

Blackbird plc
(the “Company”)

Interim results

Blackbird plc (AIM: BIRD; OTCQX: BBRDF), the developer and seller of the market-leading, patented cloud native video editing platform Blackbird®, announces its interim results for the six months ended 30 June 2021.

Ian McDonough, CEO of Blackbird plc, commented:

“I am delighted to once again deliver record revenues for the six-month period of £867k, up 21% year on year. We made strong progress in the period against our sales strategy both in OEM: signing partnerships with EVS and LiveU and expanding our deal with TownNews; and Direct: closing deals with, amongst others, Cheddar News, ODK Media and BT.

“Importantly, in a landmark deal for the Company, we signed our first ‘Powered by Blackbird’ licensing contract for the core video technology post period. As well as being long term and the largest financial deal to date for the Company at a minimum expected value of €2 million, this is also of strategic importance and provides substantial evidence of the value of our IP outside of our own Blackbird product which we have been talking about for some time. This deal, signed with a global broadcasting company, also provides the Company with financial upside potential should the product rollout be successful. It has been made technically possible by the advancement of our API strategy which also opens up new routes to market for our existing business as well as new potential opportunities beyond our core strength of video editing.

“Additionally, in the period we released two strategically important white papers highlighting Blackbird’s sustainability credentials and Total Cost of Ownership benefits.

“These are incredibly exciting times for the Company and I look forward to working with the team to deliver further success.”

Operational highlights (POST PERIOD)

- Multi-year licensing deal for Blackbird, the Company’s technology, announced with a global broadcast company, the first of its kind, for a minimum expected revenue of €2.0million
 - new route to market for the Company
 - opening up further opportunities in new markets beyond editing and increasing the Company’s Total Addressable Market (“TAM”)
 - rapid scaling opportunities in “on premise” as well as “cloud centric” broadcasters
 - upside potential through a successful global product rollout
- Announced our first contract with a major U.S. media company in signing up CBS Sports, part of ViacomCBS, as a client
- Contracted with the largest U.S. based Hispanic media company, Univision, in a multi-year deal to deploy Blackbird to drive large-scale video production efficiencies across its streaming and digital media operations
- Further expansion with TownNews taking the total overall to 75 local U.S. stations
- Deal closed with Athletes Unlimited who chose Blackbird to drive fast, flexible and efficient cloud native video workflows in fast growing minority sports
- Blackbird commences trading on the OTCQX market in the U.S. opening up investment to North American investors in 37 States
- Blackbird receives the Green Economy Mark from the London Stock Exchange

Financial highlights (POST PERIOD)

- £1,763k* secured revenue for 2021 at 31 August 2021 (2020 comparative: £1,453k)
- Contracted but unrecognised revenues of £1,987k* at 31 August 2021. £518k relates to 2021 and £893k revenue relates to 2022

* Subject to exchange rate fluctuations

Operational highlights (PERIOD)

- Partnership launched with EVS to deploy for two international sporting events
 - endorsing the OEM go to market strategy and that Blackbird is a trusted partner for the world's most valuable content
 - validating the benefits that Blackbird can bring to the Sports sector, a key targeted market
- Expansion of deal with TownNews to 69 local U.S. TV stations
 - reaffirming the Company's "land and expand" strategy
- Contracted with Cheddar News for ultra-efficient, flexible and sustainable video production
 - another high-profile name in one of the Company's core, targeted sectors
- BT contracted with the Company for ultra-fast and sustainable cloud native video editing and publishing
- Deal closed with ODK Media for flexible and efficient cloud video production for their new OnDemandLatino service
- New multi-year deals signed with e-learning companies Typsy and Boclips
- RTL Deutschland chooses an integrated LiveU/Blackbird solution to enhance live coverage of two of this year's German regional elections
- Strategic white papers released by the Company on:
 - Total Cost of Ownership ("TCO"): showing Blackbird's cloud native solution delivering up to 35% lower TCO than cloud adapted on premise video editing
 - Sustainability: highlighting Blackbird's cloud native workflow generates up to 91% less carbon than on premise video editing workflows

Financial highlights (PERIOD)

