

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

Audited full year results for the year ended 31 December 2021

Blackbird plc (AIM: BIRD, OTCQX: BBRDF), the technology licensor, developer and seller of the multi award-winning cloud-native video editing platform, Blackbird, announces its audited full year results for the year ended 31 December 2021.

Ian McDonough, CEO of Blackbird, commented:

“I am thrilled to firstly report record revenues for the fourth consecutive year of £2.07 million, up 32% on the previous year and also to be able to explain how 2021 has laid the groundwork for the transformation of Blackbird in the long term. 2021 has been transformational in multiple ways for the Company with more high-profile customer wins, our first technology licensing deal, the launch of the ‘Powered by Blackbird’ brand for technology licensing, followed by a successful £8.0 million fundraise in December to develop ‘Powered by Blackbird’ products based on our core IP and launch them into new markets.”

“Blackbird published two strategic white papers in the year. The first one was on sustainability highlighting the impact of the media industry on the environment and how using cloud native solutions, such as Blackbird, can dramatically reduce carbon emissions. The second one was on Total Cost of Ownership showing that although Blackbird takes up to a 10x share of wallet compared to traditional editing software it is still up to 35% cheaper than other cloud-based workflows. As sustainability rapidly grows in importance on the agenda of Companies within the media industry, Blackbird’s credentials of lowering carbon emissions by up to 91% compared to other cloud-based workflows, coupled with the Company’s cost benefits will provide a compelling reason to purchase. These white papers have significantly raised the Company’s profile in the media industry and led to a raft of awards which we are very proud to receive. We will continue to promote these initiatives during 2022.”

“We start 2022 in a very strong position financially, with a strong balance sheet and an order book 93% higher than at the start of last year. Strategically we have plans in place to develop market opportunities outside of media and entertainment and I very much look forward to working with the Blackbird team to deliver further success.”

Operational highlights (post period end)

- Achieved AWS Technology Partner status and completed Foundational Technical Review to accelerate AWS engagement
 - stepping stone to launching Blackbird in a Public Cloud which will open up the Company’s addressable market
- Univision ‘land and expand’ deal secured
- Won 2021 NAB Show Product of the Year Award
- £2,025k* revenue secured for 2022, at end of February 2022, which is up 81% year on year (2021 comparative at end of February 2021: £1,117k)
- Contracted but unrecognised revenue of £3,436k* at end of February 2022. Of this, £1,416k is to be recognised in 2022, a further £824k in 2023, with the remainder in 2024 and beyond

*Unaudited and subject to exchange rate fluctuations

Operational highlights (during the year under review)

- Raised £8.0 million (before expenses) from existing and new investors to enter new markets with our ‘Powered by Blackbird’ intellectual property
- First technology licensing deal with a global broadcast company who have licensed Blackbird’s core video technology for a 5-year period:
 - first proof point of the value of the patented technology suite outside the core Blackbird platform; and
 - a commercially attractive new route to market that opens up markets inside and outside professional video production

- High profile infrastructure deals signed with:
 - CBS Sports Digital, our first US major, a division of ViacomCBS;
 - FIFA, multi-year deal signed;
 - Univision, multi-year deal, the leading Spanish-language media and content company in the United States to drive large-scale video production efficiencies across its streaming and digital media operations;
 - Cheddar News annual deal for ultra-efficient, flexible and sustainable video production;
 - BT annual deal for ultra-fast and sustainable cloud native video editing and publishing;
 - Athletes Unlimited, a fast-growing network of next generation US sports leagues covering softball, volleyball and lacrosse;
 - ODK Media for flexible and efficient cloud video production for their new OnDemandLatino service; and
 - e-learning companies Typsy and Boclips
- New and growing OEM Partnerships:
 - deal with EVS to deploy for two major international sporting events endorsing the OEM go to market strategy and that Blackbird is a trusted partner for the world's most valuable content;
 - expansion of deal with TownNews to 80 local U.S. TV station reaffirming the Company's OEM and 'land and expand' strategy;
 - Contracted with Eurovision Sport to drive cloud native video production workflow efficiencies for its members in a multi-year deal;
 - new international sports league with TATA Communications which is under strict non-disclosure terms; and
 - new OEM partnership with LiveU who partnered with Blackbird to deliver live clipping from the German elections for RTL and other German public service broadcasters
- 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; and
 - Sustainability: highlighting Blackbird's cloud native workflow generates up to 91% less carbon than on premise video editing workflows
- Developmental and technology advancements:
 - development of robust multifunctional APIs making Blackbird more interoperable with third party products;
 - modularisation of the software suite to enable 'Powered by Blackbird' tech licensing;
 - acceleration of Public Cloud integrations; and
 - multiple new end user features such as blur and highlights effects
- Blackbird's shares begin trading on OTCQX Best platform in July, which will lead to enhanced investor benefits, including easier trading access for investors located in the US, and greater liquidity due to a broader geographic pool of potential investors
- Awarded London Stock Exchange's Green Economy Mark, recognition of the Company's sustainable, low-carbon solutions
- Blackbird was included in an Industry wide proof of concept led by BT Sport, BBC Sport, Sky Sports and NBC Universal to demonstrate how cloud tools can reduce carbon emissions. The results were published in January showing a 70% reduction in technical infrastructure - other partners included Amazon Web Services and Microsoft
- Industry accolades including:
 - 'Best Tech Company 2021' - SportsPro OTT Awards; and
 - Inaugural IABM 'Environmental Sustainability Company of the Year 2021'

