023
Stephen Vaughan	Non-executive Director – Resigned 27 April 2023
Allen Broome	Non-executive Director – Appointed 31 August 2023

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 29 December 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 (2022: 1,482,502) shares held in Treasury from the 112,694,609 shares disclosed in note 24 as allotted, called and fully paid up.

	Number of ordinary shares	Percentage of issued share capital
Kestrel Partners	28,851,736	25.9%
Premier Milton Investors	18,587,530	16.7%
BGF Investments	14,991,231	13.5%
Close Asset Management	5,628,673	5.1%
Interactive Investor	4,830,291	4.3%
24i Media PF	4,346,195	3.9%
DNB Nor Bank	4,060,000	3.7%

Environmental matters

The Group is mindful of its role as a provider of electronics equipment and recognizes its specific duty to minimize environmental impact. This entails full compliance with a spectrum of national, regional, and international guidelines concerning safety, EMC emissions, and energy efficiency.

This commitment spans from packaging to the development of devices aimed at reducing power consumption in consumers' homes. All core product packaging is 100% recyclable, with the majority crafted from recycled materials, and has been designed to minimize waste and transportation costs. Redundant devices returned to the Group are recycled in accordance with WEEE regulations to ensure responsible and environmentally friendly disposal.

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 2023	UK 2022	**RoW 2023**	RoW 2022	**Total 2023**	Total 2022
Energy use (kwh)						
Electricity	**7,178**	19,085	**407,444**	678,627	**414,622**	697,712
Gas	**2,614**	5,728	**30,968**	56,140	**33,582**	61,868
Transport fuel	-	-	-	-	-	-
GHG emissions (CO2e tonnes)						
Electricity	**1.7**	4.4	**95.0**	158.2	**96.7**	162.6
Gas	**0.5**	1.1	**7.2**	13.1	**7.7**	14.2
Transport	-	-	-	-	-	-
Intensity ratio						
Average number of employees	**48**	43	**225**	320	**273**	363
Total GHG emission per employee (Co2e kg)	**45.8**	130.1	**453.3**	532.0	**499.1**	662.1

Total energy use and GHG emissions have decreased in the year as a result of office closures during the year. The Total GHG emission per employee has decreased as a result of the higher proportion of employees working remotely.

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.

Employee matters

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. 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 2023.

Group Level	Number of female employees	Number of male employees	Total
Board	-	7	7
Key management including Board	-	7	7
Employees including key management	41	128	169

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.

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.

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 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

For the year ended 30 November 2023

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 30 May 2024.

On behalf of the board

Mark Carlisle
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFERIAN PLC

For the year ended 30 November 2023

Opinion on the financial statements

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 2023 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 2023 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 applicable 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 to the Group financial statements and note 1 to the Parent Company's financial statements, which explains that should the Group trade at a level below that of its severe but plausible downturn forecast, it could be in breach of covenant compliance which will also have a direct impact on the Parent Company's going concern. As stated in note 1 to the Group financial statements and note 1 to the Parent Company's financial statements, these events or conditions, along with the other matters as set out in note 1 to the Group financial statements and note 1 to the Parent Company's financial statements 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.

Given the material uncertainty noted above and our risk assessment we considered going concern to be a key audit matter.

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 included:

- Review of the internal forecasting process to assess that the projections are prepared and reviewed 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 customer base.
- Review of the forecasts prepared, and challenge of the key assumptions and inputs used by the Directors in their prepared models to determine whether there is adequate support for the assumptions underlying these 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 their forecasts and the solvency and liquidity position, taking account of covenants attached to the Group's financing facilities.
- Review of post year-end results, specifically comparing the cash position against that forecast.
- 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.

In auditing the financial statements, we have concluded that Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Overview

Coverage	*2023: 99% (2022: 100%) of Group revenue* *2023: 99% (2022: 99%) of Group total assets*
Key audit matters	2023 / 2022 1. Revenue Recognition ✔ ✔ 2. Impairment of Intangible Assets (including goodwill) ✔ ✔ 3. Intangible Assets: Development Costs, Amortisation and Impairment ✔ ✔ 4. Acquisition of 24iQ (formerly called The Filter) x ✔ 5. Going Concern ✔ ✔ KAM 4 is no longer considered to be a key audit matter because this was an acquisition which was completed in 2022.
Materiality	*Group financial statements as a whole* $478k (2022: $637k) based on 1.0% (2022 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), six (6) 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 seven 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, 24i Unit Media A/S (24i A/S), 24i Unit Media BV (24i BV) and 24i Unit Media Inc (24i Inc). These components accounted for 99% of the Group's revenue in both 2023 (2022: 100%). Specifically:

- Amino Communications Limited (ACL), Amino Technologies (US) LLC, 24i Unit Media BV (24i BV) and 24i Unit Media Inc (24i Inc) were subject to full scope audits by the group audit team.
- 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;
    - 24i Unit Media A/S; 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 insignificant 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 conclude 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 the member firm that audited this component, 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.
- 24i Unit Media A/S: We instructed the member firm that audited this component, 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 performed a review of their audit documentation and findings by both, remotely and in-person visits; and
- Amino Technologies (HK) Limited: We instructed the member firm that audited this component, 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.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Revenue Recognition

See accounting policy in Note 2 on page 54 and related disclosures in Note 4 on page 69</td>
<td>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 (completeness and 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.
• There is a risk the disclosures made in the financial statements are not complete and accurate due to their complexity and details as required by applicable accounting standard.</td>
<td>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 the 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;
• 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; and</td></tr>
</table>

		• We have audited the disclosures made in the financial statements agreeing back to the supporting data and other work performed to audit revenue transactions. **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.
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 58 and 80, respectively.*	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 and the risk of inappropriately recording the level of the provision. An impairment has been recognised in the financial statements.	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.
Intangible Assets: Development Costs Capitalisation, Amortisation and Impairment	The group capitalises costs in relation to the development of the software provided to its customers. 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.	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

Details of the Group's accounting policies applied and related disclosures are given in note 2 and 14 to the financial statements on pages 57 and 80 respectively.	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.	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.

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	
	2023	2022	2023	2022
Materiality	$478,000	$637,000	$430,000	$573,000
Basis for determining materiality	1.0% 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	$359,000	$477,750	$322,650	$429,750
Basis for determining performance materiality	Performance materiality was set at 75% (2022: 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% (2022: 75%) due to the low value of brought forward adjustments and lower expected total value of known and likely misstatements.	

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.

Component materiality

We set materiality for each component of the Group based on a percentage of between 25% 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 $120,000 to $430,000 (2022: $100,000 to $573,000). In the audit of each component, we further applied performance materiality levels of 75% (2022: 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 $23,900 (2022: $31,850). 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.

For the year ended 30 November 2023

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, UK
30 May 2024
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 November 2023

	Notes	**Year to 30 November 2023 $000s**	Year to 30 November 2022 $000s
Revenue	4	**47,821**	91,127
Cost of sales		**(22,758)**	(49,121)
Gross profit		**25,063**	42,006
Operating expenses		**(88,997)**	(58,603)
Operating loss	8	**(63,934)**	(16,597)
Adjusted operating loss		**(6,269)**	7,522
Share-based payment charge	25	**(67)**	(407)
Impairment of goodwill and intangible assets	14	**(48,905)**	(12,488)
Exceptional items	6	**(4,282)**	(6,662)
Amortisation of acquired intangible assets	8	**(4,411)**	(4,562)
Operating loss		**(63,934)**	(16,597)
Net finance expense	7	**(764)**	(313)
Loss before tax	8	**(64,698)**	(16,910)
Tax credit/(charge)	11	**1,196**	(512)
Loss after tax		**(63,502)**	(17,422)

Loss per share			
Basic loss per 1p ordinary share	12	**(67.27c)**	(20.48c)
Diluted loss per 1p ordinary share	12	**(67.27c)**	(20.48c)

