

Blackbird plc
(the “Company”)

Interim results

Blackbird plc (AIM: BIRD; OTCQX: BBRDF), the technology licensor, developer and seller of the market-leading cloud video editing platform, Blackbird®, announces its interim results for the six months ended 30 June 2022.

Ian McDonough, CEO of Blackbird plc, commented:

“I am delighted to again deliver record revenues for the six-month period of £1,547k, up 78% year on year. The main driver behind this increase in revenue was from development work on our first technology licensing deal. We have made good progress towards delivery and it is currently being tested by the licensor together with their first customer, a major US broadcaster, ahead of a full launch and promotion later in the year. The product will be co-branded ‘Powered by Blackbird’.

“Post our fundraise last December, we have made good progress in recruiting key new talent to the business, which was signalled as a key objective of the raise. This new team will be crucial in defining and implementing our products and leveraging our world-class technology, as we enter the sizeable creator economy market.

“In the period we also released two strategically important white papers. The first one highlighted Blackbird’s unique architecture and the associated benefits, whilst the second one reinforced our sustainability credentials and how, amongst other green technologies, it can help the video industry reduce its carbon footprint.

“As we develop our enterprise solution and start to introduce solutions for the creator economy, these are incredibly exciting times for the Company and I look forward to working with my colleagues to deliver further success.”

Operational highlights (post period)

- Multi-year deal signed with Next College Student Athlete (NCSA), who are a part of the IMG group
- Deal signed with SBS Belgium to produce media assets for its OTT platform
- Three-year renewal signed with A+E Networks
- Partnered with both Microsoft and EVS at IBC show in September in Amsterdam

Financial highlights (post period)

- £2,684k* secured revenue for 2022 at 31 August 2022, up 52% vs prior year (2021 comparative: £1,763k)
- Record contracted but unrecognised revenues of £4,047k* at 31 August 2022 (2021 comparative: £1,987k). £768k relates to 2022 and £1,472k revenue relates to 2023 and the remainder to 2024 and beyond

** Subject to exchange rate fluctuations*

Operational highlights (during the period)

- First technology licensing deal nears delivery and with the first customer a major US broadcaster secured for the product
 - endorsing the value that Blackbird’s technology can bring to a third party’s infrastructure
- Successful deployment at the winter games in February 2022, allowing editors to work remotely from another continent
 - validating that Blackbird can be trusted on the most valuable content
- Key hires made for Blackbird’s creator economy growth focus
- Expansion within the Univision and ‘global financial news service’ accounts
 - reaffirming our ‘land and expand’ approach
- Three-year renewal with IMG group closed with revenue uplift
- Further successful renewals with Deltatre, Gfinity and Arsenal
- Successful FIFA deployment and now extensively used on their FIFA+ OTT service
- LiveU/Blackbird solution used in coverage of a further two German elections

- One of four partners chosen to be on Microsoft's stand at the NAB show in April 2022
- 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
- Strategic white papers released by the Company on
 - Blackbird architecture: highlighting the 'magic' behind Blackbird's cloud native solution and the associated unique benefits
 - sustainability: endorsed by Hannah Mills and leading a call for action to the industry to reduce carbon at source in video production
- Multiple award wins, including the 'Queen's Award for Enterprise' and 'NAB Product of the Year 2021'

Financial highlights (during the period)

- Record revenues of £1,547k for the 6 months to 30 June 2022, up 78% year on year (6 months to 30 June 2021: £867k). Includes £426k of non-recurring revenues from development services for our first 'Powered by Blackbird' licensing deal
- Contracted but unrecognised revenues up 69% year on year to £3,331k at 30 June 2022 (£1,974k at 30 June 2021)
- Increased operating costs, excluding LTIP charge, of £2,113k (6 months to 30 June 2021: £1,444k) driven predominantly from strengthening of the team, particularly in R&D, product and marketing; wage inflation; attendance at trade shows and recruitment costs. £183k of these costs relate to the 'Creator' division post last December's fundraise
- EBITDA loss, excluding LTIP provision movement, of £637k (6 months to 30 June 2021: £661k) from increased revenue, partially offset by higher operating costs
- EBITDA loss of £287k (6 months to 30 June 2021: £874k) with the decreased loss year on year predominantly due to the movement in LTIP charge year on year (2022: £350k credit, 2021: £213k expense) resulting from the falling share price and by the improvement in EBITDA pre LTIP provision mentioned above
- Net loss before tax £604k (6 months to 30 June 2021: £1,168k)
- Cash burn, excluding proceeds from share issues and transfers from short term investments, up £310k to £1,253k year on year (6 months to 30 June 2021: £943k) due to higher operating expenses as explained above and an increase in working capital. £116k of this related to one-off items
- Cash and short-term investments of £11,586k (30 June 2021: £5,710k) 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 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, lower hardware and bandwidth requirements and easy scalability.

