

Blackbird plc
(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 2020.

Ian McDonough, CEO of Blackbird plc, commented:

“I am pleased to deliver record revenues for the six-month period of £714k, up 49% year on year. This accelerated performance has come despite the Covid lockdown, proving the resilience of our operating model and whilst moving the Blackbird team fully to remote working. It has also enabled our customers to continue their operations remotely and, at the same time, ensure the safety of their staff. I am genuinely excited about the future prospects for the Company and made a further significant investment in the Company in April 2020. As we continue to execute the next stage of our strategy and Blackbird becomes more widely adopted, I look forward to delivering further good news and strong results to the market.”

Operational highlights (POST PERIOD)

- Partnership and multi-year order secured with leading global communications provider, Tata Communications
- Another OEM deal with Live X in the US with an initial deployment for the Democratic National Convention
- Deal signed with the National Hockey League (NHL) for remote content production around the Stanley Cup play offs ‘return to play’ program
- Exhibited at Amazon Web Services’ (AWS) high profile Media Webcast Series
- Webinars held separately with AWS and Microsoft Azure attracting approximately 300 media industry professionals

Financial highlights (POST PERIOD)

- £1,453k* secured revenue for 2020 (2019 comparative: £943k) at 31 August 2020
- An increase in contracted but unrecognised revenues to £2,005k* at 31 August 2020. £453k relates to 2020 and £756k revenue to 2021

* *Subject to exchange rate fluctuations*

Operational highlights

- A+E Networks doubles volume of video edited using Blackbird for the next year
 - Reaffirming the land and expand strategy
- Three-year deal signed with esports’ trailblazers Venn
 - Blackbird is the choice for companies with no legacy infrastructure
- Deal closed with esports’ Riot Games for remote fast-turnaround video production
- Contracted with Liverpool F.C. and Arsenal F.C. to deliver remote working solutions
- Deal finalised with Whisper to drive major production efficiencies for its clients, including Formula One
- Sky News Arabia chooses Blackbird for remote editing in Cairo and Abu Dhabi
- Deal renewals with Deltatre, MSG Networks and Gfinity plc
- Partnership and integration with Zixi, the industry leader for enabling live broadcast-quality video over any-IP
- Strengthening of the Board with John Honeycutt, a former Google Executive, appointed as Non-Executive Director
- Prototype of Blackbird in the Public Cloud built
- SOC2 Type 1 security accreditation achieved
- Blackbird brand refreshed across all channels including new website; positioning and messaging strengthened and simplified
- Winner of TV Technology’s Best of Show Digital Video Award 2020

Financial highlights

- Record revenues of £714k for the 6 months to 30 June 2020, up 49% year on year (6 months to 30 June 2019: £479k)
- Contracted but unrecognised revenues increased by 54% year on year to £1,860k at 30 June 2020 (£1,208k at 30 June 2019) and in line with 2019 year end
- Operating costs of £1,359k (6 months to 30 June 2019: £1,416k)
- EBITDA loss of £714k down 30% year-on-year (6 months to 30 June 2019: £1,017k)
- Net loss before tax £942k (6 months to 30 June 2019: £1,189k)
- Cash burn, excluding proceeds from share issues, £846k down 31% year on year (6 months to 30 June 2019: £1,239k)
- Cash at bank on 30 June 2020 of £7,183k

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Blackbird plc

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About Blackbird plc

Blackbird plc operates in the fast-growing SaaS and cloud video market. It has created Blackbird®, the world's most advanced suite of cloud-native computing applications for video, all underpinned by its lightning-fast codec. Blackbird plc'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.

Blackbird® is a registered trademark of Blackbird plc.

Website

www.blackbird.video

Social media

www.linkedin.com/company/blackbird-cloud

www.twitter.com/blackbirdcloud

www.facebook.com/blackbirdplc

www.youtube.com/blackbirdcloud

Chief Executive Officer's Statement

I am pleased to report continued strong upward momentum and delivery against our strategy in 2020. This has been an incredibly busy period for the Company and our ability to offer customers remote editing capability and a focus on news and sport has helped the Company book record revenues for the period despite the cessation of live sport through the first half of 2020. Our contracted but unrecognised revenue is up 54% year on year and in line with the 2019 year end. All of this is against the backdrop of very uncertain times due to COVID19 and with the Blackbird team working remotely.