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 2023

	Notes	**Year to 30 November 2023 $000s**	Year to 30 November 2022 $000s
Loss for the financial year		**(63,502)**	(17,422)
Items that may be reclassified subsequently to profit or loss:			
Net foreign exchange gain/(loss) arising on consolidation		**2,750**	(5,334)
Other comprehensive income/(expense)		**2,750**	(5,334)
Total comprehensive expenses for the financial year attributable to equity holders		**(60,752)**	(22,756)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 November 2023

Assets	Notes	2023 $000s	2022 $000s
Non-current assets			
Property, plant and equipment	15	**239**	496
Right of use assets	16	**1,117**	2,276
Intangible assets	14	**29,273**	81,021
Trade and other receivables	18	**184**	183
Deferred tax assets	23	**348**	-
		31,161	83,976
Current assets			
Inventories	17	**5,099**	9,222
Trade and other receivables	18	**9,127**	19,846
Corporation tax receivable	18	**858**	654
Cash and cash equivalents		**5,771**	11,524
		20,855	41,246
Total assets		**52,016**	125,222
Capital and reserves attributable to equity holders of the Company			
Called-up share capital	24	**1,822**	1,488
Share premium		**43,425**	39,768
Other equity		**(103)**	-
Capital redemption reserve		**12**	12
Foreign exchange reserve		**(5,971)**	(8,722)
Merger reserve		**42,750**	42,750
Retained earnings		**(59,638)**	3,587
Equity attributable to owners of the parent		**22,297**	78,883
Liabilities			
Current liabilities			
Trade and other payables	19	**15,518**	33,534
Lease liabilities	16	**634**	1,121
Corporation tax payable	19	**364**	505
Loans and borrowings	20	**10,607**	7,531
		27,123	42,691
Non-current liabilities			
Trade and other payables	19	**26**	1,070
Lease liabilities	16	**497**	1,177
Provisions	21	**81**	288
Deferred tax liabilities	23	**496**	1,113
Loans and borrowings	20	**1,496**	-
		2,596	3,648
Total liabilities		**29,719**	46,339
Total equity and liabilities		**52,016**	125,222

The financial statements of Aferian plc (registered number: 05083390) were approved and authorised for issue by the Board of directors on 30 May 2024 and were signed on its behalf by: -

Donald McGarva Director

Mark Carlisle Director

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 November 2023

	Notes	Year to 30 November 2023 $000s	Year to 30 November 2022 $000s
Cash flows from operating activities			
Cash generated from operations	27	**(4,917)**	6,389
Corporation tax paid		**(423)**	(2,360)
Net cash generated from operating activities		**(5,340)**	4,029
Cash flows from investing activities			
Purchases of intangible assets	14	**(5,471)**	(7,635)
Purchases of property, plant and equipment	15	**(56)**	(172)
Payment of deferred consideration		**(310)**	-
Acquisition of subsidiaries net of cash acquired		**-**	(1,545)
Net cash used in investing activities		**(5,837)**	(9,352)
Cash flows from financing activities			
Proceeds from issue of new shares	24	**4,120**	523
Lease payments		**(940)**	(1,104)
Dividends paid		**-**	(3,256)
Interest paid		**(1,945)**	(677)
Repayment of borrowings		**(11,500)**	-
Proceeds from borrowings		**15,615**	7,500
Net cash generated from financing activities		**5,350**	2,986
Net (decrease)/increase in cash and cash equivalents		**(5,827)**	(2,336)
Cash and cash equivalents at beginning of year		**11,524**	14,182
Effects of exchange rate fluctuations on cash held		**74**	(322)
Cash and cash equivalents at end of year		**5,771**	11,524

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2023

	Notes	Share capital $000s	Share premium $000s	Other equity $000s	Merger reserve $000s	Foreign exchange reserve $000s	Capital redemption reserve $000s	Profit and loss $000s	Total Equity $000s
Shareholders' equity at 01 December 2021		1,484	39,249	-	42,750	(3,388)	12	23,857	103,964
Loss for the year		-	-	-	-	-	-	(17,422)	(17,422)
Other comprehensive expense		-	-	-	-	(5,334)	-	-	(5,334)
Total comprehensive expense for the year attributable to equity holders		-	-	-	-	(5,334)	-	(17,422)	(22,756)
Share based payment charge	25	-	-	-	-	-	-	408	408
Dividends paid	13	-	-	-	-	-	-	(3,256)	(3,256)
Issue of share capital, net of issue costs	24	4	519	-	-	-	-	-	523
Total transactions with owners		4	519	-	-	-	-	(2,848)	(2,325)
Total movement in shareholders' equity		4	519	-	-	(5,334)	-	(20,270)	(25,081)
Shareholders' equity at 30 November 2022		**1,488**	**39,768**	**-**	**42,750**	**(8,722)**	**12**	**3,587**	**78,883**
(Loss) for the year		-	-	-	-	-	-	(63,502)	(63,502)
Other comprehensive expense		-	-	-	-	2,750	-	-	2,750
Total comprehensive (expenses) for the year attributable to equity holders						2,750	-	(63,502)	(60,752)
Share based payment charge	25	-	-	-	-	-	-	278	278
Dividends paid	13	-	-	-	-	-	-	-	-
Issue of share capital, net of issue costs		334	3,657	-	-	-	-	-	3,991
Loan related convertible debt		-	-	(103)	-	-	-	-	(103)
Total transactions with owners		334	3,657	(103)	-	-	-	278	4,166
Total movement in shareholders' equity		334	3,657	(103)	-	2,750	-	(63,224)	(56,586)
Shareholders' equity at 30 November 2023		**1,822**	**43,425**	**(103)**	**42,750**	**(5,972)**	**12**	**(59,637)**	**22,297**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 November 2023

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 107.

Basis of preparation

These consolidated financial statements have been prepared in accordance with accordance with 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

These financial statements have been prepared on the going concern basis.

The Parent Company is a holding entity and as such its going concern is inter-dependent on the Group therefore its going concern assessment was performed as part of the Group's assessment.

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 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.

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 June 2025). However, if the Group fails to deliver their plausible downside cashflow forecast, the Group could be unable to operate within its multicurrency working capital facility limits as a result of non-compliance with the financial covenants associated with its existing facilities (which were amended on 22 April 2024 when 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 $1.3m term loan facility provided by certain funds managed by Kestrel Partners LLP was extended to 31 January 2026).

However, should the Group trade at a level below that of its severe but plausible downside forecast, it could be in breach of covenant compliance which will also have a direct impact on the Parent Company's going concern status, this indicates the existence of material uncertainty that may cast significant doubt on both the Group and Parent Company's ability to continue as a going concern and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

However, the Directors consider that the Group and Parent Company will trade in a positive scenario and therefore deem it to be 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 and Parent Company were unable to continue as a going concern.

1. General Information and basis of preparation (continued)

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 2022. The adoption of following amendments to the accounting standards, issued by the IASB and endorsed by the UK during the year ending 30 November 2023 had no impact on the Group's consolidated results, financial position or disclosures:

- Amendments to IAS 16 – Property, Plant and Equipment (Amendment – Proceeds before Intended Use;
- Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract); and
- Amendments to IFRS 3 - Business Combinations (Amendment – Reference to the Conceptual Framework)
- Annual improvement to IFRS 2018 - 2020

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 for Aferian Group
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
IAS 1	*Presentation of Financial Statements and IFRS Practice Statement 2 (Definition of Accounting Estimates)* *Presentation of Financial Statements (Classification of Liabilities as Current or Non-Current)* *Presentation of Financial Statements (Non current liabilities with covenants)*	Year ending 30 November 2025
IAS 7	*Accounting policies, changes in accounting estimates and errors*	Year ending 30 November 2025
IFRS 16	*Leases (Liability in a Sale and Leaseback)*	Year ending 30 November 2024
IFRS 18	*Presentation and Disclosure in Financial Statements issued*	Year ending 30 November 2028

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 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, can 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 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:

- based on 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 assuming it has a standalone value.

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, 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 2023 (2022: no variable consideration or costs recorded).

2. Summary of significant accounting policies (continued)

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 99-106 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 adjustments through profit and loss.

