9 September 2019

**Blackbird plc**
(“Blackbird” or the “Company”)

**Interim results**

Blackbird plc (AIM: BIRD), the developer and seller of the market-leading cloud video platform Blackbird, announces its interim results for the six months ended 30 June 2019.

**Ian McDonough, CEO of Blackbird, commented:**

“The overriding theme for Blackbird in 2019 is momentum. The first half of 2019 has been an incredibly busy period for Blackbird and has seen our renewed strategy on sports and news gain traction, with the Company booking record revenues for the period and doubling our deferred revenue and contracted order book since 31 December 2018.

“Blackbird is a market leading product and all evidence points to the industry’s large-scale transformation, of moving to the cloud for its video editing needs, as now being well and truly underway. Our revised strategy is now ‘bedded in’ and the sales traction demonstrated in new sectors with a different breed of customer demonstrates that we are strongly positioned to capitalise on this significant industry shift.

“When authorised to do so, and within the regulatory parameters of our AIM listing, I have continued to increase my holding in the Company for which I see such great potential.”

**Operational highlights (POST PERIOD)**

- Blackbird selected to exhibit alongside Google Cloud at IBC in Amsterdam later this month for the full duration of this major trade show. Blackbird is the only co-exhibitor focused on cloud video editing.
  - Google Cloud’s public policy is that they are strategically focused on accelerating their penetration of the enterprise base, which is aligned with Blackbird’s own strategy
- Significant six-figure, multi-year deal signed with A+E Networks starting post-period end
  - Landmark deal on a recurring basis – validating our new strategy
- Extension of TownNews deal, adding a further 15 US TV stations bring the total to 40
  - Demonstrating Blackbird’s ability to quickly ‘land and expand’ within large organisations

**Operational highlights**

- Doubling of deferred revenue and contracted order book compared to 31 December 2018
- Expansion and three-year extension of deal with IMG Media, a leading global producer and distributor of sports media
- Extension of contracts with leading media rights companies Deltatre, MSG Networks and Gfinity
- Blackbird selected by global fitness technology leader Peloton to edit its daily virtual spin classes
- Two-year contract signed with Australia’s National Rugby League, for live video clipping and publishing, following a highly competitive tender process
- Achieved Microsoft Azure Co-Sell Partner status
- Implementation of Blackbird Productions Partnership Program (“BP3”) to post-production houses
- Improved Blackbird platform with JavaScript web-based editing/clipping and enhanced social media publishing
- Company name change to Blackbird plc
- Board strengthened with appointment of Andrew Bentley as Chairman, Dawn Airey as Non-Executive Director and Stephen White as Chief Operating and Financial Officer

**Financial highlights**

- Record revenues of £479k for the 6 months to 30 June 2019, up 27% year-on-year (6 months to 30 June 2018: £377k)
- Contracted orders and deferred revenue increased by 113% to £1,208k from £566k at 31 December 2018
- Operating costs of £1,416k (6 months to 30 June 2018: £1,289k)

- EBITDA loss of £1,017k (6 months to 30 June 2018: £965k)
- Net loss before tax £1,189k (6 months to 30 June 2018: £1,274k)

**Enquiries:**

**Blackbird Plc** Tel: +44 (0)20 8879 7245
Ian McDonough, Chief Executive Officer
Stephen White, Chief Operating and Financial Officer

**Allenby Capital Limited** (Nominated Adviser and Broker) Tel: +44 (0)20 3328 5656
Nick Naylor
Nicholas Chambers

**About Blackbird plc**

Blackbird operates in the fast-growing SaaS and cloud video market. It has created the world's most advanced suite of cloud-native computing applications for video, all underpinned by its lightning-fast codec. Blackbird's patented technology allows for frame accurate navigation, playback, viewing and editing in the cloud. Blackbird underpins multiple applications, which are used by rights holders, broadcasters, sports and news video specialists, esports, live events and content owners, post-production houses, other mass market digital video channels and corporations.

Since it is cloud-native, Blackbird removes the need for costly, high end workstations and can be used from almost anywhere on almost any device. It also allows full visibility on multi-location digital content, improves time to market for live content such as video clips and highlights for social media distribution, and ultimately results in much more effective monetisation.



**Websites**
[www.blackbird.video](http://www.blackbird.video)

**Social media**
[www.linkedin.com/company/blackbird-cloud](http://www.linkedin.com/company/blackbird-cloud)
[www.twitter.com/blackbirdcloud](http://www.twitter.com/blackbirdcloud)
[www.facebook.com/blackbirdplc](http://www.facebook.com/blackbirdplc)

**Chief Executive Officer's Statement**

The overriding theme for Blackbird in 2019 is momentum. The first half of 2019 has been an incredibly busy period for Blackbird and has seen our renewed strategy on sports and news gain traction, with the Company booking record revenues for the period and doubling our deferred revenue and contracted order book since 31 December 2018.