Financial highlights

- Share placing raising £7.5 million (net of expenses) to facilitate 'Powered by Blackbird' opportunities in new markets. The placing was at 28 pence per share, double the price of the previous placing in December 2019
- Record revenues of £2,066k for the 12 months to 31 December 2021, up 32% year-on-year (12 months to 31 December 2020: £1,567k)
- North American revenues of £1,256k up 30% year-on-year (12 months to 31 December 2020: £968k)
- Contracted but unrecognised revenue of £3,732k up 93% year-on-year (as at 31 December 2020: £1,931k). £1,810k of this balance is to be recognised in 2022 (as at 31 December 2020: £1,058k to be recognised in 2021), £731k in 2023, £601k in 2024 and the remainder in 2025 and 2026
- Operating costs, excluding LTIP provision, increased to £3,107k (12 months to 31 December 2020: £2,721k) predominantly due to i) increased staff costs - mainly due from the impact of a full year of 2020 staff hires and strengthening the team this year in R&D and product development and ii) product development costs
- EBITDA pre LTIP provision improved by £124k compared to 2020 as the increase in revenues outweighed the rise in operating costs
- LTIP provision of £358k (2020: £98k) booked in the year based on a year-end share price of 30.75pence. In 2022, with amongst other items a sell-off in global technology stocks and the escalating crisis in Ukraine, the Company's share price has fallen. The share price

could rise or fall further prior to the LTIP payout resulting in a material difference between the 31 December 2021 LTIP provision and the actual LTIP payout

- EBITDA loss increased £259k year on year to £1,554k due to an increase in the LTIP provision driven by the increase in share price in 2021 and an additional year of the LTIP period
- Net loss after tax £2,135k (12 months to 31 December 2020: net loss after tax £1,881k)
- Net cash outflow, ignoring proceeds from share issues and transfers into short-term deposits, reduced to £1,468k (12 months to 31 December 2020: £1,579k)
- At 31 December 2021 the Company had cash and short-term deposits of £12,839k (2020: £6,546k) 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® enables 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 plc is a licensor of its core video technology under its 'Powered by Blackbird' licensing model. Enabling video companies to accelerate their path to true cloud business models, licensees benefit from power and carbon reductions, cost and time savings, less hardware and bandwidth requirements and easy scalability.

Chairman's statement

For many people, 2021 continued to be an extension of the lifestyle and the workplace adjustments that we all had made in 2020. Working remotely via the use of innovative cloud-based technology continues to be the norm. As a pioneer of cloud native video technology, Blackbird continues to be the most efficient platform available for our customers and their employees to work collaboratively and remotely on any connected device.

2021 was also a year of increased and widening recognition for Blackbird, winning three major media technology awards including SportsPro's 'Technology Company of the Year'. Similarly, as ESG continues to be a major factor in all business activities, the important role that Blackbird plays in the potential to significantly reduce the carbon footprint of our customers is also being increasingly recognised. Sustainability is one of the key differentiators for the Blackbird platform, reducing carbon emissions by up to 91% relative to other nonlinear editors (NLE's) of some of our major competitors, according to the independent environmental research company Green Element.

The increased levels of awareness for our platform have allowed us to continue the sales momentum that we achieved in 2020. As well as year-on-year revenue growth of 32%, we also grew our contracted but unrecognised revenue by 93% to £3,732k. As we onboarded yet more meaningful global brands to our platform, our OEM strategy of partnering with key major players where we access our partners' sales channels as a route to market, resulted in new distribution partnerships and a number of key infrastructure deals, which will allow us to significantly broaden our market reach.