For debt modifications that are not substantial, the existing liability is not derecognised. The Group however recalculates 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

Amortisation 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.

(iv) *Customer relationships*

The values placed on customer relationships were based on expected cash inflows due to an existing relationship between the company and its customer, and capitalised as part of fair value of adjustments related to acquisitions.

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

2. Summary of significant accounting policies (continued)

Impairment of intangible assets excluding goodwill

IAS 36 requires that goodwill is reviewed annually; for other intangible assets, this is required only when there are indicators of impairment. 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 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 only if circumstances leading to the impairment are resolved, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, 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.

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.

2. Summary of significant accounting policies (continued)

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 (e.g., 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 manages several stakeholder pension schemes and makes contributions to various personal pension schemes on behalf of its employees. The Group does not offer any other post-retirement benefits to its employees. Pension costs are expensed in the consolidated income statement in the financial year in which they are incurred.

(ii) Share-based compensation

The Group operates numerous 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 price the difference is a realised loss recognised directly in reserves. The Group schemes, which award shares in the parent entity, include 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 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 subsidiaries as a capital contribution from the parent and a credit to equity.

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.

2. Summary of significant accounting policies (continued)

Leases (continued)

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.

Nature of leasing activities (in the capacity as lessee)

The group leases 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 the following:

- provisions for warranty claims from customers, measured at best estimate of expenditure required to settle obligation at reporting date.
- 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.

Dividends

Dividends are recognised when they become legally payable. For interim dividends to equity shareholders, recognition occurs upon declaration by the directors. As for final dividends, recognition takes place upon approval by the shareholders at the Annual General Meeting (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.
- Other equity – represents the equity element of the convertible loan note issued to the shareholders of the company.
- 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.
- Profit and loss reserve – comprises all current and prior period retained profits and losses.

2. Summary of significant accounting policies (continued)

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 advisory 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 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. The Group has carried out an impairment review and recognized $2.5m impairment loss on in the year. 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 and recognised $48.9m impairment loss on 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 values 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. 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 recognised 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.

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.

Revenue – Stage of completion of longer-term software and service contracts

Certain types of service provision pricing mechanisms require minimal estimation and judgement; however longer-term contracts do require judgments and estimates to be made to determine the stage of completion and the expected outcome of the individual contracts. Management review both the number of hours work performed on contracts against budget as well as the completion of contract milestones and deliverables to assess the stage of completion and the expected outcome of these contracts. This requires management to make estimates and assumptions regarding the future amount of work and cost required to complete each contract.

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, Swiss Francs, 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 2023 and 2022, the Group did not enter 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 2023	**USD $000s**	**Euros €000s**	**CHF ₣000s**	**GBP £000**	**SEK kr000s**	**CZK kc000s**	**HKD HK$000s**	**CAD $000s**
Trade and other receivables	1,163	146	248	-	2,849	-	-	-
Cash balances Trade and other payables	2,408	76	-	-	-	-	93	-
Trade and other payables denominated in foreign currency	(4,314)	(74)	(143)	(40)	-	(399)	(39)	-
Net current assets/(liabilities) denominated in foreign currency	**(743)**	**148**	**105**	**(40)**	**2,849**	**(399)**	**54**	**-**

As at 30 November 2022	**USD $000s**	**Euros €000s**	**CHF ₣000s**	**GBP £000**	**SEK kr000s**	**CZK kc000s**	**HKD HK$000s**	**CAD $000s**
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)	-	(99)	-	-	-	(250)
Net current assets/(liabilities) denominated in foreign currency	**1,802**	**4,020**	**-**	**(99)**	**-**	**-**	**-**	**(250)**

3. Financial risk management (continued)

At 30 November 2023, 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 $0.0m/$0.0m (2022: $0.4m/$0.4m).

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.

(ii) Interest rate risk

Throughout the year-ended 30 November 2023 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 0.25% (2022: 0.05%). The interest rate on the loan facility ranged from 2.10% - 2.75% plus SOFR (secured overnight financing rate) during the year.

At 30 November 2023, 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 FY2023 the Group's borrowings at variable rate were denominated in USD (2022: USD).

The sensitivity of profit to a reasonably possible change in interest rates of +/- 2% (2022: +/- 2%) with all other variables held constant, at 30 November 2023, would have increased/decreased post-tax (loss)/profit for the year by $0.2m/$0.2m (2022: $0.1m/$0.1m). 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% (2022: 3%) 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.

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. 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.

3. Financial risk management (continued)

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

Financial asset carrying amounts	2023 $000s	2022 $000s
Non-current assets		
• trade and other receivables	**184**	183
Current assets		
• trade and other receivables	**8,134**	18,218
• cash and cash equivalents	**5,771**	11,524
	14,089	29,925

Trade and other receivables include $7.2m (2022: $17.3m) trade receivables of which $1.6m (2022: $8.9m) is covered by insurance, representing coverage of 20% (2022: 52%) on a gross basis. For further details on the analysis of credit risk relating to trade receivables see note 18.

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 2023 the Group had an external multicurrency credit facility of $25.4m (2022: $50m), of which $10.6m was drawn at 30 November 2023 (2022: $7.5m). See note 20 for more details.

At 30 November 2023 the value of external borrowings was $11.9m (2022: $7.5m).

	2023 $000s	2022 $000s
Capital		
Total equity	**22,297**	78,883
Less: cash and cash equivalents	**(5,771)**	(11,524)
	16,526	67,359
Overall financing		
Total equity	**22,297**	78,883
Plus: borrowings (see note 20)	**12,103**	7,531
	34,400	86,414
Capital-to-overall financing ratio	**1:2.08**	1:1.28

In FY22 the Company announced a revised dividend policy of 19% of adjusted earnings per share, this has been revised down to nil to reflect the short-term impact on the Group of the challenging macro-economic environment in the first half of FY2023. None of the entities in the Group are subject to externally imposed capital requirements.

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. At 30 November 2023, 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	**10,607**	-	-	-
Other loan	-	-	**1,496**	-
Trade and other payables	**12,391**	**74**	**26**	-
Lease liabilities	**346**	**288**	**497**	-
Total	**23,344**	**362**	**2,019**	-

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	7,531	-	-	-
Other loan	-	-	-	-
Trade and other payables	30,138	809	-	-
Lease liabilities	630	537	1,233	-
Total	**38,299**	**1,346**	**1,233**	-

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 2023			Year to 30 November 2022		
	Amino $000s	**24i $000s**	**Total $000s**	Amino $000s	24i $000s	Total $000s
USA	**6,649**	**6,994**	**13,643**	29,389	5,809	35,198
Latin America	**4,522**	**241**	**4,763**	6,217	1,254	7,471
Netherlands	**5,731**	**6,734**	**12,465**	23,354	6,502	29,856
Rest of EMEA	**7,960**	**7,161**	**15,121**	10,462	5,542	16,004
EMEA	**13,691**	**13,895**	**27,586**	33,816	12,044	45,860
Rest of the World	**1,607**	**222**	**1,829**	2,598	-	2,598
	26,469	**21,352**	**47,821**	72,020	19,107	91,127

The Group had nil (2022: 3) significant customers in the year, defined as representing more than 10% of revenue, (2022: USA 1 $17.2m, USA 2 $10.4m and EMEA 1 $10.8m).