- Record revenues of £867k for the 6 months to 30 June 2021, up 21% year on year (6 months to 30 June 2020: £714k)
- Contracted but unrecognised revenues up 6% year on year to £1,974k at 30 June 2021 (£1,860k at 30 June 2020)
- Increased operating costs, excluding LTIP provision, of £1,444k (6 months to 30 June 2020: £1,359k) driven by additional costs from strengthening of the Company's Sales, R&D and Product teams
- EBITDA loss, excluding LTIP provision movement, of £661k (6 months to 30 June 2020: £714k) - increased revenue partially offset by higher operating costs
- EBITDA loss of £874k (6 months to 30 June 2020: £714k) with the increased loss year on year due to the increase in LTIP provision from the rising share price partially offset by the improvement in EBITDA pre LTIP provision mentioned above
- Net loss before tax £1,168k (6 months to 30 June 2020: £942k)
- Cash burn, excluding proceeds from share issues and transfers from short term investments, up £97k to £943k year on year (6 months to 30 June 2020: £846k) due to timing of R&D tax credit payment (£25k expected to be received in H2 2021), £24k lower interest income received and the remainder from working capital movements
- Cash and short-term investments of £5,710k (30 June 2020: £7,183k) and no debt

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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 digital distribution, and ultimately results in much more effective monetisation.

Blackbird® is a registered trademark of Blackbird plc.

Websites

www.blackbird.video

Social media

www.linkedin.com/company/blackbird-cloud

www.twitter.com/blackbirdcloud

www.facebook.com/blackbirdplc

www.youtube.com/c/Blackbirdcloud

Chief Executive Officer's statement

I am pleased to report record revenues for the six-month period to 30 June 2021 and continued positive momentum against our strategy.

We have continued our sales momentum, particularly in our core targeted markets of Sports and News.

In OEM:

- Signing a partnership with EVS including deployment on two prestigious Sporting events, one in mid-2021 and one in early 2022. EVS are synonymous with the production of the world's most emotive and high value sports content as well as global news and market leading entertainment shows. It highlights not only the attributes of the Blackbird technology but also the confidence that EVS has in the Company's team to deliver on the biggest of stages
- Further successful expansion of our deal with TownNews to 69 local U.S. TV stations compared to the 2 U.S. TV stations when the Company started with TownNews back in 2018. This is an excellent example of the 'Blackbird inside' OEM strategy working and a superb endorsement of our technology in the fast-paced environment of news production
- A new partnership with LiveU, including a joint solution for RTL Deutschland to enhance live coverage in two of this year's German regional elections. LiveU is the leader in live video streaming and remote production solutions. The world is quickly moving to 'remote first' in its approach to sports and news production. Quality, speed and ultimately exceptional user experience are the core principles of both platforms and therefore ideal for broadcasters and digital publishers alike
- A further anonymized deal through an existing large OEM partner together with an expansion of an existing deal in the period. Both deals fall into the live Sports sector

In Direct:

- Deal signed with Cheddar News who is a ground-breaking and industry defining U.S. news brand. Blackbird will allow Cheddar's distributed news production teams to work flexibly on a single unified editing and publishing platform either remotely, from the field or from centralised production locations
- Contracted with BT for ultra-fast and sustainable cloud native video editing and publishing. The focus is working with BT on the fast turnaround of video on demand ("VOD") content produced from BT's live broadcasts and Blackbird will significantly improve speed and efficiency – providing end customers access to content in a shorter time scale. In addition, with BT's increased focus on remote working and migration to cloud architecture, the flexibility, resilience and carbon efficiency of the Blackbird technology make Blackbird an excellent and future-proofed fit
- Deal closed with ODK Media for flexible and efficient cloud video production for their new OnDemandLatino service. Blackbird is ideally suited to the OTT streaming services market and ODK's workflow is an excellent example of how companies using the platform can seamlessly leverage globally distributed production teams to create, enrich and version content very quickly and conveniently
- New multi-year deals signed with e-learning companies, Australian based Typsy and UK based Bo Clips