Our results for the year continue to show strong growth underpinned by our increased market presence and strategic partnerships. The Company recognised revenues of £2,066k (2020: £1,567k). We continued to grow our North American business to £1,256k (2020: £968k) and it now comprises 61% of our revenues. Our revenue mix remained strong with OEM revenue accounting for 45% in the year, 48% coming from infrastructure deals and 7% from development work on our first 'Powered by Blackbird' deal.

Strategy

In 2021 we passed a key inflection point for our business via the licensing of packaged modules to a global broadcast company of the core underlying technology upon which our own editor is built. Not only is this a significant deal, but it paves the way for multiple market sectors to incorporate our technology into their technology with a range of compelling benefits including superior performance, flexibility, sustainability and reduced operating costs. This B2B 'Powered by Blackbird' approach is a major milestone to the unlocking of the true potential of our unique patented technology and significantly grow our total addressable market.

Outside of the NLE professional video editor market, the patented Blackbird technology has many significant potential applications around the creation, publishing and distribution of content. By the end of 2021 the Board of Directors agreed to seek additional funding in order to resource a wider exploitation of our technology. To this end we successfully raised £8.0 million (before costs) via a market placement, for the sole purpose of funding the development and exploitation of our technology in new areas whilst not compromising our core market focus today.

Regarding our core market of professional media and entertainment video editing, the Blackbird platform continues to be optimised for use on scalable public cloud infrastructure. This is to support its availability as a more tightly integrated part of our OEM partner systems and makes possible our 'Powered by Blackbird' expansion. Similarly, we are ensuring that Blackbird can be integrated with wider third-party functionality through developing our APIs.

As we go forward, we remain committed to maintaining the superiority of our video codec, and other unique components of our platform, to extend our applicable markets. We will broaden our strategic focus and build upon our unique points of difference. We will continue to create meaningful IP that has strong commercial potential and will test it in the market as appropriate.

In a year that has been very difficult for many individuals and for many businesses, Blackbird has continued to evolve and grow. The Board believes that the Company continues to be well positioned to exploit its technological advantages and continue to grow in the large, dynamic cloud video market.

Income statement and statement of financial position

In the year ended 31 December 2021, the Company recorded revenues of £2,066k (2020: £1,567k), which represented an increase of 32% year-on-year. Revenues in Sports and News, our core target sectors, both increased by 28% year on year. Additionally, the Company recognised £137k revenue in the year from its first technology licensing deal. Branded 'Powered by Blackbird' this will open up a new route to market.

Operating costs, excluding LTIP provision, during the year to 31 December 2021 were £3,107k compared to £2,721k in the corresponding period in 2020 as we strengthened the team in R&D, Product and Sales and saw a full year impact of 2020 hires.

The Company has identified certain metrics such as i) EBITDA pre LTIP provision and ii) cash burn excluding proceeds from share issues and transfers into short-term deposits, which whilst they are non-GAAP metrics, assist in the understanding of business performance. These alternative performance measurements may not be directly comparable with other companies' measures and are not intended to be a substitute for any International Accounting Standards performance measures. The Company believes that EBITDA pre LTIP provision is the best measure to reflect core operational performance and that cash burn, excluding proceeds from share issues and transfers into short-term deposits, provides the best measure of the cash being utilised by the business until it can be self-generating.

The EBITDA pre LTIP provision improved to a loss of £1,197k (2020: loss of £1,318k). The net loss for the year was £2,135k compared to a net loss of £1,881k in 2020 due to a better EBITDA pre LTIP provision offset by a higher LTIP provision of £358k (2020: £98k) and higher amortization and share option charges. The LTIP provision calculated at 31 December 2021 was based on a 30.75 pence share price. In 2022, with amongst other items a sell-off in global technology stocks and the escalating crisis in Ukraine, the Company's share price has fallen. The share price could rise or fall further prior to the LTIP payout resulting in a material difference between the 31 December 2021 LTIP provision and the actual LTIP payout.

After the December placing, the Company ended the year with a strong balance sheet including £12,839k of cash and short-term deposits (31 December 2020: £6,546k). During the year the Company reduced its cash burn, excluding proceeds from share issues and transfers into short-term deposits, to £1,468k from £1,579k in 2020, a result of increased revenue partially offset by higher operating costs.