We have generated considerable sales momentum, signing a number of key new deals and renewing important contracts. The Company took the logical step of rebranding itself Blackbird plc during the period as we consolidate our commercial efforts behind the Blackbird platform.

The signing of a multi-year deal with A+E Networks, which started post the period end, is a strategically important enterprise-scale contract that sees Blackbird unlocking significant value from thousands of hours of archived footage and empowering the A+E teams across multiple sites to create relevant and timely content for their viewers' enjoyment. This is a landmark deal for Blackbird and we are hard at work with the A+E team bringing their video workflows into the cloud.

In news, the addition of a further 15 TV Stations to our TownNews relationship was the third extension in the last year and has led to Blackbird now being used in 40 US TV stations. Commercially our partnership is a great example of a successful OEM strategy where Blackbird and TownNews land and then expand.

We also made good progress in our target market of sports broadcasting, signing contract extensions with Deltatre, MSG and Gfinity along with a high-profile deal that sees Blackbird used by global exercise brand Peloton. Blackbird expanded its footprint further afield signing contracts with Australia's NRL and Rapid Rugby.

Our initiatives included the launch of our Blackbird Productions Partnership Program ("BP3"), signing up 14 post-production houses in the period. This partnership incentivises post-production houses to resell Blackbird directly to production companies, freeing up internal sales resource and reducing internal support and administration.

The product and development team have continued to evolve the Blackbird platform. This included making the JavaScript editor, which enables Blackbird to be accessed via a web-browser, being made available to all customers and enhancing our social media publishing options. Continuing to enhance our platform opens up the addressable market for Blackbird to further potential customers.

It is very significant that Google has identified Blackbird as a key partner for the upcoming IBC show in Amsterdam; we will be on their booth meeting their prospects and customers.

These are exciting times for the Company and I look forward to working with the team to build on the recent growth momentum and to delivering more good news to the market.

**Chairman's Statement**

I am pleased to report on the solid progress that Blackbird has made over the period in my first set of results as Chairman. In the six-month period to 30 June 2019, we continued sales growth momentum and booked record revenues through licensing our Blackbird cloud video solutions as part of the core media infrastructure for companies and generating SaaS-based repeatable revenues. The success of our strategy to move to longer term infrastructure deals is demonstrated by the growth in share of revenue from such deals in the period to 84% of invoiced sales compared to 52% in the corresponding period in 2018.

Our Commercial successes in the first half of the year included signing up A+E Networks where the use of Blackbird is designed to deliver major productivity enhancements across the business and significantly accelerate the visibility, immediacy and management of A+E Network's video archive for the repurposing of content; growing and extending the IMG deal for a further three years as well as deals with MSG Networks, Deltatre and Gfinity; signing a deal with Peloton, the global fitness technology leader, to provide editing infrastructure for its on-demand virtual classes; and signing a two year deal with Australia's National Rugby League for live clipping, editing and publishing of match highlights. Post Period we have extended our TownNews deal to 40 US stations by adding a further 15 TV stations.

Our technology and product development team continue to focus on supporting our commercial opportunities. As well as enhancing the core platform the team has made strong progress developing the Blackbird Player and demonstrated live 1080p video input at NAB in Las Vegas in April.

I was delighted to welcome Stephen White and Dawn Airey to the Board during the period. Stephen joins us from Comcast's NBC Universal in the newly created Chief Operating and Financial Officer role, whilst Dawn is assisting us in executing our strategy of growing Blackbird globally through her wealth of international experience and huge network of contacts. I would also like to thank David Main, who stepped down as Chairman in May, for his valuable contribution in the role over the past three years. David continues to serve on the Board and we continue to benefit from his vast experience.

<u>Financial</u>

Revenue increased by 27% to £479k for the six-month period ending 30 June 2019 compared to the corresponding period last year. Deferred revenue and Contracted Order book were £1,208k at 30 June 2019, an increase of 86% compared to 30 June 2018 and of 113% compared to 31 December 2018. Invoiced sales increased 3% to £503k for the six-month period ending 30 June 2019 versus £489k in the corresponding period last year. As we shift our business model away from short-term project work to longer-term, larger contracts, this metric has and will continue to become less important as it is no longer a good indicator of sales activity within the period.

In North America, revenue for the period increased by 152% year on year to £159k, whilst revenue for the period from the sports sector increased by 64% year on year to £198k reflecting our strategic focus on the sector.

