

## Corporate

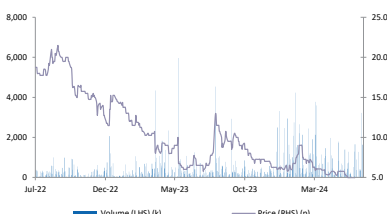
Current price **3.75p**

Sector **TMT**

Code **BIRD.L**

Listing **AIM**

### Share Performance



% Change	1m	3m	12m
<b>BIRD.L</b>	-22.7	-37.0	-42.3

Source: Thomson Reuters, Allenby Capital

### Share Data

Market Cap (£m) **14.5**

Shares in issue (m) **368.4**

52 weeks (p) High Low

**13.0** **3.75**

Financial year end **31 December**

Source: Company Data, Allenby Capital

### Key Shareholders

Stephen Streater 16.2%

Premier Miton Group 15.9%

Ian McDonough & family 7.5%

Chelverton Asset Management 4.1%

Herald Inv. Management 3.0%

Source: Company Data, Allenby Capital

### Gareth Evans

0203 394 2977

d.johnson@allenbycapital.com

www.allenbycapital.com

## Blackbird plc (BIRD.L)

### AGM highlights progress on elevate.io

Blackbird's AGM statement delivered a positive update on the progress of elevate.io, now in general release. Although not yet chargeable, early adopters are in the high hundreds, providing insight on additional functionality to expand the user base and facilitate a step change in marketing. During the AGM, Blackbird delivered a product demonstration of the application and a prototype player, ahead of its release as a publishing destination from elevate.io. We came away reassured of the group's strong position in a large and growing market. Adoption of new technologies always takes time, but once embedded, the platform offers a scalable, cloud-based and collaborative content creation platform across a wide range of end users. There have been a number of Board changes over recent months, bringing in different skillsets for the target market. These include Andrew Bentley stepping down as Chair with Anne de Kerckhove assuming the role. We look forward to further progress as elevate.io gains commercial traction. This will align Blackbird with the fast-growing Creator Economy sector, capitalising on its technological lead with an offering that will significantly expand its addressable market.

- Significant investment and transformation in the past year:** Blackbird has increased its focus on the prosumer/creator market, with elevate.io designed for the Creator SaaS and corporate AV markets. elevate.io, built on Blackbird's core technology, launched into early access in November 2023 and with general release at the end of March 2024. Management indicated that monetisation will commence in Q1 2025.
- Total Addressable Market (TAM) is huge, growing and ripe for disruption:** The creator tools and services market is forecast to grow to \$181bn by 2033, a CAGR of 27% (Source: Benchmark). Goldman Sachs forecasts that the overall creator economy will double in size from \$250bn to \$500bn by 2027. The initial Serviceable Addressable Market, targeting professional teams and content creators, is worth \$6.9bn. elevate.io is early to this market with few direct competitors. Products in parallel SaaS markets, e.g. Figma and Canva, have seen huge growth which Blackbird is looking to emulate.
- EBITDA break even for the Blackbird division in 2024:** Consistent with its strategy, management is accelerating the push outside Media & Entertainment, given the cyclical and structural issues that impacted FY23 financial performance. Blackbird remains at the forefront of Sports and News, and was utilised in prominent sporting events throughout 2023. Additionally, a significant deal was secured for the 2024 summer games. Given the decisive action against the M&E cost base, EBITDA breakeven is anticipated in FY24.

Blackbird has undergone a significant transformation with its direct to creator Blackbird SaaS platform, elevate.io. Its proven technology provides instant credibility with a highly scalable product for the mass market in video creation and editing.

Year End: 31 December					
(£'000)	2019	2020	2021	2022	2023
REVENUE	1,077	1,567	2,066	2,847	1,937
GROSS MARGIN (%)	85.0	89.6	92.5	95.0	93.5
EBITDA	-1,772	-1,416	-1,554	-1,624	-2,343
NET LOSS BEFORE TAX	-2,161	-1,906	-2,167	-2,011	-2,602
FULLY DILUTED EPS (p)	-0.71	-0.56	-0.63	-0.52	-0.68
CASH AT YEAR END	7,965	6,546	12,839	10,099	6,468
CONTRACTED BUT UNRECOGNISED REV.	1,881	1,931	3,732	3,426	1,770

Source: Company; Allenby Capital. Allenby Capital acts as Nomad & Broker to Blackbird plc (BIRD.L).

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## Year of transformation

The past year has been a significant year of investment and transformation for Blackbird, with the continued development of elevate.io its collaborative video content creation platform. Designed for the Creator SaaS and corporate AV markets, the product was launched into early access in November 2023 and general release at the end of March 2024. Monetisation is expected in Q1 2025.

The new platform uses the same core technology as the high-end professional media-focussed product. However, it has a user-friendly and modern interface, offering high quality, collaborative content creation and distribution to mass markets of “creators” and “professional teams” within small businesses. elevate.io is built on the AWS public cloud, meaning it can be scaled and integrated with third party features and functionality.