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

Chief Executive Officer's statement

I am pleased to report record revenues for the six-month period to 30 June 2022. During the period we continued our momentum, particularly in our core targeted markets of Sports and News.

In OEM:

- We made good progress on our first Technology licensing deal which nears delivery and is currently being tested by the licensor together with their first customer, a major US broadcaster, ahead of a full launch and promotion later in the year. The product will be co-branded 'Powered by Blackbird'. As previously explained, our commercial relationship lasts for a further five years where Blackbird will financially benefit on the back of the success of the deployment of the product, and the financials are underpinned by minimum guarantees.
- Through EVS we successfully deployed to a second prestigious global sporting event, on the back of the first one in mid-2021. This deal reemphasizes that Blackbird is trusted with the world's most valuable content by industry leading technology partners.
- Together with LiveU, delivered on fast turnaround news on a further two German regional elections.
- Through an unnamed OEM partner, we successfully renewed and expanded our operations on two deals in the sports sector.

In Direct:

- Successfully deployed to FIFA on the back of our mid-December 2021 deal. They are using Blackbird extensively on their FIFA+ OTT service.
- Expansions with both Univision and our 'global financial news service' accounts. This reaffirms our 'land and expand' strategy.
- Renewals included a three-year extension to our IMG deal which included a revenue uplift, together with renewals with Deltatre, Gfinity and Arsenal.
- Post-period a multi-year deal with NCSA and a new deal with SBS Belgium.

The Company issued two strategically important and well received white papers in the period. The first one explained some, although not too much, of the magic behind Blackbird's architecture and how, being cloud native, can benefit our customers. The second white paper was focused on 'Decarbonizing Video production' and reemphasized how cloud native green technologies, such as Blackbird, can cut out carbon emissions at source rather than producing them and having to offset them. Post our fundraiser last December, we made good progress in recruiting key new talent to the business. These included Sumit Rai, as Chief Product Officer; Mo Volans as Senior Vice President Product Marketing and Morgan Henry as Vice President Engineering. They all joined us in June and are already making a great impact on the business as we look to further refine our Enterprise solution and develop successful products for the creator economy market.

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

Ian McDonough

Chairman's statement

The Company made encouraging financial progress in the period. In the six-month period to 30 June 2022, we continued sales growth momentum and booked record revenues. The growth was predominantly on the back of delivering against our first technology licensing deal and on deploying to FIFA, whose deal was finalized in December 2021.

The value of the technology continues to be recognised and during the period the Company received numerous awards including the prestigious 'Queen's Award for Enterprise' and 'NAB Product of the Year 2021'.

Financial

Revenue increased by 78% to £1,547k for the six-month period compared to the corresponding period last year (six months to 30 June 2021 £867k). Contracted but unrecognised revenue was £3,331k at 30 June 2022, an increase of 69% compared to 30 June 2021.

Our focus on the Sports and News sectors continued to bear fruit with revenue up 32% and 34% year on year at £436k and £327k respectively. Our first 'Powered by Blackbird' licensing deal delivered £426k non-recurring revenue relating to development in the period. Blackbird will financially share in the commercial success of the product and our share of revenues is underpinned by annual minimum guarantees with the first one due at the end of 2022.

Operating costs, excluding LTIP charge, for the period were £2,113k versus £1,444k in the corresponding period last year reflecting an increase in: i) a strengthening of the team in Sales, R&D and Product and a full period of costs relating to 2021 hires; ii) wage inflation; iii) increased marketing costs due to attending trade shows again post lockdowns; and iv) one-off recruitment fees of £135k in the period (2021:£24k). £183k of operating costs related to the 'Creator' area, post the December fundraise.

EBITDA loss, excluding LTIP provision movement, of £637k (6 months to 30 June 2021: £661k) from increased revenue predominantly offset by higher operating costs. There was a £563k difference in the LTIP charge year on year (2022: £350k credit, 2021: £213k expense) as the Company's share price fell on the back of the global technology sell off and the war in Ukraine. This movement in the LTIP charge was the principal driver behind the improved EBITDA loss of £287k for the period (6 months to 30 June 2021: £874k).