The Company issued two strategically important and well received white papers in the period. The first of these, titled “Video Shouldn’t cost the Earth”, was on sustainability. It highlights how, through its cloud native architecture, Blackbird can save up to 91% carbon emissions compared to traditional on premise video editors. We are increasingly seeing that “green” credentials is an important part of the purchasing process for large enterprises as this can help them achieve their own carbon targets. We received a strong response from the industry with my own appearance on Sky News and many other industry platforms. Various large and small companies reached out to Blackbird to join the Company’s campaign to highlight the need for change in the industry. Post period, we were delighted to receive the London Stock Exchange’s Green Economy mark, a further endorsement of our green technology. Only around 5% of listed businesses in the UK have thus far been awarded the mark. The second white paper was about “Total Cost of Ownership”, and highlighted that Blackbird is up to 35% lower cost than other cloud based solutions due to its patented cloud native architecture.

We have made a strong start to the second half of the year, onboarding CBS Sports, Univision and Athletes Unlimited. Additionally, the Company has entered into its first licensing deal. This is significant for several reasons: it is a 5-year deal for a minimum expected revenue of €2million and the largest signed by the Company to date, it further endorses the technology, opens up a new route to market for our existing business but also, most importantly, offers up much wider market opportunities beyond the editing sector. The advancement of our API strategy also opens up further possibilities which we always look to explore.

These are very exciting times for the Company and I look forward to delivering further future success.

Ian McDonough

Chairman’s statement

The Company has made encouraging financial progress in the period. In the six-month period to 30 June 2021, we continued sales growth momentum and booked record revenues of £867k up 21% year on year. In North America, our leading market, revenue grew to £554k for the period, up by 33% year on year on a like-for-like basis, and by a further 10% from a change in a contractual regional entity on a deal renewal. The growth rate would have been higher but for the strengthening of the pound vs the dollar which had an adverse impact of £36k or 4% on total revenues. Additionally, in the UK, it was a tough time for the Post Production sector and due to lower volumes of production our revenue was down £13k year on year in this sector.

Our commercial success in the first half of the year was built on our current strategy. Total invoiced sales grew by 20% to £916k year on year (6 months to 30 June 2020: £764k). OEM revenue in the period grew by 17% to £405k, with the impact of the new partnership with EVS including the two International Sporting events and the further expansion of our TownNews deal to 69 new stations to be seen in future periods. The Company brought onboard several high-profile customers including BT and Cheddar News from direct sales. Blackbird’s ability to offer efficient remote working solutions, as well of our usual core strengths, will hold us in good stead for future growth as companies increasingly look at hybrid solutions for their employees.

The Company’s own operational response has been impressive, continuing to market, sell and deploy seamlessly whilst working remotely. We also strengthened the team in the period with additional resources being brought onboard in the key areas of R&D and Product to support the Company’s growing plans.

Financial

Revenue increased by 21% to £867k for the six-month period compared to the corresponding period last year (six month to 30 June 2020 £714k). Contracted but unrecognised revenue was £1,974k at 30 June 2021, an increase of 6% compared to 30 June 2020.

Our focus on the Sports sector and News sectors, continued to bear fruit with revenue up 37% and 26% year on year respectively at £330k and £244k respectively. Year on year revenue growth was held back by the fall in production volumes in the UK Broadcast Post sector as well as the strengthening of the pound versus the dollar as mentioned above.

Operating costs for the period were £1,657k versus £1,359k in the corresponding period last year reflecting an increase in: i) the LTIP provision of £213k, as the Company’s share price rose 52% year on year and the Company’s market capitalisation by £36.6million; and ii) a strengthening of the team in Sales, R&D and Product. The EBITDA loss for the period was £874k versus £714k in the corresponding period last year due to the increased operating costs. Excluding the increase in the LTIP provision,

the EBITDA loss would have decreased by £53k year on year to £661k. The loss for the period was £1,168k versus £942k mainly due to the lower EBITDA explained above, but also from higher amortisation of capitalized R&D costs and higher share option expenses due to the rising share price.

Cash burn in the period, excluding proceeds from share issues and transfers from short-term investments, was £943k versus £846k in the same period in 2020 driven by the timing of R&D tax credit payment (previously received in H1 2020, whereas £25k is expected to be received in H2 2021), £24k lower interest income received due to falling interest rates and the remainder from working capital movements.