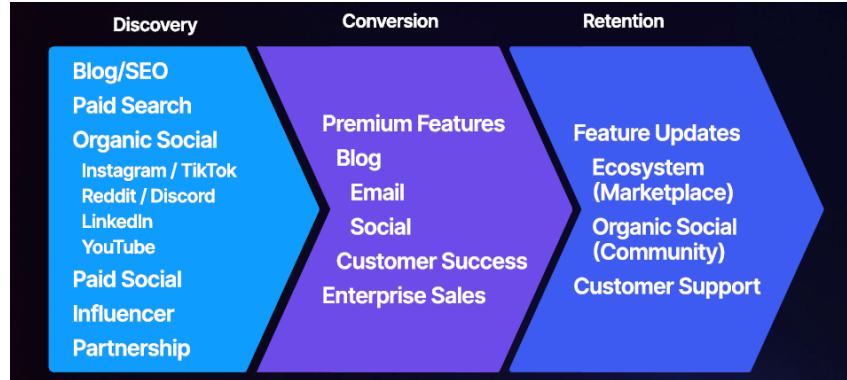
### Product led growth

In many other markets, disruptive cloud-based platforms have experienced staggering growth and outpaced traditional offerings. Examples in adjacent areas include Figma, a collaborative design platform and Canva, an online graphic design tool. elevate.io is early to market in the collaborative content creation market with few direct competitors.

A world-class core team is in place, including Sumit Rai as Chief Product Officer who joined from Vegas Pro - one of the world’s leading editing platforms. Blackbird recently appointed Anne de Kerckhove, now Chair, bringing a wealth of experience in technology, B2B and B2C SaaS, and helping businesses scale, which will assist in the roll out of elevate.io.

Elevate.io for “creators” and “professional teams”

Exhibit 1: Go to Market 2025 onwards



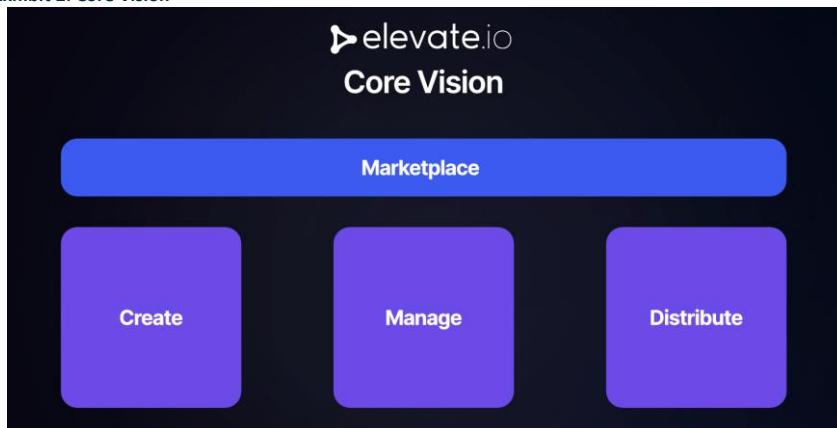
Source: Company Data, Allenby Capital

In addition to customers acquired through (paid) customer acquisition methods, organic (through word of mouth or some other non-attributable route) and viral routes (through a recommendation or referral link) may materially add to the customer base, reducing the effective cost of customer acquisition, and helping drive the success of the platform.

## Core Vision – Create, Manage, Distribute

As well as the subscription revenue, elevate.io will have the opportunity to generate revenue from other means, such as content distribution through use of its Player or through taking a cut of services sold through the planned marketplace.

Exhibit 2: Core Vision

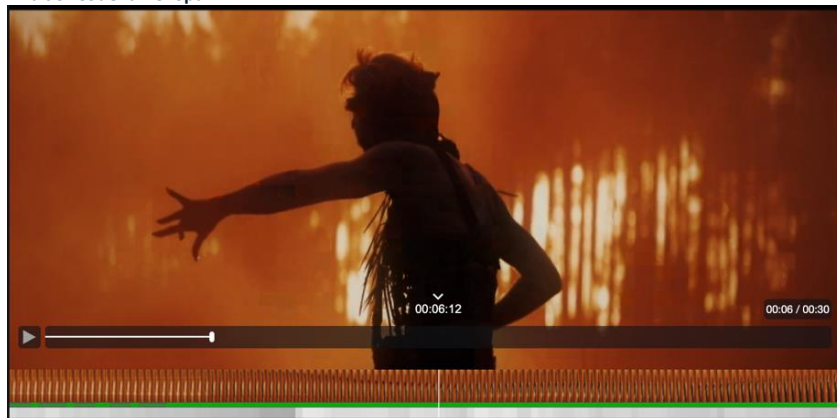


Source: Company Data, Allenby Capital

### Blackbird's Player

The experimental prototype player was demonstrated at the AGM (shown below). Showcasing key Blackbird features such as smoothness of playback and the ease at which content can be published with elevate.io.