Current trading and outlook

As noted earlier, we start the current year in a strong financial position, with a strong balance sheet and contracted but unrecognised revenue of £3,732k as at 31 December 2021 (as at 31 December 2020: £1,931k). £1,811k of this balance relates to revenue to be recognised in 2022 which is up 71% compared to 2020 comparative of £1,058k. As a result, we are well positioned for strong growth this year.

Looking forward, our 'Powered by Blackbird' strategy has the potential to significantly increase our addressable markets and, as the use of video penetrates most sectors, content creators, media publishers and broadcasters will continue to look for more effective solutions. The benefits of these solutions will include improved remote collaboration and helping companies to reduce their carbon footprint, 'Powered by Blackbird' enables our partners to license our technology and incorporate it within their own solutions making Blackbird well positioned for meaningful growth.

With the proceeds of our recent fundraise, we will seek to apply our technology to other commercially attractive sectors where we have a compelling advantage and proven capability. We may address these sectors using different routes to market, including by going to market directly or through partnership arrangements. The Board remains committed to realising the full potential of our remarkable technology and will continue to test and refine the best ways in which to achieve this.

Finally, the Blackbird brand continued to grow in awareness and reputation over the last year and the Board would like to thank Ian and his team for the significant progress that has been made during a very challenging time.

Andrew Bentley
Chairman

Chief Executive Officer's statement

Where 2020 was a year of disruption for our industry, 2021 was a year where the expected return to a predictable normal never quite happened. Media and Entertainment had to be prepared for the unexpected and to an extended period of uncertainty and disrupted work patterns. From a Blackbird perspective our preparation paid off and this provided significant opportunities, as you would expect. The accelerated shift to sustainable and efficient remote production has seen Blackbird's profile rise prolifically in the industry. We finished the year having been awarded three prestigious industry accolades including 'Tech Company of the Year' by SportsPro.

This year was transformational because of our first technology licensing deal and subsequent 'Powered by Blackbird' brand launch. Since I joined the Company, proving the value of our technology outside of our core product has been a key goal. This opportunity can result in significant value creation, which is why many of the team, including myself, are significant investors in the business. This year was the year we have that first official proof point. In addition, it came via a Global Broadcast Company of high repute targeting a global product rollout in 2022. The deal itself is made up of several parts including a development fee, and an annual minimum guarantee underpinning a revenue share of sales. It is already double the size of any of the Company's previous contracts at €2million over the 5-year term and one we expect to grow well beyond the minimum guaranteed fees. I can happily report that the contract execution is, at time of writing, progressing well and the partner in question has expressed their happiness with the service we are providing. We are both looking forward to a successful high-profile rollout of the product starting towards the end of the first half of 2022.

Outside of the technology licensing the key focus is scaling Blackbird through OEM partnerships. Good progress was made in these areas as can be seen by adding EVS, where we were involved in the largest and most important international sporting games of 2021 and also thus far of 2022. Unfortunately, confidentiality prevents us naming these events. LiveU and Eurovision were also onboarded this year as new OEM partners both bringing high profile paying customers to add to our roster. LiveU brought Blackbird into its deal in Germany for the national and local elections where we were used to cut from live by RTL and other German public service broadcasters. This was our first entry into that territory and one where we can expect further growth. Eurovision, the production arm of the European Broadcast Union (EBU) which has over 100 broadcasters as members has started using Blackbird on several different international sports disciplines including cycling and athletics. We also significantly grew existing OEM account TownNews which from a single figure base in 2018 now has 80 stations using Blackbird. Our relationship with TATA Communications while strong and collaborative continues to find its feet and although it grew this year with a significant new international sports competition added, it was at a slower pace than we expected. There is appetite on both sides to drive much further growth and we are working together find a more streamlined approach in 2022.

In terms of direct infrastructure deals, Blackbird's reputation of delivering world beating speed and efficiency into live news and sports rooms ramped up with new deals with some major European and US clients. Prize amongst these is our first US Studio deal with CBS Sports where Blackbird is used on all European soccer production. In addition, we have been deployed into Univision too where the platform is used in live sports and news and where, post year end, we have just seen an expansion. The trailblazing US news network Cheddar News have also started to use Blackbird on a nationwide basis with both field reporters and studio-based journalists. Elsewhere we were deployed with Athletes Unlimited in minority US growth sports such as softball and lacrosse. Our deal with ODK showcases how Blackbird's infrastructure enables our most international of workflows with a Korean company, using a Vietnamese production team to prepare Latin American content for delivery to a US audience. In the UK too we have expanded with BT TV which is driving efficiencies in both sports and general entertainment distribution. Just before the end of the year we also signed a deal with FIFA, where deployment will take place in early 2022. We have also seen successes in both replacing traditional non-linear editors, complimenting their usage through using Blackbird in new workflows and also supplementing capability in organisations such as A+E Networks. This was highlighted by the A+E Networks operational team in a joint webinar showing that Blackbird sits across multiple departments.