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

	Year to 30 November 2023			Year to 30 November 2022		
	Amino $000s	**24i $000s**	**Total $000s**	Amino $000s	24i $000s	Total $000s
Devices *	**20,880**	**383**	**21,263**	67,045	-	67,045
Software and services	**5,588**	**20,970**	**26,558**	4,975	19,107	24,082
	26,468	**21,353**	**47,821**	72,020	19,107	91,127

** Includes integrated software and associated accessories*

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

	Year to 30 November 2023			Year to 30 November 2022		
	Amino $000s	**24i $000s**	**Total $000s**	Amino $000s	24i $000s	Total $000s
Goods and services transferred at a point in time	**22,130**	**1,680**	**23,810**	67,055	558	67,613
Software licences and services transferred over time	**4,339**	**19,672**	**24,011**	4,965	18,549	23,514
	26,469	**21,352**	**47,821**	72,020	19,107	91,127

4. Revenue (continued)

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

	Year to 30 November 2023			Year to 30 November 2022		
	Amino $000s	**24i $000s**	**Total $000s**	Amino $000s	24i $000s	Total $000s
Direct customers	**21,612**	**21,352**	**42,964**	44,202	19,107	63,309
Distribution channel	**4,857**	**-**	**4,857**	27,818	-	27,818
	26,469	**21,352**	**47,821**	72,020	19,107	91,127

Contract balances

	Contract Assets		**Contract Liabilities**	
	Year to 30 November			
	2023 $000s	2022 $000s	**2023 $000s**	2022 $000s
At 1 December	**1,191**	1,527	**(2,286)**	(2,261)
Transfers in the period from contract assets to trade receivables	**(3,354)**	(4,002)	**-**	-
Amounts included in contract liabilities that were recognised as revenue during the period	**-**	-	**4,587**	5,768
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	**3,099**	3,861	**-**	-
Cash received in advance of performance and not recognised as revenue during the period	**-**	-	**(4,510)**	(5,946)
Acquired with acquisition	**-**	-	**-**	(27)
Foreign exchange gains/(losses)	**70**	(195)	**(131)**	180
At 30 November (see Note 18 and 19)	**1,006**	1,191	**(2,340)**	(2,286)

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 twelve 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 2023	**Year to 30 November**		
	2024	**2025**	**2025/6**
	$000	**$000**	**$000**
Revenue expected to be recognised on Software and Service contracts	**8,127**	**2,607**	**270**

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

No variable consideration or costs of obtaining and fulfilling contracts have been recorded in the year to 30 November 2023 (2022: 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.

2023	**Amino $000s**	**24i $000s**	**Central costs $000s**	**Total $000s**
Revenue				
Software & services	5,588	20,970	-	**26,558**
Devices *	20,880	383	-	**21,263**
Total	26,468	21,353	-	**47,821**
Adjusted cost of sales	(16,433)	(6,325)	-	**(22,758)**
Adjusted gross profit	10,035	15,028	-	**25,063**
Adjusted operating expenses	(9,596)	(12,114)	(1,737)	**(23,447)**
Adjusted EBITDA	**439**	**2,914**	**(1,737)**	**1,616**
Exceptional items				**(4,282)**
Impairment of goodwill				**(48,905)**
Share based payment charge				**(67)**
Depreciation and amortisation				**(12,298)**
Operating loss				**(63,935)**
Net finance expense				(764)
Loss before tax				**(64,698)**
Additions to non-current assets: Capitalised development costs	1,060	4,313	-	**5,373**

5. Segmental analysis (continued)

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**
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**

* 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)	**2023 $000s**	2022 $000s
United Kingdom	**174**	1,654
USA	**10,377**	30,799
Finland	**8,003**	8,860
Netherlands	**12,867**	33,102
Denmark	**7,055**	7,814
Rest of the World	**922**	1,747
	39,398	83,976

6. Exceptional items

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

	Year to 30 November 2023 $000s	Year to 30 November 2022 $000s
Credit relating to royalty costs recognised in prior years and subsequently renegotiated	-	(48)
Subtotal cost of sales	-	(48)
Restructuring and associated other costs	3,873	1,072
Refinancing and other costs	267	-
Acquisition and one-off legal costs	142	432
Aborted acquisition costs	-	5,206
Subtotal operating expenses	**4,282**	6,710
Total exceptional items	**4,282**	6,662
Other exceptional items		
Impairment charge of goodwill and intangible assets	**48,905**	12,488

Exceptional items included in total net finance income comprise the following charges/(credits):

Fair value adjustment of contingent consideration	(1,505)	403
Unwinding discount on contingent consideration regarding FokusOnTV (formerly Nordija) acquisition	278	(403)
Total net finance income – exceptional items	**(1,227)**	-

7.Net finance expense

	Year to 30 November 2023 $000s	Year to 30 November 2022 $000s
Interest payable and similar costs	**(2,264)**	(271)
Fair value adjustment of contingent consideration	**1,505**	-
Net foreign exchange losses	**(5)**	(42)
	(764)	(313)

The current year $1.2m credit (2022: $0.4m) in relation to the movement in contingent consideration relates to the acquisition of Exabre Limited.

Interest payable and similar costs comprises:

	Year to 30 November 2023 $000s	Year to 30 November 2022 $000s
Bank loan interest	1,887	527
Unwinding discount on contingent consideration regarding FokusOnTV (formerly Nordija) acquisition	278	(403)
Lease interest	41	87
Bank and other interest payable	58	60
	2,264	271

8. Loss before tax

Loss before tax is stated after charging/(crediting):	**Year to 30 November 2023 $000s**	Year to 30 November 2022 $000s
Depreciation of owned property, plant and equipment (see note 15)	**323**	457
Amortisation of right of use assets (see note 16)	**986**	1,227
Amortisation of intangible assets		
• other assets (see note 14)	**6,578**	5,366
• acquired intangible assets (see note 14)	**4,411**	4,562
Loss on disposal of property, plant and equipment	**3**	4
Impairment charge (see note 14)	**48,905**	12,488
Research and development expense (excluding amortisation)	**5,421**	6,021
Auditor's remuneration:		
Audit services		
• fees payable to Company auditor for the audit of the Company and consolidated financial statements	**388**	348
Other services		
• the auditing of the Company's subsidiaries pursuant to legislation	**198**	178
• audit related assurance services	**14**	12
Movement in inventory provision	**(12)**	(316)
Net realised loss/(gain) on foreign exchange	**5**	42

9. Staff costs

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

	Year to 30 November		Year to 30 November	
	2023	2022	**2023**	2022
	Year end Number	Year end Number	**Average Number**	Average Number
Customer support and professional services	**17**	34	**22**	36
Research and development	**91**	169	**129**	176
Sales, marketing and operations	**30**	47	**33**	42
General and administration	**31**	54	**34**	49
	169	304	**218**	303

	Year to 30 November 2023	Year to 30 November 2022
	$000s	$000s
Their aggregate remuneration comprised:		
Wages and salaries	**16,848**	21,741
Redundancy and associated costs	**3,873**	1,072
Social security costs	**1,743**	2,450
Other pension costs	**636**	847
Expense of share-based payments (see note 25)	**67**	407
	23,167	26,518

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

The Group's pension charge for the year was $636,323 (2022: $847,000). A payable of $21,000 is included within other payables at 30 November 2023 (2022: $98,000) in respect of the final month's contributions.

10. Key management and directors' compensation

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

	Year to 30 November 2023 $000s	Year to 30 November 2022 $000s
Salaries and other short term employee benefits	**1,161**	**1,321**
Social security costs	**115**	**131**
Company contributions to personal pension schemes	**73**	**102**
Expense for share based payments	**131**	**278**
	1,480	1,832

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 2023, key management comprised 7 people (2022: 6).

Directors' emoluments are disclosed in the Remuneration Committee report on page 26

11. Tax (credit)/charge

	Year to 30 November 2023 $000s	Year to 30 November 2022 $000s
Corporation tax charge for the year	670	1,991
Release of uncertain tax provision (note 21)	(210)	(843)
Adjustment in respect of prior years	200	(59)
Total current tax charge	**660**	1,089
Net deferred tax (unwinding of deferred tax liability) (see note 23)	(1,856)	(577)
Total tax (credit)/charge in consolidated income statement	**(1,196)**	512

The tax (credit)/charge for the year differs from that calculated by applying the pro-rated standard rate of corporation tax in the UK of 23.0% (2022: 19.0%). The differences are explained below:

	Year to 30 November 2023 $000s	Year to 30 November 2022 $000s
Loss on ordinary activities before corporation tax	**(64,698)**	(16,910)
At the standard rate of corporation tax in the UK of 23% (2022: 19%)	**(14,880)**	(3,213)
Effects of:		
Amounts not allowable for tax purposes	**13,068**	3,589
Enhanced deduction for research and development expenditure	**(287)**	(391)
Adjustment in respect of prior years	**200**	(59)
Losses utilised during the year	-	195
Losses carried forward not recognised	**1,110**	1,169
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(197)**	74
Movement in deferred tax not recognised	-	(9)
Release of uncertain tax provision (note 21)	**(210)**	(843)
Total current tax (credit)/charge	**(1,196)**	512

Deferred tax not recognised primarily relates to losses carried forward but not recognised as a deferred tax asset as at 30 November 2023. Deferred tax assets in respect of taxable losses are recognised based on guidance provided in IAS 12. See note 23 for further details of deferred tax assets.