Cash burn in the period, excluding proceeds from share issues and transfers from short-term investments, was £1,253k versus £943k in the same period in 2021 driven by higher operating costs including in the 'Creator' area as explained above.

Outlook

The Company made good progress on revenue growth in H1 of this year driven predominantly by our first technology licensing deal, co-branded 'Powered by Blackbird' and from infrastructure deals with revenue in the period from, amongst others, CBS Sports, FIFA and Univision which was not in the prior year period.

Ian and the team have also made great progress in bringing in key new talent on the back of the December 2021 fundraise. Their skillsets and experience will be crucial both in refining our Enterprise solution and developing and launching new product(s) for the creator economy where we believe that the potential for Blackbird is significant.

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 2022

| | Unaudited Half year to 30 June 2022 £ | Unaudited Half year to 30 June 2021 £ | Audited Year to 31 December 2021 £ |
|---|---|---|--|
| CONTINUING OPERATIONS | | | |
| Revenue | 1,546,544 | 866,644 | 2,066,271 |
| Cost of Sales | (70,886) | (84,096) | (155,691) |
| GROSS PROFIT | 1,475,658 | 782,548 | 1,910,580 |
| Operating costs excluding LTIP provision | (2,112,728) | (1,443,816) | (3,107,283) |
| EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION, EMPLOYEE SHARE OPTION COSTS AND LTIP PROVISION (EBITDA pre LTIP) | (637,070) | (661,268) | (1,196,703) |
| Decrease / (increase) in LTIP provision | 350,431 | (212,925) | (357,712) |
| EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION, EMPLOYEE SHARE OPTION COSTS (EBITDA) | (286,639) | (874,193) | (1,554,415) |
| Depreciation | (68,169) | (54,456) | (117,199) |
| Amortisation | (192,542) | (163,060) | (337,078) |
| Employee share option costs | (98,356) | (83,665) | (176,583) |
| | <u>(359,067)</u> | <u>(301,181)</u> | <u>(630,860)</u> |
| OPERATING LOSS | (645,706) | (1,175,374) | (2,185,275) |
| Net Finance income | 42,015 | 7,862 | 18,382 |
| LOSS BEFORE INCOME TAX | (603,691) | (1,167,512) | (2,166,893) |
| Income Tax | - | - | 32,167 |
| LOSS FOR THE PERIOD | (603,691) | (1,167,512) | (2,134,726) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | (603,691) | (1,167,512) | (2,134,726) |
| Earnings per share expressed in pence per share: | | | |
| Basic – continuing and total operations | (0.16p) | (0.35p) | (0.63p) |

UNAUDITED AND CONDENSED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

| | Unaudited 30 June 2022 £ | Unaudited 30 June 2021 £ | Audited 31 December 2021 £ |
|-------------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Other intangible assets | 1,178,891 | 1,152,634 | 1,195,736 |
| Property, plant and equipment | 221,589 | 276,043 | 256,655 |
| | 1,400,480 | 1,428,677 | 1,452,391 |
| CURRENT ASSETS | | | |
| Trade and other receivables | 638,602 | 501,414 | 395,315 |
| Stock | 895 | 895 | 895 |
| Current tax assets | 32,167 | 25,415 | 32,167 |
| Short-term investments | 6,684,825 | 1,214,302 | 4,169,186 |
| Cash and bank balances | 4,901,435 | 4,495,923 | 8,670,274 |
| | 12,257,924 | 6,237,949 | 13,267,837 |
| TOTAL ASSETS | 13,658,404 | 7,666,626 | 14,720,228 |
| EQUITY | | | |
| Issued share capital | 2,940,524 | 2,705,553 | 2,940,524 |
| Share premium | 34,034,228 | 26,614,950 | 34,034,228 |
| Capital contribution reserve | 125,000 | 125,000 | 125,000 |
| Retained earnings | (24,662,240) | (23,282,609) | (24,156,905) |
| | 12,437,512 | 6,162,894 | 12,942,847 |
| NON-CURRENT LIABILITIES | | | |
| LTIP | - | 311,152 | - |
| Lease & License | 85,543 | 185,424 | 131,908 |
| | 85,543 | 496,576 | 131,908 |
| CURRENT LIABILITIES | | | |
| Lease | 91,572 | 87,074 | 89,388 |
| Trade and other payables | 1,043,777 | 920,082 | 1,556,085 |
| | 1,135,349 | 1,007,156 | 1,645,473 |
| TOTAL LIABILITIES | 1,220,892 | 1,503,732 | 1,777,381 |
| TOTAL EQUITY AND LIABILITIES | 13,658,404 | 7,666,626 | 14,720,228 |