Exhibit 3: Codename: Spark



Source: Company Data, Allenby Capital

## Increasing the Total Addressable Market

Blackbird’s technological lead and ability to scale efficiently have been, we believe, limited by concentrating on the Media & Entertainment segment. The opportunity for the technology is much broader, as shown below. The Serviceable Addressable Market (SAM) is estimated to be \$6.9bn, over double the estimated SAM for adjacent product Figma.

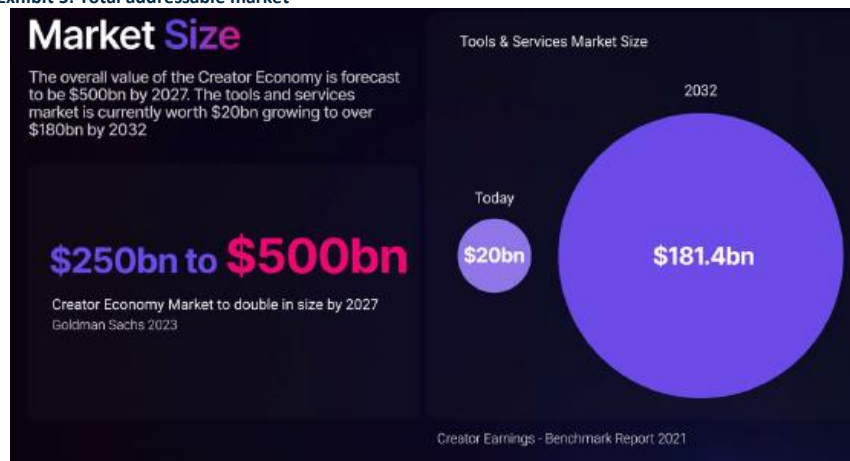
Exhibit 4: Addressing a rapidly growing addressable market



Source: Company Data, Allenby Capital

According to Goldman Sachs’ recent research, the Creator Economy is a \$250bn market and forecast to double in size in 2027. The digital content creation tools and services market is estimated within the Benchmark Report 2021 to be \$20bn in 2022 and forecast to grow to \$181bn by 2032, giving a 25.7% compound annual growth rate.

Exhibit 5: Total addressable market



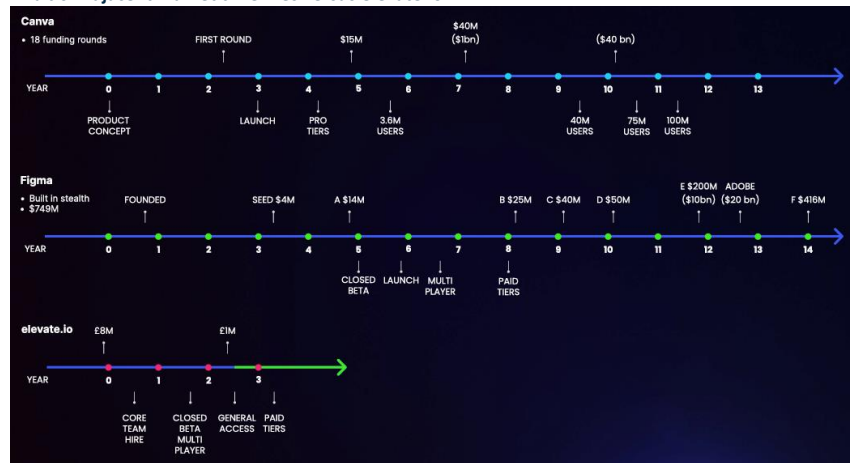
Source: Company Data, Allenby Capital

Therefore, Blackbird’s strategy to develop an easy to use, self-service, SaaS version, benefitting from Blackbird’s cloud native technology, available to the “Professional teams” and “Creator” customer bases will allow the company to tap into this large and fast-growing market.

## Timelines for exponential growth

The core patented technology developed by Stephen Streater, remains at the heart of Blackbird and elevate.io. Additionally, Sumit Rai, who is leading the elevate.io product team is an experienced product specialist, who successfully built and launched Kulu Valley, a cloud distribution platform, as well as running the product team at Vegas Pro, a world leading video editor. These mean that elevate.io is well placed to emulate the likes of Canva and Figma in the video creation market. The timelines for exponential growth for Canva and Figma versus elevate.io so far, are shown below.

Exhibit 6: Adjacent market timelines versus elevate.io



Source: Company Data, Allenby Capital

## Conclusion

Blackbird is a well-capitalised, market-leading provider of fully featured professional-grade video editing and production software that is cloud-native by design. Consistent with its strategy, management is accelerating the group’s push into the fast-growing Creator Economy (outside of its existing Media & Entertainment niche) with elevate.io, its web-based collaborative video creation product.

We expect the next year to be transformational still in terms of positioning the business to address a wider market and accelerate sales growth through the self-service model as the product gains commercial traction, with monetisation planned for Q1 2025.

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