12. Earnings per share

	Year to 30 November 2023 $000s	Year to 30 November 2022 $000s
Loss attributable to ordinary shareholders	**(63,502)**	(17,422)
Exceptional items (see note 6)	**4,282**	6,662
Impairment charge	**48,905**	12,488
Share-based payment charges	**67**	407
Finance income (see note 7)	**(1,227)**	(403)
Amortisation of acquired intangible assets	**4,411**	4,562
Deferred tax credit on acquired intangibles (see note 23)	**(1,113)**	(682)
(Loss)/profit attributable to ordinary shareholders excluding adjusting items	**(8,177)**	5,612
Weighted average number of shares (Basic)	**94,400,906**	85,070,688
Dilutive share options outstanding	**758,819**	1,545,606
Weighted average number of shares (Diluted)	**95,159,725**	86,616,294
Basic loss per ordinary share of 1p	**(67.27)c**	(20.48)c
Diluted loss per ordinary share of 1p	**(67.27)c**	(20.48)c
Adjusted basic loss per ordinary share of 1p	**(8.66)c**	6.60c
Adjusted diluted loss per ordinary share of 1p	**(8.66)c**	6.48c

The calculation of basic earnings per share is based on loss after taxation and the weighted average of ordinary shares of 1p each in issue during the year. The Company holds 1,482,502 (2022: 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 (2022: 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 2023 $000s	Year to 30 November 2022 $000s
Final dividend for the year ended 30 November 2022 of 0p (2022: 2.09p for year ended 30 November 2021) per share	-	**2,297**
Interim dividend for the year ended 30 November 2023 of 0p (2022: 1.0p) per share	-	**959**
	-	**3,256**

A final dividend of nil GBP pence (nil US cents) (2022: nil GBP pence/nil US cents) is proposed. As a result, the total dividend for the year was nil GBP pence (nil US cents) per share (2022: 1.00 GBP pence/1.27 US cents).

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 1 December 2021	69,527	21,124	2,488	390	1,641	48,771	17,155	161,096
Additions	-	-	-	-	-	7,636	-	7,636
Acquisition of subsidiary	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
Additions	-	-	-	-	98	5,373	-	5,471
Impairment	(46,409)	(81)	-	-	-	(1,296)	(1,119)	(48,905)
Foreign exchange adjustment	1,455	579	58	-	98	1,070	684	3,944
At 30 November 2023	11,338	20,810	2,452	390	1,677	60,334	18,206	115,207
Amortisation								
At 1 December 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
Charge for the year	-	1,556	81	-	20	6,558	2,774	10,989
Foreign exchange adjustment	-	165	31	-	73	537	463	1,269
At 30 November 2023	**-**	**13,581**	**1,992**	**390**	**1,574**	**51,271**	**17,126**	**85,934**
Net book amount								
At 30 November 2023	**11,338**	**7,229**	**460**	**-**	**103**	**9,063**	**1,080**	**29,273**
At 30 November 2022	56,292	8,452	514	-	-	11,011	4,752	81,021

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 gain of $2,675,000 (2022: $4,377,000 loss) contributing to the overall foreign exchange reserve movements seen in the year.

The acquisition intangibles are typically amortised over a range of three to fifteen years.

14. Intangible assets (continued)

The carrying value of goodwill is allocated to those 4 cash-generating units ("CGUs") as follows:

CGU	**2023 $000s**	2022 $000s
Cash flows from 24i Mod Studio	**6,780**	22,364
Cash flows from 24iQ	-	1,450
Cash flows from FokusOnTV	**2,702**	2,567
Cash flows from Amino software and devices	**795**	29,911
	10,277	56,292

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 2024 and 2025 operating budgets which are then extended for a further three 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.

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, FokusOnTV, and Amino software and devices, 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 % 2023**	Discount rate % 2022
24i Mod Studio	**15.8%**	14.3%
24iQ	**17.8%**	17.0%
FokusOnTV	**16.4%**	14.5%
Amino software and devices	**17.4%**	12.0%

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	FokusOnTV	Amino software and devices
Average annual revenue growth rate	8% - 10%	5%	5%	(4%) - 9%*
Average Gross profit margin	50.4%	49.2%	64.0%	56.4% - 57%
Average Operating cost growth rate	2% - 5%	2% - 5%	2% - 5%	2% - 5%
Terminal growth rate from FY28	2%	2%	2%	(2%)

* Different growth rates have been applied to separate revenue streams

14. Intangible assets (continued)

The annual growth rates are based on management's view of customer and product development opportunities. For 24i Group, 24iQ, FokusOnTV, this considers forecast growth from new and existing customers. 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. For Amino, the growth rates are based on management's view on the differing revenue streams. The terminal growth rate for Amino software and devices is assumed as (2%) per annum.

Management has prepared analysis to sensitise the cashflow projections used in the impairment review for all 4 CGUs using a full downside budget for FY24 and FY25 (scenario 1), which is then rolled forward using the following key assumptions:

CGU	Scenario 1
24i Mod Studio	8% growth rate in revenue The gross profit margin is between 44.5% and 52.1% Operating cost growth rate between 2% and 5%
24iQ	5% growth rate in revenue The gross profit margin is kept at 14.6% Operating cost growth rate between 2% and 5%.
FokusOnTV	5% growth rate in revenue The gross profit margin is kept at 57.7% Operating cost growth rate between 2% and 5%.
Amino software and devices	(4%) reduction in revenue to 3% growth in revenue depending on the revenue stream The gross profit margin is between 47.5% and 58.2% Operating cost growth rate between 2% and 5%.

The recoverable amount of each 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. To take account of this uncertainty, management used the "expected cash flow approach" which involves probability weighting against an alternative scenario.

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.

For 24i Group, 24iQ and Amino the base case, as well as scenario 1, displayed an impairment charge, whereas FokusOnTV shown no impairment in either model. Further details of the scenarios are shown below:

14. Intangible assets (continued)

		Value as at 30 November 2023 ($000s)				
CGU	**Scenario**	**Goodwill**	**Other tangible /intangibles assets**	**Total carrying value**	**Value in use**	**Impairment provision**
24i Mod Studio	Base	23,600	13,861	37,461	20,854	(16,607)
24i Mod Studio	Scenario 1	23,600	13,861	37,461	20,322	(17,139)
24i Mod Studio	**Weighted Probability**	**23,600**	**13,861**	**37,461**	**20,642**	**(16,820)**
FokusOnTV	Base	2,702	3,361	6,063	12,399	-
FokusOnTV	Scenario 1	2,702	3,361	6,063	9,811	-
FokusOnTV	**Weighted Probability**	**2,702**	**3,361**	**6,063**	**11,075**	-
24iQ	Base	1,531	1,439	2,970	1,435	(1,535)
24iQ	Scenario 1	1,531	1,439	2,970	(1,526)	(2,970)
24iQ	**Weighted Probability**	**1,531**	**1,439**	**2,970**	**(46)**	**(2,970)**
Amino software and devices	Base	29,910	1,964	31,874	3,411	(28,463)
Amino software and devices	Scenario 1	29,910	1,964	31,874	1,782	(30,092)
Amino software and devices	**Weighted Probability**	**29,910**	**1,964**	**31,874**	**2,759**	**(29,115)**

The value in use was estimated by applying a weighted probability approach to the value in use under each scenario, with a 50:50 weighting applied to FokusOnTV and 24iQ and a 60:40 weighting applied to 24i Mod Studio and Amino. The 50:50 weighting applied to FokusOnTV and 24iQ reflects the view of management that the two cases presented are equally likely. The 60:40 weighting for 24i Mod Studio and Amino reflects that management believe the base case to be the more likely outcome, representing managements forecast, whereas the scenario 1 case has additional sensitivities and is deemed the less likely case.