The financial and strategic benefits of launching our technology licensor brand 'Powered by Blackbird' globally with the Global Broadcast Company include that we have accelerated the modularization of our platform for tech licensing ahead of public cloud assimilation. In addition, we made excellent progress in the public cloud initiative and in December we were awarded the Foundation Technical Review by Amazon Web Services (AWS). This is a significant milestone in the integration of our platform into the largest of the public clouds. Public cloud integration will be a key focus in 2022.

Elsewhere on the platform the integrations with EVS for the international games and CBS were made possible by rapid advancement of our API suite which are becoming both more robust and multifunctional each month. Being a seamless part of a complex media supply chain, as our Blackbird platform now is, means the development of several high specification gateways which are now operational.

Similarly, to become established in the media and entertainment space you need to have the trust of customers. Certainly, being on public cloud is a fast track to that in terms of convincing management of blue chip companies of reliability and security. Another is having SOC2 Type 2 status which is the gold standard of US cyber and data security for the media industry. Blackbird achieved SOC2 Type 1 and then

SOC2 Type 2 statuses in 2021 and maintained the SOC2 Type 2 accreditation this year. This has taken some time and effort on the team's behalf, and it means contracts that previously took months can now be completed in a much shorter time.

The profile of Blackbird is also on a steep upward trajectory. In 2021 we published two white papers. The first was a groundbreaking piece on the carbon efficiency of the Blackbird technology and product. The carbon footprint of video production had for many years gone under the radar screen and was underreported. We worked with an independent environmental agency, Green Element, to be the first in our sector to put out independently verified data points about the savings we make, which garnered a huge amount of media coverage for the Company. Especially when the data points are as compelling as a saving of up to 91% carbon. I was personally interviewed on Sky News and Blackbird was featured in over 40 different articles, features and industry panels throughout the year talking about it. Our work encouraged one of the key bodies in our industry, the International Association of Broadcast Manufacturers (IABM) to launch an 'Environmental Sustainability' Award which we duly won in December. This work also led the London Stock Exchange to award the company its prestigious Green Economy Mark which just 5% of listed UK businesses have received.

Within the year other accolades included the NAB Show 'Product of the Year' and the top prize at the SportPro OTT Awards 'Best Tech Company 2021'.

Sometimes it's easy to forget we only rebranded the software and renamed the Company in 2018 and 2019. This year we released 28 press releases, hosted ten webinars with partners, conducted 25 interviews and were on twelve industry panels. It's safe to say that if the industry hadn't heard of Blackbird pre-Covid, they have now.

As a final act of 2021 we undertook a successful placing at 28p, double the share price of the last placing in December 2019, raising £8.0 million before costs. These funds will be used to explore new markets for Blackbird outside of the professional media and entertainment video editing market. This was presented to shareholders at an Investor Meet Company meeting in December, a recording of which can be found on our website and is discussed in our Strategy section of the Annual Report.

We look forward to an incredibly exciting 2022 with a world respected technology platform, an enviable client list, a sky-high industry profile, a highly professional team and a very healthy bank balance. We eagerly anticipate seeing Blackbird fully integrated into the public cloud, the rollout of our first technology licensing deal and the further adoption of our efficient and sustainable solution on a global basis.

Ian McDonough
Chief Executive Officer

Income statement and statement of comprehensive income for the year ended 31 December 2021

	2021	2020
	£	£
CONTINUING OPERATIONS		
Revenue	2,066,271	1,567,109
Cost of Sales	(155,691)	(163,338)
GROSS PROFIT	1,910,580	1,403,771
Other income	-	-
Operating costs excluding LTIP provision	(3,107,283)	(2,721,465)
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION AND LTIP PROVISION (EBITDA Pre LTIP)	(1,196,703)	(1,317,694)
LTIP provision	(357,712)	(98,227)
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION AND EMPLOYEE SHARE OPTION COSTS (EBITDA)	(1,554,415)	(1,415,921)
Depreciation	(117,199)	(108,681)
Amortisation	(337,078)	(275,935)
Employee share option costs	(176,583)	(138,933)
	(630,860)	(523,549)
OPERATING LOSS	(2,185,275)	(1,939,470)
Net Finance income	18,382	33,451
LOSS BEFORE INCOME TAX	(2,166,893)	(1,906,019)
Income tax	32,167	25,415
LOSS FOR THE YEAR	(2,134,726)	(1,880,604)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(2,134,726)	(1,880,604)
Earnings per share expressed in pence per share		
Basic – continuing and total operations	(0.63p)	(0.56p)

