

10 September 2024

Blackbird plc
(the "Company")

Interim results

Blackbird plc (AIM: BIRD), the technology licensor, developer and seller of the market-leading cloud video editing platform, Blackbird®, and developer of the online multiplayer video editor, **elevate.io**, announces its interim results for the six months ended 30 June 2024.

Ian McDonough, CEO of Blackbird plc, commented:

"During the six months ended 30 June 2024 we continued with our significant investment in the transformation of the Company into a Product Led Growth focused business.

"I am delighted to report excellent progress in the product development of **elevate.io**. The platform progressed to general release in March 2024. In line with successful product led growth ("PLG") companies in adjacent industries, additional features, functionality and refinements of **elevate.io** are being added continually. By 4 September 2024 we had circa 800 users and, following a limited Google Ads campaign over the last five days, these numbers have more than doubled to circa 1,800 users. This gives an indication of latent demand and attractiveness of **elevate.io's** customer proposition. Free user acquisition is also a vital next step in PLG. We are gaining valuable insights from this growing user base.

"In building **elevate.io** we have leveraged our world-class technological video know-how around smoothness of playback, navigation and speed, on top of proven reliability. We also solved many difficult problems such as building a multiplayer application that enables co-creation for our users and have built the platform natively on the AWS public cloud, which gives us the ability to easily scale and integrate with third party plug ins. This will help us drive user retention and adoption, which will be accelerated through increased marketing activity as we move towards launching a payment gateway, which is expected in Q1 2025. Key recent items added to the platform include video transformations and transitions.

"Although revenue for the six months to 30 June 2024 from our Blackbird platform was down 30% on the prior period at £692K this was mainly due to the previously announced deal losses of A+E Networks and Deltatre. Despite challenges to this model, we continue to be used on the pinnacle of sports and news content and, via our core dedicated team, landed new deals with CBS19 and a South Korean broadcaster. In July and August 2024, through an OEM provider, we were used by broadcasters around the globe for fast turnaround content at the summer games. We are targeting break even for this division in 2024.

These prestigious, high pressure Blackbird use cases continue to provide the proof points needed for the technology to succeed in the Creator Economy with **elevate.io**.

"As we execute against our **elevate.io** strategy, it is important that we have the necessary Board skills. I am absolutely thrilled that we have been able to bring on board a best in class set of Non-Executive Directors led by Anne de Kerckhove, who joined in March 2024 and became Chair of the Board in June 2024. Yuri Hazanov joined in August 2024 and Nick Lisher, who is joining us on 16 September 2024. Their expertise and experience across marketing, digital, the Creator Economy and growing businesses will be invaluable as we scale the business.

"We are very excited about the future and the huge size of the opportunity for **elevate.io** which is in a market ripe for disruption. We look forward to providing investors with further updates in due course."

Operational highlights (post period)

- Youri Hazanov joined the Board on 15 August 2024 as a Non-Executive Director. Youri is an experienced international Creator Economy executive with a track record of growing businesses and a background in technology, partnerships and marketing. Youri is currently General Manager and Chief Partnerships Officer and member of the executive team at JellySmack and previously led partnerships, business & strategy at YouTube in EMEA, CEE, Russia, Israel and the Middle East
- Blackbird deployed at the summer games through an OEM partner with up to 75 live concurrent feeds being used for fast turnaround content for global broadcasters
- Nick Lisher is joining the Board on 16 September 2024 as a Non-Executive Director. Nick is a growth marketer who has driven performance marketing, community building, digital marketing, and innovative brand development at a number of ecommerce companies including Flo Health, Nextdoor and Depop
- Expansion at Blox with an additional three local news stations taking the total to 72
- Successful renewals with US Department of State, CBS Sports and Televisa Univision

Financial highlights (post period)

- £1,482k* secured revenue for 2024 as at 31 August 2024, down 18.3% vs prior year (2023 comparative: £1,813k)
- Contracted but unrecognised revenues of £1,299k* as at 31 August 2024 (2023 comparative: £1,997k). £495k relates to 2024 and £506k revenue relates to 2025 and the remainder to 2026

** Subject to exchange rate fluctuations*

Operational highlights (during the period)

- **elevate.io** went on general release in March 2024 in accordance with the previously announced time frame
- **elevate.io** is being continually enhanced via a rapid deployment method and during the period multiple features were added including more transformations, transitions, editing controls, general performance improvements and the addition of markers
- Anne de Kerckhove joined the Board on 6 March 2024 and became Chair of the Board following the AGM on 18 June 2024. Anne is an experienced Board member and executive with a background in technology, innovation and digital. Anne currently chairs the Board at Eagle Eye Solutions Group and is a Senior Independent Director and Chair of the Nominations and ESG committees at evoke plc
- Deal signed with CBS19, a Charlottesville-based local TV station, for collaborative and scalable video editing and publishing for its broadcast and digital workflow
- New deal, through an OEM partner, with a South Korean TV station for fast turnaround of sports content to their OTT platform
- Successful renewals with NRL, Arsenal and Sky News Arabia

Financial highlights (during the period)