Management has therefore taken a decision to recognise an impairment against goodwill in the first instance and the other intangible assets in relation to the 24i Group, 24iQ and Amino CGU's. The impairment charge recognised is $16.8m, $3.0m and $29.1m respectively, totalling $48.9m, plus a specific impairment against the capitalised development costs in Amino of $1.1m.

If there was a change in the other key assumptions as noted below; (noting 24iQ is fully impaired already):

- A change in weighting to 60:40 from 50:50 would result in an additional impairment of $0.1m in 24i Mod studio and $0.2m Amino software and Services.
- Terminal value growth rate reduced to 1% from 2% would result in an additional impairment of $1.1m in 24i Mod studio. If the terminal growth rate changed from (2%) to (3%) this would result in additional impairment of $0.0m in Amino software and Services.
- Post tax discount rate increased by 0.5% would result in an additional impairment of $0.9m in 24i Mod studio and $0.0m Amino software and Services.

15. Property, plant and equipment

	Computer equipment $000s	Office and other equipment $000s	Leasehold improvements $000s	Total $000s
Cost				
At 1 December 2021	969	861	573	2,403
Foreign exchange adjustment	(78)	(83)	(40)	(201)
Additions	56	60	56	172
Acquired through a business combination	4	-	-	4
Disposals	-	(4)	-	(4)
At 30 November 2022	951	834	589	2,374
Foreign exchange adjustment	10	43	3	56
Additions	3	53	-	56
Reclassifications	-	82	(82)	-
Disposals	(8)	(123)	(3)	(134)
At 30 November 2023	**956**	**889**	**507**	**2,352**
Depreciation				
At 1 December 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
Foreign exchange adjustment	8	34	1	43
Charge for the year	63	248	12	323
Disposals	(6)	(122)	(3)	(131)
At 30 November 2023	**906**	**716**	**491**	**2,113**
Net book amount				
At 30 November 2023	**50**	**173**	**16**	**239**
At 30 November 2022	110	278	108	496

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 2021	1,901	9	1,910
Additions	309	-	309
Acquired through a business combination	69	-	69
Amortisation	(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
Additions	314	-	314
Disposals	(614)	(5)	(619)
Amortisation	(986)	-	(986)
Effect of modification to lease terms	100	-	100
Foreign exchange movements	32	-	32
At 30 November 2023	**1,117**	**-**	**1,117**

Lease liabilities

	Land and buildings $000s	Plant and machinery $000s	Total $000s
At 1 December 2021	1,964	4	1,968
Additions	303	-	303
Acquired through a business combination	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	2,293	4	2,297
Additions	314	-	314
Obligations cancelled	(658)	-	(658)
Interest expense	41	-	41
Effect of modification to lease terms	100	-	100
Lease payments	(940)	-	(940)
Foreign exchange movements	(23)	-	(23)
At 30 November 2023	**1,127**	**4**	**1,131**

17. Inventories

	2023	2022
	$000s	$000s
Raw materials	2,864	1,845
Finished goods	2,235	7,377
	5,099	9,222

The cost of inventories recognised as an expense and included in cost of sales amounted to $14.4m (2022: $39.1m). The slow moving inventory provision is $136k (2022: $148k).

18. Trade and other receivables

	2023	2022
	$000s	$000s
Current assets:		
Trade receivables	6,336	16,627
Contract assets (note 4)	1,006	1,191
Other receivables	792	400
Prepayments	993	1,628
Trade and other receivables	9,127	19,846
Corporation tax receivable	858	654
Current assets: due within one year	9,985	20,500
Non-current assets:		
Other receivables	184	183

	2023	2022
Trade receivables	$000s	$000s
Neither past due nor impaired	3,919	15,002
Under 90 days overdue but not provided for	2,005	1,469
Over 90 days overdue and provided for	875	646
Over 90 days overdue but not provided for	412	156
	7,211	17,273
Provision for credit losses brought forward	(646)	(306)
Provision for receivables impaired	(703)	(339)
Amounts recovered during the year	167	241
Balances written off as irrecoverable	368	(170)
Foreign exchange translation gains and losses	(61)	(72)
Provision for credit losses carried forward	(875)	(646)
Net trade receivables	6,336	16,627

18. Trade and other receivables (continued)

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.

The expected loss rates are based on the Group's historical credit losses experienced over the twelve-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. Standard credit terms vary from customer to customer largely based on territory. At the year-end $3.3m of debts were past due (2022: $3.2m). Of the 90 days overdue total of $1.3m, $0.9m has been provided for (expected loss rate of 42%). 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.

19. Trade and other payables

	2023	2022
	$000s	$000s
Current liabilities		
Trade payables	**7,139**	23,268
Other payables	**71**	111
Accruals	**5,207**	6,759
Total current financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**12,417**	30,138
Contingent consideration	**74**	809
Total current financial liabilities measured at fair value	**74**	809
Social security and other taxes	**687**	301
Contract liabilities (Note 4)	**2,340**	2,286
Total trade and other payables	**15,518**	33,534
Lease liabilities	**634**	1,121
Corporation tax payable	**364**	505
	16,516	35,160
Non-current liabilities		
Other payables	**26**	1,070
Lease liabilities	**497**	1,177
	523	2,247

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

20. Loans and borrowings

	2023	2022
	$000s	$000s
Bank loans (secured)	**10,607**	7,531
Other loan (unsecured)	**1,496**	-
Total borrowings	**12,103**	**7,531**

The book value and fair value of the bank loan are identical. The loan, which is in USD, incurs a repayment rate of 2.1% - 3% above the bank reference rate. It is backed by a fixed and floating charge encompassing all assets of the Group.

As at 30 November 2023 the Group had an external multicurrency credit facility of $25.4m (2022: $50.0m), of which $10.6m was drawn at 30 November 2023 (2022: $7.5m). The interest rate on the bank facility ranged from 2.10% - 2.75% plus SOFR (secured overnight financing rate) during the year. The facility has a committed term to 30 September 2025 (with options to extend by a further one or two years).

On 31 May 2023, the Group secured a loan of $1.3m arranged by its largest shareholder, Kestrel Partners LLP. This loan (including accrued interest) is (if not prepaid) repayable in January 2026. Under the terms of the loan, warrants over 4.5m ordinary shares are issuable to the Lenders, representing approximately 5.2% of Group's issued share capital. Full exercise of these would result in cash proceeds of $1.0m payable to Aferian plc.

The loan arranged by the company's largest shareholder constitutes a form of convertible debt which is accounted for as a compound instrument under IAS 32. The fair value of the loan liability component is recognised as non-current liability as the loan is repayable in 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 loan book value is recognised as the equity component. On the basis that the loan would be accounted for as convertible debt, fair value accounting for warrants is not required.

21. Provisions

	2023			2022		
	$000s			$000s		
	Uncertain tax	**Warranty**	**Total**	Uncertain tax	Warranty	Total
At 1 December	**210**	**78**	**288**	1,053	110	1,163
Credited in the year	**(210)**	**(2)**	**(212)**	(843)	(10)	(853)
Foreign exchange adjustment	**-**	**5**	**5**	-	(22)	(22)
At 30 November	**-**	**81**	**81**	210	78	288

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 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.