We have continued our sales momentum, signing a number of new deals, expanding important contracts and renewing existing deals:

- The expansion of our deal with A+E Networks doubles the video edited using Blackbird, enabling their editors to work safely and remotely. This expansion comes less than a year into the original deal, demonstrating the faith A+E Networks have in the platform.
- We have made further progress in our target market of sports broadcasting, signing deals with VENN, Riot Games, Whisper, Arsenal F.C and Liverpool F.C. whilst signing contract extensions with Deltatre, MSG Networks and Gfinity plc. Our unparalleled ability to deliver scalable, efficient, fast, high-quality, remote working solutions makes us an attractive proposition to this sector.
- We have also made excellent progress against the next stage of our strategy in partnering with OEMs which will help the business scale - most significantly with Tata Communications where we announced our first deal post period and also with Zixi, where we are exploring a number of opportunities.

During these testing COVID19 times, I would like to thank the Blackbird team for their hard work, commitment, and seamless transfer to remote working ensuring that the Company continues to meet our customers' expectations and is further adopted within organisations from our new contract wins.

I am really excited about our future prospects as we continue to deliver against our strategy and look forward to delivering further good news to the market.

Ian McDonough

Chairman's Statement

The Company made good financial progress in the period. In the six-month period to 30 June 2020, we continued sales growth momentum and booked record revenues of £714k up 49% year on year. The success of our strategy to move to longer term infrastructure and OEM deals is demonstrated by 100% of our invoiced sales coming from these categories in the period compared to 84% in the corresponding period in 2019.

Our commercial successes in the first half of the year included a number of high profile wins such as VENN, Riot Games, Arsenal F.C. and Whisper and we look forward to building successful relationships with these customers. Blackbird's ability to offer efficient remote working solutions, as well of our usual core strengths, has been key to securing these deals. Our "land and expand" strategy continues to bear fruit with A+E Networks doubling the amount of video edited through the platform for the next year as they looked to allow their editors to work safely away from the office.

The current COVID19 pandemic has brought into sharp focus the benefits of the Blackbird platform and our management team, under Ian McDonough's leadership, has reacted swiftly to the opportunities that it affords. We continue to deliver increasingly meaningful deal flow in a clearly differentiated part of the market where we provide unique, significant benefits to our clients.

The Company's own operational response has been impressive, increasing workload and capacity in response to the massive interest in our platform, whilst the whole team work safely and remotely. I would personally like to commend Ian and the management team for their diligence, flexibility and hard work in rather exceptional circumstances.

The Company also achieved SOC2 Type 1 security accreditation in the period which reflects the importance we place on security and privacy for existing and prospective customers. We also refreshed the Blackbird website with new positioning and a clean,

modern look. The R&D team continued to develop the platform and its functionality and finalised a prototype of Blackbird in the public cloud.

I was delighted to welcome John Honeycutt to the Board during the period. John has an exceptional track record of achievement across our sector. He brings knowledge, experience and connectivity to global players and will make a valuable contribution to the future of Blackbird.

Financial

Revenue increased by 49% to £714k for the six-month period ending 30 June 2020 compared to the corresponding period last year. Contracted but unrecognised revenue was £1,860k at 30 June 2020, an increase of 54% compared to 30 June 2019 and in line with the 2019 year end.

In North America, revenue for the period increased by 243% year on year to £387k, whilst revenue for the period from the news sector doubled year on year to £194k reflecting our strategic focus on the sector.

Operating costs for the period were £1,359k versus £1,416k in the corresponding period last year reflecting savings from reduced travel and attendance at trade shows. The EBITDA loss for the period was £714k versus £1,017k in the corresponding period last year, whereas the loss for the period was £942k versus £1,189k mainly due to higher revenues falling through to the bottom line.

Cash burn in the period, excluding proceeds from share issues, was £846k down 31% versus the same period last year (2019: £1,239k). This metric benefited from a decrease of £93k in working capital in the period due to the timing of receipts received just before the period end.