Operating costs for the period were £1,416k versus £1,289k in the corresponding period last year, net of capitalised development costs of £197k (2018: £111k). The increase in costs has been driven through the strengthening of the team which has been previously communicated. The EBITDA loss for the period was £1,017k versus £965k in the corresponding period last year, whereas the loss for the period was £1,189k versus £1,274k due to a lower amortisation charge compared to the prior period.

Cash used in operations in the period was £1,044k versus £902k in the same period last year.

<u>Outlook</u>

We started the second half of the year in a strong position with contracted orders and deferred revenue at the highest level in the Company's history at £1,208k versus £566k at 31 December 2018. This includes the new multi-year deals with A+E Networks, which started post the period end, and the extensions with TownNews and IMG, and creates a solid platform for future revenue growth. We have made a strong start to the second half of the year maintaining the momentum from the first half.

We continue to progress with our strategy to position Blackbird as a key infrastructure component in the technology stack of major media businesses. To this end we have multiple ongoing discussions with large companies around the globe. As Cloud adoption becomes more prevalent in larger companies, with our strong Blackbird platform offering, and with the right commercial team in place, we are well positioned to exploit this.

**UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019**

| | Unaudited Half year to 30 June 2019 | Unaudited Half year to 30 June 2018 | Audited Year to 31 December 2018 |
|---|---|---|---|
| | £ | £ | £ |
| **CONTINUING OPERATIONS** | | | |
| Revenue | 479,474 | 377,438 | 870,310 |
| Cost of Sales | (80,989) | (53,800) | (125,079) |
| **GROSS PROFIT** | 398,485 | 323,638 | 745,231 |
| Other income | 625 | - | - |
| Operating costs | (1,415,931) | (1,289,026) | (2,738,515) |
| **EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION** | (1,016,821) | (965,388) | (1,993,284) |
| Depreciation | (37,337) | (21,318) | (44,432) |
| Amortisation | (122,149) | (264,580) | (544,889) |
| Employee share option costs | (24,910) | (23,832) | (32,445) |
| | (184,396) | (309,730) | (621,766) |
| **OPERATING LOSS** | (1,201,217) | (1,275,118) | (2,615,050) |
| Finance income | 16,300 | 970 | 15,898 |
| Finance expense on lease liability | (3,870) | - | - |
| **LOSS BEFORE INCOME TAX** | (1,188,787) | (1,274,148) | (2,599,152) |
| Income Tax | - | - | 24,534 |
| **LOSS FOR THE PERIOD** | (1,188,787) | (1,274,148) | (2,574,618) |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | (1,188,787) | (1,274,148) | (2,574,618) |
| Earnings per share expressed in pence per share: | | | |
| Basic – continuing and total operations | (0.40p) | (0.68p) | (1.07p) |

**UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**30 JUNE 2019**

| | Unaudited at 30 June 2019 £ | Unaudited at 30 June 2018 £ | Audited at 31 December 2018 £ |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | 822,682 | 884,060 | 748,062 |
| Property, plant and equipment | 439,609 | 46,479 | 32,816 |
| | 1,262,291 | 930,539 | 780,878 |
| **CURRENT ASSETS** | | | |
| Trade and other receivables | 298,911 | 323,350 | 301,742 |
| Tax receivable | - | - | 24,534 |
| Cash and cash equivalents | 3,793,427 | 6,196,701 | 5,032,087 |
| | 4,092,338 | 6,520,051 | 5,358,363 |
| **TOTAL ASSETS** | 5,354,629 | 7,450,590 | 6,139,241 |
| **EQUITY** | | | |
| **SHAREHOLDERS' EQUITY** | | | |
| Called up share capital | 2,363,890 | 2,363,890 | 2,363,890 |
| Share premium | 21,456,572 | 21,456,572 | 21,456,572 |
| Capital contribution reserve | 125,000 | 125,000 | 125,000 |
| Retained earnings | (19,539,103) | (17,083,371) | (18,375,226) |
| **TOTAL EQUITY** | 4,406,359 | 6,862,091 | 5,570,236 |
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Lease liability | 338,731 | - | - |
| | 338,731 | - | - |
| **CURRENT LIABILITIES** | | | |
| Lease liability | 78,828 | - | - |
| Trade and other payables | 530,711 | 588,499 | 569,005 |
| **TOTAL CURRENT LIABILITIES** | 609,539 | 588,499 | 569,005 |
| **TOTAL LIABILITIES** | 948,270 | 588,499 | 569,005 |
| **TOTAL EQUITY AND LIABILITIES** | 5,354,629 | 7,450,590 | 6,139,241 |

## UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2019

| | Called up share capital £ | Share premium £ | Capital contribution reserve £ | Retained earnings £ | Total equity £ |
|---|---|---|---|---|---|
| **Balance at 1 January 2018** | 1,443,890 | 16,935,301 | 125,000 | (15,833,053) | 2,671,138 |
| Net issue of Share Capital | 920,000 | 4,521,271 | - | - | 5,441,271 |
| Share based payment | - | - | - | 23,832 | 23,832 |
| Total comprehensive income | - | - | - | (1,274,150) | (1,274,150) |
| **Balance at 30 June 2018** | 2,363,890 | 21,456,572 | 125,000 | (17,083,371) | 6,862,091 |
| **Changes in equity** | | | | | |
| Share based payment | - | - | - | 8,613 | 8,613 |
| Total comprehensive income | - | - | - | (1,300,468) | (1,300,468) |
| **Balance at 31 December 2018** | 2,363,890 | 21,456,572 | 125,000 | (18,375,226) | 5,570,236 |
| **Changes in equity** | | | | | |
| Share based payment | - | - | - | 24,910 | 24,910 |
| Total comprehensive income | - | - | - | (1,188,787) | (1,188,787) |
| **Balance at 30 June 2019** | 2,363,890 | 21,456,572 | 125,000 | (19,539,103) | 4,406,359 |

## UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2019

| | Unaudited Half year to 30 June 2019 | Unaudited Half year to 30 June 2018 | Audited Year to 31 December 2018 |
|---|---|---|---|
| | £ | £ | £ |
| **EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION** | (1,016,820) | (965,388) | (1,993,284) |
| Decrease/(increase) in trade and other receivables | 2,831 | (102,255) | (75,785) |
| (Decrease)/increase in trade and other payables | (30,766) | 166,002 | 149,435 |
| **CASH USED IN OPERATIONS** | (1,044,755) | (901,641) | (1,919,634) |
| Tax received | 24,534 | 25,268 | 25,268 |
| **NET CASH FROM OPERATING ACTIVITIES** | (1,020,221) | (876,373) | (1,894,366) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of intangible fixed assets | (196,769) | (110,545) | (254,856) |
| Purchase of tangible fixed assets | (12,142) | (8,047) | (17,498) |
| Interest received | 11,259 | 970 | 11,036 |
| **NET CASH FROM INVESTING ACTIVITIES** | (197,652) | (117,622) | (261,318) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Share issue (net of expenses) | - | 5,441,269 | 5,441,271 |
| Payment of lease liabilities | (18,350) | - | - |
| Repayment of finance lease | (2,437) | (2,922) | (5,849) |
| **NET CASH FROM FINANCING ACTIVITIES** | (20,787) | 5,438,347 | 5,435,422 |
| (Decrease)/ increase in cash and cash equivalents | (1,238,660) | 4,444,352 | 3,279,738 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | 5,032,087 | 1,752,349 | 1,752,349 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | 3,793,427 | 6,196,701 | 5,032,087 |

## 1. Basis of preparation and accounting policies

These interim statements have been prepared on a basis consistent with International Financial Reporting Standards (IFRS). They do not contain all of the information required for full financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended 31 December 2018. These interim financial statements do not constitute statutory accounts within the meaning of the Companies Act.

The interim financial information has not been audited. The interim financial information was approved by the Board of Directors on 9 September 2019. The information for the year ended 31 December 2018 is extracted from the statutory financial statements for that year which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The audit report was unqualified and did not contain a statement under s498 (2) or 498(3) of the Companies Act 2006.

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its financial statements for the year ended 31 December 2018. However, the interim financial statements are prepared in accordance with IFRS 16, the new accounting standard for leases, which came into effect from 1 January 2019. Additional disclosure required by IFRS 16 has been included in the primary financial statements and note 2.

## 2. Leases

### Short-term leases and leases of low value

The Company leases its head office building. The lease in place at 31 December 2018 expired during the period. The Company elected not to recognise a right-of-use asset or lease liability for this lease due to the short-term nature of the lease. The Company recognised lease payments associated with this lease as an operating expense on a straight-line basis over the remaining lease term.

At the 31 December 2018 the Company also had a finance lease in place for computer software which was of low value. This lease expired during the period. The Company elected not to recognise a right-of-use asset or lease liability due to the short-term nature and low value of the lease. The full amount of the lease outstanding at 31 December 2018 was expensed during the period.

### Office Building

During the period the Company entered into a new non-cancellable lease for a period of five years with an option to break after three years. The Company has determined that it is likely to take up the final two years of the lease. The Company has recognised a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method over the five year lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted at an estimate of the Company's incremental borrowing rate.

The Company recognised an initial right-of-use asset of £431,988 and a depreciation charge of £15,859 relating to this asset in the period resulting in a right-of-use asset of £416,129 at 30 June 2019.