22. Financial assets and liabilities

Below is the 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:	2023 $000s	2022 $000s
Financial assets		
Trade and other receivables due after one year	**184**	183
Trade and other receivables due within one year	**8,134**	18,218
Cash and cash equivalents	**5,771**	11,524
Financial assets at amortised cost	**14,089**	29,925
Financial liabilities		
Trade and other payables at amortised cost	**7,210**	23,379
Accruals	**5,207**	6,759
Bank loan	**10,607**	7,531
Other loan	**1,496**	-
Lease liabilities due within one year	**634**	1,121
Lease liabilities due after more than one year	**497**	1,177
Financial liabilities at amortised cost	**25,651**	39,967
Contingent consideration	**74**	809
Financial liabilities at fair value	**74**	809

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

23. 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. The deferred tax liability has been presented net of deferred tax assets of $0.3m (2022: $0.0m):

	As at 30 November 2023		As at 30 November 2022	
Deferred tax liability	**Amount recognised $000s**	**Amount unrecognised $000s**	Amount recognised $000s	Amount unrecognised $000s
At 1 December	**1,113**	-	1,069	-
Recognised in the income statement	(993)	-	(577)	-
Acquisition of subsidiary	-	-	682	-
Foreign exchange adjustment	28	-	(61)	-
At 30 November	**148**	-	1,113	-

No deferred tax asset of is recognised on a further $12.7m of other trading losses (2022: $8.2m). However, deferred tax assets have been recognised for $0.3m relating to the losses carried forward in one of the Group subsidiary in line with IAS 12. These have been presented net against the deferred tax liability in the table above, but presented gross on the consolidated statement of financial position.

During the year, the Group used $nil of tax losses (2022: $nil) that were previously unrecognised.

24. Share capital

	2023 $000s	2022 $000s
Allotted, called up and fully paid		
112,694,609 (2022: 86,694,609) Ordinary shares of 1p each	**1,822**	1,488

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 2022	86,694,609	(1,482,502)	85,212,107
Placing of shares	26,000,000	-	26,000,000
At 30 November 2023	**112,694,609**	**(1,482,502)**	**111,212,107**

During the year a total of 26,000,000 placing shares were placed at the placing price, raising gross proceeds of $4.1m.

25. 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 2023 Number	As at 30 November 2022 Number
Total share options outstanding as at year end	**2,774,504**	4,080,119

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 2022 Number	Granted Number	Exercised Number	Lapsed Number	As at 30 November 2023 Number	Notes
July 2018	£1.985	236,524	-	-	(236,524)	-	
March 2019	£0.86	374,000	-	-	-	**374,000**	
July 2019	£0.00	535,000	-	-	-	**535,000**	(b)
March 2020	£1.13	504,333	-	-	(52,000)	**452,333**	
March 2020	£0.00	86,667	-	-	(86,667)	-	(c)
September 2020	£0.00	387,600	-	-	(387,600)	-	(d)
March 2021	£1.675	492,367	-	-	(143,251)	**349,116**	(a)
March 2021	£0.00	31,933	-	-	-	**31,933**	(e)
May 2021	£1.41	325,695	-	-	(74,102)	**251,593**	(a)
August 2021	£0.00	328,000	-	-	-	**328,000**	(f)
November 2022	£0.89	778,000	-	-	(325,471)	**452,529**	(a)
		4,080,119	-	-	(1,305,615)	**2,774,504**	

25. Share based payments (continued)

Notes:

(a) These options will vest three years after the date of grant. The expense related to these options is recognized on a straight-line basis over the three-year vesting period.

(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 awards were originally granted on 15 July 2019 with a three-year performance period which was assessed by the Remuneration Committee and found that they had been met in full. However, vesting of the awards could not occur in 2022 because of a close period, which did not end until 24 October 2022.

As disclosed in the Aferian Plc Annual Report 2022, given the significant change in trading circumstances as outlined in the trading update of 24 October 2022, the Remuneration Committee again considered these Awards on 17 November 2022 and agreed that vesting after the trading update would not be in the interest of shareholders. Consequently, the Remuneration Committee reached agreement with the two award holders to defer vesting. This deferral was without conditions save only for the individuals' continued employment in the Company.

The Remuneration Committee also considered the effect of this vesting on the maintenance of orderly trading in the Company's shares, given the vesting of the Awards would trigger a significant director share trade due to crystallisation of personal tax liabilities. Consequently, the Remuneration Committee agreed post year end on 11 January 2024 that the Awards be converted to nil-cost share options, valid for ten years from date of original grant, subject only to continued employment of the recipient or for a period of six months following cessation of that employment.

(c) 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

The above conditions were not met and the options lapsed.

(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

The above conditions were not met, and the options lapsed.

25. Share based payments (continued)

(e) 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

(f) 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 £nil (2022: £1.09).
- The weighted average share price at date of exercise was £nil (2022: £1.39).

For options granted in year:

- The weighted average fair value of options granted was £nil (2022: £0.17).
- The weighted average exercise price of options granted was £nil (2022: £0.89).

For options lapsed in year:

- The weighted average exercise price of options lapsed was £0.89 (2022: £1.47).

At 30 November 2023 there were a total of 2,774,504 options outstanding of which 1,361,333 had vested and were exercisable with a weighted average exercise price of £0.61 (2022: 4,080,119 options outstanding of which 610,524 had vested and were exercisable with a weighted average exercise price of £1.30). The options outstanding at the end of the year have a weighted average contractual life of 0.7 years (2022: 1.0 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 2023 $000s	As at 30 November 2022 $000s
Equity-settled share-based payments	**278**	408
Cash-settled compensation plans	**(211)**	(1)
	67	407

25. 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 valuations:

Grant date	**30 November 2022**	**9 August 2021**	**27 May 2021**	**22 March 2021**	**12 March 2021**
Vesting period ends	30 November 2025	9 August 2024	27 May 2024	22 March 2024	12 March 2024
Share price at date of grant	£0.91	£1.50	£1.41	£1.645	£1.675
Volatility	36.08%	41.03%	36.54%	40.52%	36.14%
Option life	3 years	3 years	4 years	3 years	4 years
Dividend yield	1.42%	2.44%	2.88%	3.15%	3.53%
Risk-free investment rate	2.93%	0.06%	0.38%	0.15%	0.15%
Fair value at grant date	£0.24	£0.68	£0.31	£0.89	£0.34
Exercise price at date of grant	£0.89	£0.00	£1.41	£0.00	£1.675
Exercisable to	30 November 2027	9 August 2026	27 May 2026	22 March 2026	12 March 2026

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 2022 Number**	**Granted Number**	**Exercised Number**	**Lapsed Number**	**As at 30 November 2023 Number**	**Notes**
12 March 2020	100,101	-	(79,132)	(20,969)	-	(a)
06 April 2022	226,051	-	-	(92,554)	**133,497**	(a)
	326,152	-	(79,132)	(113,523)	**133,497**	

Notes:

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

25. 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
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 2023	Fair value at 30 November 2022
12 March 2020	**N/A**	£0.90
06 April 2022	**£0.25**	£0.80

26. Investment in own shares

Offset within the Group profit and loss reserve at 30 November 2023 is an amount of $126 (2022: $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 (2022: $2,097,639) is offset within the Group profit and loss reserve at 30 November 2023 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.

27. Notes supporting statement of cash flows

Cash generated from operations	Year to 30 November 2023 $000s	Year to 30 November 2022 $000s
Loss for the year	**(63,502)**	(17,422)
Tax (credit)/charge	**(1,196)**	512
Net finance costs	**764**	313
Amortisation charge*	**10,989**	9,928
Depreciation charge	**1,309**	1,684
Impairment charge	**48,905**	12,488
Loss on disposal of property, plant and equipment	**3**	4
Share based payment charge	**67**	407
Exchange differences	**186**	(1,451)
Decrease/(increase) in inventories	**4,123**	(6,665)
Decrease in trade and other receivables	**10,719**	2,283
Decrease in provisions	**(2)**	(10)
(Decrease)/increase in trade and other payables	**(17,282)**	246
Increase in payables for aborted acquisition costs	**-**	4,072
Cash generated from operations	**(4,917)**	6,389

* Refer to note 14 for amortisation charge details

Adjusted operating cash flow before exceptional cash outflows was $3.2m (2022: $8.9m).