Statements of financial position as at 31 December 2021

	2021	2020
	£	£
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	1,195,736	1,105,657
Property, plant and equipment	256,655	308,565
	<u>1,452,391</u>	<u>1,414,222</u>
CURRENT ASSETS		
Trade and other receivables	395,315	292,834
Stock	895	15,728
Current tax assets	32,167	25,415
Short-term investments	4,169,186	1,617,820
Cash and bank balances	8,670,274	4,928,021
	<u>13,267,837</u>	<u>6,879,818</u>
TOTAL ASSETS	<u>14,720,228</u>	<u>8,294,040</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued share capital	2,940,524	2,696,433
Share premium	34,034,228	26,516,613
Capital contribution reserve	125,000	125,000
Retained earnings	(24,156,905)	(22,198,762)
TOTAL EQUITY	<u>12,942,847</u>	<u>7,139,284</u>
NON-CURRENT LIABILITIES		
Lease and other payables	131,908	324,044
	<u>131,908</u>	<u>324,044</u>
CURRENT LIABILITIES		
Trade and other payables	1,645,473	830,712
TOTAL LIABILITIES	<u>1,777,381</u>	<u>1,154,756</u>
TOTAL EQUITY AND LIABILITIES	<u>14,720,228</u>	<u>8,294,040</u>

Statement of changes in equity for the year ended 31 December 2021

	Issued share capital	Retained earnings	Share premium	Capital contribution reserve	Total equity
	£	£	£	£	£
Balance at 1 January 2020	2,681,913	(20,457,091)	26,371,502	125,000	8,721,324
Changes in equity					
Issue of share capital	14,520	-	145,111	-	159,631
Share based payment	-	138,933	-	-	138,933
Total comprehensive loss for the year	-	(1,880,604)	-	-	(1,880,604)
Balance at 31 December 2020	2,696,433	(22,198,762)	26,516,613	125,000	7,139,284
Changes in equity					
Issue of share capital	244,091	-	7,517,615	-	7,761,706
Share based payment	-	176,583	-	-	176,583
Total comprehensive loss for the year	-	(2,134,726)	-	-	(2,134,726)
Balance at 31 December 2021	2,940,524	(24,156,905)	34,034,228	125,000	12,942,847

Statement of cash flows for the year ended 31 December 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash used in operations	A	(901,066)	(1,089,946)
Interest paid on lease liabilities		(11,979)	(16,059)
Tax received		25,415	32,424
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Net cash from operating activities		(887,630)	(1,073,581)
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Cash flows from investing activities			
Payments for intangible fixed assets		(443,657)	(425,848)
Payments for property, plant and equipment		(65,288)	(26,203)
Transfer into short-term investments		(2,551,366)	(1,617,820)
Interest received		25,393	43,172
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Net cash from investing activities		(3,034,918)	(2,026,699)
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Cash flows from financing activities			
Share issues (net of expenses)		7,761,706	159,631
Payment of lease liabilities		(96,905)	(96,821)
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Net cash from financing activities		7,664,801	62,810
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Increase/(Decrease) in cash and cash equivalents		3,742,253	(3,037,470)
Cash and cash equivalents at beginning of year		4,928,021	7,965,491
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Cash and cash equivalents at end of year		8,670,274	4,928,021
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A. **Reconciliation of loss before income tax to cash used in operations**

	2021 £	2020 £
Loss before income tax	(2,166,893)	(1,906,019)
Depreciation	117,199	108,681
Amortisation charges	337,078	275,935
Employee share option costs	176,583	138,933
Finance income	(18,382)	(33,451)
Earnings before interest, taxation, depreciation and amortisation	(1,554,415)	(1,415,921)
Movements in working capital:		
(Increase)/ Decrease in trade and other receivables	(62,234)	202,145
Increase in trade and other payables	715,583	123,830
Cash used in operations	(901,066)	(1,089,946)