Outlook

We continue to make good progress against our strategy and have made a meaningful start to the second half of the year. The recent direct deals with Univision, Athletes Unlimited and CBS Sports Digital show that our sector focus continues to bear fruit with a strong order book and revenue of £1,644k secured for the year which is up 31% against the comparative at 30 June 2020 (£1,256k). By the end of August 2021, we had grown 2021 secured revenue to £1,763k (2020 comparative: £1,453k) and had £893k of contracted revenue for 2022 which is up 18% versus the 2020 comparative for 2021 (£756k).

More excitingly, our recently announced first technology licensing deal opens up both a quicker expansion opportunity in our existing market and further potential in new markets outside the Broadcast sector. This deal clearly demonstrates the adaptability of our technology and significantly increases the Company's TAM. The next few years will be most interesting for the Company as our markets recognize and respond to the flexibility, resilience and sustainability of our core technology.

In July, we announced that the Company's shares will be traded on the OTCQX Best Market in the U.S. This will provide enhanced investor benefits, including easier trading access for investors located in the U.S., and greater liquidity due to a broader geographic pool of potential investors.

The future prospects for the Company continue to be very bright and I look forward to working with the team to deliver these.

Andrew Bentley

UNAUDITED AND CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

| | Unaudited Half year to 30 June 2021 £ | Unaudited Half year to 30 June 2020 £ | Audited Year to 31 December 2020 £ |
|------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|------------------------------------------------|
| CONTINUING OPERATIONS | | | |
| Revenue | 866,644 | 713,843 | 1,567,109 |
| Cost of Sales | (84,096) | (68,731) | (163,338) |
| GROSS PROFIT | 782,548 | 645,112 | 1,403,771 |
| Operating costs excluding LTIP provision | (1,443,816) | (1,359,064) | (2,721,465) |
| EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION AND LTIP PROVISION | (661,268) | (713,952) | (1,317,694) |
| LTIP provision | (212,925) | - | (98,227) |
| EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION | (874,193) | (713,952) | (1,415,921) |
| Depreciation | (54,456) | (54,342) | (108,681) |
| Amortisation | (163,060) | (133,184) | (275,935) |
| Employee share option costs | (83,665) | (65,649) | (138,933) |
| | (301,181) | (253,175) | (523,549) |
| OPERATING LOSS | (1,175,374) | (967,127) | (1,939,470) |
| Net Finance income | 7,862 | 25,102 | 33,451 |
| LOSS BEFORE INCOME TAX | (1,167,512) | (942,025) | (1,906,019) |
| Income Tax | - | - | 25,415 |
| LOSS FOR THE PERIOD | (1,167,512) | (942,025) | (1,880,604) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | (1,167,512) | (942,025) | (1,880,604) |
| Earnings per share expressed in pence per share: | | | |
| Basic – continuing and total operations | (0.35p) | (0.28p) | (0.56p) |

UNAUDITED AND CONDENSED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

| | Unaudited 30 June 2021 £ | Unaudited 30 June 2020 £ | Audited 31 December 2020 £ |
|-------------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Other intangible assets | 1,152,634 | 1,048,112 | 1,105,657 |
| Property, plant and equipment | 276,043 | 353,786 | 308,565 |
| | <u>1,428,677</u> | <u>1,401,898</u> | <u>1,414,222</u> |
| CURRENT ASSETS | | | |
| Trade and other receivables | 501,414 | 498,402 | 292,834 |
| Stock | 895 | 15,728 | 15,728 |
| Current tax assets | 25,415 | - | 25,415 |
| Short-term investments | 1,214,302 | - | 1,617,820 |
| Cash and bank balances | 4,495,923 | 7,182,773 | 4,928,021 |
| | <u>6,237,949</u> | <u>7,696,903</u> | <u>6,879,918</u> |
| TOTAL ASSETS | <u>7,666,626</u> | <u>9,098,801</u> | <u>8,294,040</u> |
| EQUITY | | | |
| Issued share capital | 2,705,553 | 2,688,913 | 2,696,433 |
| Share premium | 26,614,950 | 26,427,733 | 26,516,613 |
| Capital contribution reserve | 125,000 | 125,000 | 125,000 |
| Retained earnings | (23,282,609) | (21,333,467) | (22,198,762) |
| | <u>6,162,894</u> | <u>7,908,179</u> | <u>7,139,284</u> |
| NON-CURRENT LIABILITIES | | | |
| Lease, Licence, LTIP | 496,576 | 301,379 | 324,044 |
| | <u>496,576</u> | <u>301,379</u> | <u>324,044</u> |
| CURRENT LIABILITIES | | | |
| Lease | 87,074 | 96,884 | 96,905 |
| Trade and other payables | 920,082 | 792,359 | 733,807 |
| | <u>1,007,156</u> | <u>889,243</u> | <u>830,712</u> |
| TOTAL LIABILITIES | <u>1,503,732</u> | <u>1,190,622</u> | <u>1,154,756</u> |
| TOTAL EQUITY AND LIABILITIES | <u>7,666,626</u> | <u>9,098,801</u> | <u>8,294,040</u> |