	2023 $m	2022 $m
Adjusted operating cash flow before tax	**3,191**	8,937
Restructuring and associated other costs	**(3,778)**	(1,504)
Refinancing and other costs	**(475)**	-
Aborted acquisition costs	**(3,855)**	(1,044)
Cash generated from operations before tax	**(4,917)**	6,389

28. Contingent liabilities

As detailed on page 28 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 receives claims from time-to-time over royalties for alleged infringement of intellectual property. It is also subject to the audit of royalty payments made under agreements with these technology providers. The Group has reviewed the output of the most recent audit of royalty payments which was completed by one such technology provider in April 2024 and has recorded the expected costs in relation to these audit findings.

The Group had no other contingent liabilities at 30 November 2022 or 30 November 2023.

29. Related party transactions

Dividends totalling $nil (2022: $3,542) 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**	
			As at 30 November 2023	As at 30 November 2022	**Year to 30 November 2023**	Year to 30 November 2022
Name of related party	Nature of purchases	Relationship	**$000s**	$000s	**$000s**	$000s
Steve Oetegenn	Director expenses	Non-executive director	**-**	(4)	**31**	42
	Consultancy services				**228**	137
Progressive Equity Research Limited	Company research services	Stephen Vaughan, non-executive director until his resignation on 27 April 2023, was also a director of Progressive	**N/A**	-	**23**	25
Kestrel Partners	Director fees	Non-executive director	**1,496**	N/A	**52**	N/A

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 26.

In May 2023 certain funds managed by Kestrel Partners LLP (together the "Kestrel Lenders") provided an unsecured term loan facility of up to £3.25m to the Company. £1.125m 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 4.5m 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.

30. Post balance sheet events

On 7 May 2024, the Company secured an extension to its $16.5m 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.

In May 2023 certain funds managed by Kestrel Partners LLP (together the "Kestrel Lenders") provided an unsecured term loan facility of up to £3.25m to the Company. £1.125m 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 4.5m 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.

As announced previously, management actions taken during FY2023 to reduce the Group's annualised cost base by approximately $12 million have been successfully implemented but the further deterioration in trading at Amino now requires further restructuring action to be taken. The Group have, therefore, implemented further annualised cost reductions of c.$3m in the Amino business.

On 22nd April 2024 Aferian plc announced that, following fourteen years of service, Donald McGarva will step down from his role as CEO and leave the Company in October 2024.Share options granted to Donald will lapse on his departure. The Board would like to take this opportunity to thank Donald for his contribution to the Company and wish him well for the future.

There are no other post balance sheet events requiring disclosure in the financial statements for the year ended 30 November 2023.

COMPANY BALANCE SHEET

For the year ended 30 November 2023

	Notes	2023 £000s	2022 £000s
Fixed assets			
Investments	3	**9,540**	35,706
Current assets			
Debtors: amounts falling due within one year	4	**17,843**	16,729
Cash at bank and in hand		**77**	152
		17,920	16,881
Creditors: amounts falling due within one year	5	**(7,877)**	(6,071)
Net current assets		**10,043**	10,810
Creditors: amounts falling due after more than one year	5	**(1,189)**	-
Total assets less liabilities being net assets		**18,394**	46,516
Capital and reserves			
Called-up share capital	6	**1,127**	867
Share premium		**29,298**	26,577
Other equity		**(100)**	-
Merger reserve		**8,955**	8,955
Capital redemption reserve		**6**	6
Profit and loss account		**(20,892)**	10,111
Total shareholder funds		**18,394**	46,516

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 £31,070,338 (2022: loss of £1,765,235).

The financial statements were approved and authorised for issue by the Board of directors on 30 May 2024 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 2023

	Notes	Share capital £000s	Share premium £000s	Other equity £000s	Merger reserve £000s	Capital redemption reserve £000s	Profit and loss £000s	Total £000s
At 01 December 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		-	-	-	-	-	(2,630)	(2,630)
Share based payment charge		-	-	-	-	-	308	308
Issue of share capital		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	46,516
Loss for the year		-	-	-	-	-	(31,070)	(31,070)
Total comprehensive loss		-	-	-	-	-	(31,070)	(31,070)
Share based payment charge		-	-	-	-	-	67	67
Issue of share capital, net of issue costs		260	2,721	(100)	-	-	-	2,881
Total transactions with shareholders		260	2,721	(100)	-	-	67	2,948
At 30 November 2023		**1,127**	**29,298**	**(100)**	**8,955**	**6**	**(20,892)**	**18,394**

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

Refer to note 1 of the Group accounting information which explains the material uncertainty over the Parent Company's 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.

1. Summary of significant accounting policies (continued)

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.

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.

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. Loss for the year

The loss for the year includes a dividend received from its subsidiary Amino Holdings Limited of £nil (2022: £851,591). Directors' emoluments are disclosed in the Remuneration Committee report on page 26. The Company had no employees in either year. The audit fee for the Parent Company was £3,520 (2022: £3,200). This expense was met by a subsidiary.

Fixed asset investments

	2023	2022
	£000s	£000s
Cost and net book value as at 1 December	**35,706**	35,397
Capital contributions arising from share-based payments charge	**67**	309
Investment in subsidiaries	**4,106**	-
Impairment of investment	**(30,339)**	-
Cost and net book value as at 30 November	**9,540**	35,706

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 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%
24i Unit Media A/S	Denmark	Ordinary shares of DKK 1 each	*100%
24i Unit Media 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 2023.

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 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
24i Unit Media 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	Botanic House, 100 Hills Road, Cambridge, CB2 1PH	Develops and sells recommendation services and data analytics tool

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

4. Debtors

	2023	2022
	£000s	£000s
Amounts owed by Group undertakings	**17,724**	16,398
Prepayments	**69**	-
VAT	**50**	332
Corporation tax receivable	-	(1)
	17,843	16,729

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. Furthermore, the Company has received confirmation that "Amounts owed by group undertakings" will be able to be settled through the settlement of other entities' inter-company balances and should the counter parties not be able to repay as per the terms of repayment, to be netted against its "Amounts owed to group undertakings" (see Note 5) balances.

5. Creditors

	2023	2022
Amounts falling due within one year	£000s	£000s
Trade creditors	**782**	3,849
Amounts owed to Group undertakings	**7,095**	2,222
	7,877	6,071
Amounts falling due within one year		
Other loans (unsecured)	**1,189**	-

Amounts owed to the Group undertakings are unsecured, due on demand and subject to a market rate of interest. The amounts owed to group undertakings have been classified as current, as there is no right to defer payment for more than 12 months. However, the entity has received an undertaking that they will not have to repay the monies owed for a period of at least 12 months.

6. Share capital

	2023	2022
	£000s	£000s
Allotted, called up and fully paid		
112,694,557 (2022: 86,694,609) Ordinary shares of 1p each	**1,127**	867

Details of movements in share capital together with the key rights and preferences of the share capital are disclosed in note 24.

7. Dividends

Amounts recognised as distributions to equity holders in the year:

	Year to 30 November 2023 £000s	Year to 30 November 2022 £000s
Final dividend for the year ended 30 November 2023 of £nil for the year (2022: nil for year ended 30 November 2022) per share	-	**1,780**
Interim dividend for the year ended 30 November 2023 of £nil (2022: 1.0p) per share	-	**850**
	-	**2,630**

A final dividend of nil GBP pence (2022: nil GBP pence) is proposed. As a result, the total dividend for the year was nil GBP pence per share (2022: 1.00 GBP pence).

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 £nil (2022: £2,868) paid in the year in respect of ordinary shares held by the Company's directors.

For the year ended 30 November 2023

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 Allen Broome, Non-executive Director
Registered Office	Botanic House 100 Hills Road Cambridge CB2 1PH
Secretary	**Mark Carlisle**
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 5.
- **AVOD**: Advertiser-supported Video On Demand. VOD content that is available to the consumer for free and is monetized via the display of advertising.
- **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.
- **SONIA (Sterling Overnight Index Average)**: SONIA is the risk-free rate for sterling markets, based on actual transactions and administered by the Bank of England.