**UNAUDITED AND CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

| | Called up share capital | Share premium | Capital contribution reserve | Retained earnings | Total equity |
|--|----------------------------|---------------|------------------------------------|-------------------|--------------|
| | £ | £ | £ | £ | £ |
| Balance at 1 January 2021 | 2,696,433 | 26,516,613 | 125,000 | (22,198,762) | 7,139,284 |
| 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 |
| Changes in equity | | | | | |
| Issue of share capital (net of expenses) | 234,971 | 7,419,278 | - | - | 7,654,249 |
| Share based payment | - | - | - | 92,918 | 92,918 |
| Total comprehensive income | - | - | - | (967,214) | (967,214) |
| Balance at 31 December 2021 | 2,940,524 | 34,034,228 | 125,000 | (24,156,905) | 12,942,847 |
| Changes in equity | | | | | |
| Issue of share capital | - | - | - | - | - |
| Share based payment | - | - | - | 98,356 | 98,356 |
| Total comprehensive income | - | - | - | (603,691) | (603,691) |
| Balance at 30 June 2022 | 2,940,524 | 34,034,228 | 125,000 | (24,662,240) | 12,437,512 |

**UNAUDITED AND CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

| | Unaudited Half year to 30 June 2022 £ | Unaudited Half year to 30 June 2021 £ | Audited Year to 31 December 2021 £ |
|--|---|---|--|
| EBITDA | (286,639) | (874,193) | (1,554,415) |
| (Increase) / Decrease in working capital | (711,255) | 216,287 | 653,349 |
| Cash used in operations | (997,894) | (657,906) | (901,066) |
| Interest paid on lease liabilities | (4,363) | (6,447) | (11,979) |
| Tax received | - | - | 25,415 |
| Net cash outflow from operating activities | (1,002,257) | (664,353) | (887,630) |
| Cash flows from investing activities | | | |
| Payments for intangible fixed assets | (183,947) | (218,286) | (443,657) |
| Payments for property, plant and equipment | (33,103) | (21,934) | (65,288) |
| Transfer (to)/ from short-term investments | (2,515,639) | 403,518 | (2,551,366) |
| Interest received | 14,651 | 9,922 | 25,393 |
| Net cash (outflow)/ inflow from investing activities | (2,718,038) | 173,220 | (3,034,918) |
| Cash flows from financing activities | | | |
| Share issue (net of expenses) | - | 107,456 | 7,761,706 |
| Payment of lease liabilities | (48,544) | (48,421) | (96,905) |
| Net cash (outflow)/ inflow from financing activities | (48,544) | 59,035 | 7,664,801 |
| (Decrease)/ Increase in cash and cash equivalents | (3,768,839) | (432,098) | 3,742,253 |
| Cash and cash equivalents at beginning of period | 8,670,274 | 4,928,021 | 4,928,021 |
| Cash and cash equivalents at end of period | 4,901,435 | 4,495,923 | 8,670,274 |

**NOTES TO THE UNAUDITED AND CONDENSED CONSOLIDATED INTERIM ACCOUNTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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 2021. 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 13 September 2022. The information for the year ended 31 December 2021 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 2021.

2. Divisional breakdown

| | Enterprise Unaudited Half year to 30 June 2022 £ | Creator Unaudited Half year to 30 June 2022 £ | Total Unaudited Half year to 30 June 2022 £ |
|--|--|---|---|
| CONTINUING OPERATIONS | | | |
| Revenue | 1,546,544 | - | 1,546,544 |
| Cost of Sales | (70,886) | - | (70,886) |
| GROSS PROFIT | 1,475,658 | - | 1,475,658 |
| Operating costs excluding LTIP provision | (1,930,220) | (182,508) | (2,112,728) |
| EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION, EMPLOYEE SHARE OPTION COSTS AND LTIP PROVISION (EBITDA Pre LTIP) | (454,562) | (182,508) | (637,070) |
| LTIP provision | 350,431 | - | 350,431 |
| EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION, EMPLOYEE SHARE OPTION COSTS (EBITDA) | (104,131) | (182,508) | (286,639) |