**UNAUDITED AND CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

| | Called up share capital | Share premium | Capital contribution reserve | Retained earnings | Total equity |
|------------------------------------------|-------------------------|---------------|------------------------------|-------------------|--------------|
| | £ | £ | £ | £ | £ |
| Balance at 1 January 2020 | 2,681,913 | 26,371,502 | 125,000 | (20,457,091) | 8,721,324 |
| 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 |
| Changes in equity | | | | | |
| Issue of share capital (net of expenses) | 7,520 | 88,880 | - | - | 96,400 |
| Share based payment | - | - | - | 73,284 | 73,284 |
| Total comprehensive income | - | - | - | (938,579) | (938,579) |
| Balance at 31 December 2020 | 2,696,433 | 26,516,613 | 125,000 | (22,198,762) | 7,139,284 |
| Changes in equity | | | | | |
| Issue of share capital | 9,120 | 98,337 | - | - | 107,457 |
| Share based payment | - | - | - | 83,665 | 83,665 |
| Total comprehensive income | - | - | - | (1,167,512) | (1,167,512) |
| Balance at 30 June 2021 | 2,705,553 | 26,614,950 | 125,000 | (23,282,609) | 6,162,894 |

**UNAUDITED AND CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

| | Unaudited Half year to 30 June 2021 £ | Unaudited Half year to 30 June 2020 £ | Audited Year to 31 December 2020 £ |
|---------------------------------------------------|---------------------------------------------------|---------------------------------------------------|------------------------------------------------|
| EBITDA | (874,193) | (713,952) | (1,415,921) |
| Decrease in working capital | 216,287 | 93,241 | 325,975 |
| Cash used in operations | (657,906) | (620,711) | (1,089,946) |
| Interest paid on lease liabilities | (6,447) | (8,448) | (16,059) |
| Tax received | - | 32,424 | 32,424 |
| Net cash from operating activities | (664,353) | (596,735) | (1,073,581) |
| Cash flows from investing activities | | | |
| Payments for intangible fixed assets | (218,286) | (217,301) | (425,848) |
| Payments for property, plant and equipment | (21,934) | (17,083) | (26,203) |
| Transfer from/(to) short-term investments | 403,518 | - | (1,617,820) |
| Interest received | 9,922 | 33,570 | 43,172 |
| Net cash from investing activities | 173,220 | (200,814) | (2,026,699) |
| Cash flows from financing activities | | | |
| Share issue (net of expenses) | 107,456 | 63,231 | 159,631 |
| Payment of lease liabilities | (48,421) | (48,400) | (96,821) |
| Net cash from financing activities | 59,035 | 14,831 | 62,810 |
| (Decrease) in cash and cash equivalents | (432,098) | (782,718) | (3,037,470) |
| Cash and cash equivalents at beginning of period | 4,928,021 | 7,965,491 | 7,965,491 |
| Cash and cash equivalents at end of period | 4,495,923 | 7,182,773 | 4,928,021 |

**NOTES TO THE UNAUDITED AND CONDENSED CONSOLIDATED INTERIM ACCOUNTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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 financial statements of the Company as at and for the year ended 31 December 2020. 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 10 September 2021. The information for the year ended 31 December 2020 is extracted from the statutory financial statements for that year which have been reported on by the Company'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 2020.