Outlook

We started the second half of the year with a strong order book and revenue of £1,256k secured for the year which is up 40% against the comparative at 30 June 2019 (£895k). By the end of August 2020, we had grown 2020 secured revenue to £1,453k (2019 comparative: £943k) and had £756k of contracted revenue for 2021 which is up 63% versus the 2019 comparative for 2020 (£462k).

We continue to make good progress against our strategy and have made a strong start to the second half of the year. The recent OEM deals with Tata, Zixi and LiveX will accelerate our future revenue growth and build on our new direct infrastructure wins with NHL, Riot Games and Venn.

Our strategy of having a clearly differentiated position of providing cloud-based video production and monetising capabilities for the sports and media sectors is proving itself. We have shown the strength of our proposition through our performance in this pandemic. Our ability to provide resilience to our customers, as well as our climate and environmental efficiency, provide us with a strong strategic position and performance potential going forward.

The future prospects for Blackbird continue to be bright and I look forward to working with the team to exploit these.

Andrew Bentley

UNAUDITED AND CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Unaudited Half year to 30 June 2020 £	Unaudited Half year to 30 June 2019 £	Audited Year to 31 December 2019 £
CONTINUING OPERATIONS			
Revenue	713,843	479,474	1,077,643
Cost of Sales	(68,731)	(80,989)	(161,269)
GROSS PROFIT	645,112	398,485	916,374
Other income	-	625	625
Operating costs	(1,359,064)	(1,415,931)	(2,688,821)
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION	(713,952)	(1,016,821)	(1,771,822)
Depreciation	(54,342)	(37,337)	(93,130)
Amortisation	(133,184)	(122,149)	(267,734)
Employee share option costs	(65,649)	(24,910)	(46,774)
	<u>(253,175)</u>	<u>(184,396)</u>	<u>(407,638)</u>
OPERATING LOSS	(967,127)	(1,201,217)	(2,179,460)
Net Finance income	25,102	12,430	18,397
LOSS BEFORE INCOME TAX	(942,025)	(1,188,787)	(2,161,063)
Income Tax	-	-	32,424
LOSS FOR THE PERIOD	(942,025)	(1,188,787)	(2,128,639)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(942,025)	(1,188,787)	(2,128,639)
Earnings per share expressed in pence per share:			
Basic – continuing and total operations	(0.28p)	(0.40p)	(0.71p)

UNAUDITED AND CONDENSED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

	Unaudited 30 June 2020 £	Unaudited 30 June 2019 £	Audited 31 December 2019 £
ASSETS			
NON-CURRENT ASSETS			
Other intangible assets	1,048,112	822,682	972,245
Property, plant and equipment	353,786	439,609	391,044
	<u>1,401,898</u>	<u>1,262,291</u>	<u>1,363,289</u>
CURRENT ASSETS			
Trade and other receivables	498,402	298,911	503,037
Stock	15,728	-	661
Current tax assets	-	-	32,424
Cash and bank balances	7,182,773	3,793,427	7,965,491
	<u>7,696,903</u>	<u>4,092,338</u>	<u>8,501,613</u>
TOTAL ASSETS	<u>9,098,801</u>	<u>5,354,629</u>	<u>9,864,902</u>
EQUITY			
Issued share capital	2,688,913	2,363,890	2,681,913
Share premium	26,427,733	21,456,572	26,371,502
Capital contribution reserve	125,000	125,000	125,000
Retained earnings	(21,333,467)	(19,539,103)	(20,457,091)
	<u>7,908,179</u>	<u>4,406,359</u>	<u>8,721,324</u>
NON-CURRENT LIABILITIES			
Lease and other payables	301,379	338,731	323,135
	<u>301,379</u>	<u>338,731</u>	<u>323,135</u>
CURRENT LIABILITIES			
Lease Liability	96,884	78,828	96,850
Trade and other payables	792,359	530,711	723,593
	<u>889,243</u>	<u>609,539</u>	<u>820,443</u>
TOTAL LIABILITIES	<u>1,190,622</u>	<u>948,270</u>	<u>1,143,578</u>
TOTAL EQUITY AND LIABILITIES	<u>9,098,801</u>	<u>5,354,629</u>	<u>9,864,902</u>

**UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Called up share capital	Share premium	Capital contribution reserve	Retained earnings	Total equity
	£	£	£	£	£
Balance at 1 January 2019	2,363,890	21,456,572	125,000	(18,375,226)	5,570,236
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
Changes in equity					
Issue of share capital (net of expenses)	318,023	4,914,930	-	-	5,232,953
Share based payment	-	-	-	21,864	21,864
Total comprehensive income	-	-	-	(939,852)	(939,852)
Balance at 31 December 2019	2,681,913	26,371,502	125,000	(20,457,091)	8,721,324
Changes in equity					
Issue of share capital	7,000	56,231	-	-	63,231
Share based payment	-	-	-	65,649	65,649
Total comprehensive income	-	-	-	(942,025)	(942,025)
Balance at 30 June 2020	2,688,913	26,427,733	125,000	(21,333,467)	7,908,179

**UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	Unaudited Half year to 30 June 2020 £	Unaudited Half year to 30 June 2019 £	Audited Year to 31 December 2019 £
EBITDA	(713,952)	(1,016,821)	(1,771,822)
Decrease/(increase) in working capital	93,241	(27,934)	(98,699)
Cash used in operations	(620,711)	(1,044,755)	(1,870,521)
Interest paid on lease liabilities	(8,448)	(3,870)	(13,449)
Tax received	32,424	24,534	24,534
Net cash from operating activities	(596,735)	(1,024,091)	(1,859,436)
Cash flows from investing activities			
Payments for intangible fixed assets	(217,301)	(196,769)	(434,167)
Payments for property, plant and equipment	(17,083)	(12,142)	(19,370)
Interest received	33,570	15,129	30,586
	(200,814)	(193,782)	(422,951)
Cash flows from financing activities			
Share issue (net of expenses)	63,231	-	5,271,478
Payment of lease liabilities	(48,400)	(18,350)	(53,250)
Repayment of finance leases	-	(2,437)	(2,437)
	14,831	(20,787)	5,215,791
(Decrease)/Increase in cash and cash equivalents	(782,718)	(1,238,660)	2,933,404
Cash and cash equivalents at beginning of year	7,965,491	5,032,087	5,032,087
Cash and cash equivalents at end of period	7,182,773	3,793,427	7,965,491

NOTES TO THE UNAUDITED AND CONDENSED CONSOLIDATED INTERIM ACCOUNTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 2019. 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 4 September 2020. The information for the year ended 31 December 2019 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 2019. However, the interim financial statements include a provision for a liability which fall due under the Company's Long Term Incentive Plan (LTIP) as LTIP units were issued for the first time in the period. Note 2 provides more detail as to the accounting for these units.

2. Provision for LTIP units

The Company issued 275 LTIP1 units during the period under their LTIP plan. Under the scheme, a maximum of 5,000 LTIP1 units can be issued during an LTIP period.

Each LTIP1 unit will have the right to receive the value from the LTIP1 pool divided by 5,000.

The value of the LTIP1 pool will be calculated 30 days after the date of the announcement of the Company's full year audited results for its Financial Year ending 31 December 2021 and be equal to 5% of the total increase, if any, in the company value¹ above the hurdle value² applicable to that pool.

The forecast liability for the LTIP1 units issued has been calculated using the Black Scholes approximation model and will be recognised evenly over the current LTIP period of 1 January 2019 to 31 December 2021. The liability will be recalculated at the end of every reporting period. An expense of £26,481 was recognised in the Comprehensive Income statement for the period and a similar liability accrued under Non-Current liabilities.

Other assumptions used in the Black Scholes model were as follows:

Expected Volatility	63.71%
Expected Dividends	0%
Time to exercise (years)	1.84
Risk free rate	0.05%

Definitions:

¹ company value: the Share Price multiplied by the number of Shares in issue on a fully diluted basis (as if all outstanding vested options had been exercised) at the applicable Calculation Date, save that where the LTIP Period is shortened due to an Exit Event, the Company Value shall be equal to the Exit Value

² hurdle value: is the hurdle price³ multiplied by the number of Company shares in issue on a fully diluted basis at the applicable calculation date.

³ hurdle price: for each LTIP1 unit is 15 pence per share.