- Placing and management subscription raised c. £1.05 million (net of expenses) to bring onboard some engaged high net worth investors and assist with **elevate.io's** growth
- Revenues of £692k for the six months to 30 June 2024, down 30% year on year (six months to 30 June 2023: £985k). The majority of the decrease arose due to the previously announced deal losses of A+E Networks and Deltatre
- Contracted but unrecognised revenues down 40% year on year to £1,262k as at 30 June 2024 (£2,120k as at 30 June 2023) due to the one year less under contract from our major deals
- Decreased operating costs, excluding LTIP charge, of £2,028k (six months to 30 June 2023: £2,442k), driven by restructuring of the core Blackbird platform team in April 2023
- Reduced EBITDA loss of £1,408k (six months to 30 June 2023: £1,523k) due to lower operating costs partially offsetting lower revenues as explained above
- Slightly reduced net loss before tax of £1,544k (six months to 30 June 2023: £1,617k) due to reduced EBITDA loss and strong net finance income
- Cash burn, excluding proceeds from share issues and transfers from short term investments, decreased

slightly to £1,900k (six months to 30 June 2023: £1,921k) due to higher investment in **elevate.io** offset by savings from restructuring of the Blackbird team

- Cash and short-term investments of £5,618k (30 June 2023: £8,177k) and no debt

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About Blackbird plc

Blackbird plc operates in the fast-growing SaaS, Media and Entertainment and content creation markets. Blackbird plc's patented technology allows for frame accurate navigation, playback, viewing and editing in the cloud and it has two products.

Blackbird[®] a market leading suite of cloud-native computing applications, is used by rights holders, broadcasters, sports and news video specialists, live events and content owners, post production houses, other mass market digital video channels and corporations.

elevate.io is the company's new browser-based collaborative content creation platform currently in general release. elevate.io is built using Blackbird's core technology and is aimed at professional teams and the fast growing Creator Economy.

Blackbird plc also licences its core video technology, under its 'Powered by Blackbird' licensing model, enabling video companies to accelerate their path to true cloud business models.

www.blackbird.video

www.linkedin.com/company/blackbird-cloud

www.twitter.com/blackbirdcloud

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www.youtube.com/c/blackbirdcloud

Operational review

The period under review was a continuation of significant investment and transformation for the Company.

The Company continued to make good progress against its product led growth strategy for **elevate.io**, specifically:

- **elevate.io** went to general release in March 2024 in accordance with the previously announced time frame;
- high hundreds of users were using the platform by the end of the period and providing valuable insights and feedback;
- this **elevate.io** user base had grown to circa.800 by 4 September 2024 and, following a limited Google Ads campaign, has grown to circa1,800 users by 9 September 2024 showing strong demand for the user proposition;
- **elevate.io** is built on the AWS public cloud giving us the ability to easily scale and integrate with third party plug ins;
- a period of engineering-focus leaning on our world-class technological video know-how around smoothness of playback, navigation, and speed, on top of proven reliability;
- solved difficult problems such as building a world-class multiplayer experience on the back of a simple, easy-to-use interface; and
- adopted a rapid development deployment cycle leading to regular updates of **elevate.io** adding functionality and features driving user retention and adoption.

The Serviceable Addressable Market ("SAM") for **elevate.io** is 6.9billion and, the Board believe, is ripe for disruption. As we have seen in parallel SaaS industries there are huge rewards for companies who succeed.

On the Blackbird platform, commercial activity during the six months under review included:

- a signed deal with CBS19, a Charlottesville-based local TV station, for collaborative and scalable video editing and publishing for its broadcast and digital workflow;
- a new deal, through an OEM partner, with a South Korean TV station for fast turnaround of sports content to their OTT platform; and
- successful deal renewals with NRL, Arsenal and Sky News Arabia.

We continue to focus our resources on fast turnaround content from live feeds in the sports and news markets which build on the Blackbird platform's strengths. This is supported by a core team providing first-class customer service. The Blackbird platform has previously been the main focus and drive of our go to market strategy. However, each of our major accounts has often required bespoke integrations which are both time-consuming and costly. Combined with the pressures that major broadcasters face with diminishing audience share and reduced advertising or subscription revenues, it has proved a challenging task to grow our share of the Media and Entertainment ("M&E") services market. This is reflected in the H1 2024 revenue decreasing compared to the prior period due to a number of previously announced deal losses. The Board recognised the challenges of the M&E market back in 2021 leading to a successful fundraise and a refocus of our investment and resources into the creator space and **elevate.io**.

As the Company's strategy has evolved and the focus shifts towards **elevate.io**, the Board needed to ensure the right skill sets are in place to execute our product led growth strategy. Accordingly, there have been a number of changes to the Board during the period with John Honeycutt and Dawn Airey leaving and Anne de Kerckhove joining. Post period, Andrew Bentley has also retired from the Board with Yuri Hazanov and Nick Lisher joining.

Financial review

H1 2024 revenue decreased by 30% to £692k compared to the corresponding period last year (six months to 30 June 2023 £985k). The majority of the decrease can be explained by the A+E Networks and Deltatre deal losses. The cyclical and structural changes in the M&E market continue to make this a challenging environment.

Contracted but unrecognised revenue was £1,262k at 30 June 2024, a decrease of 40% compared to 30 June 2023 (£2,120k) due to one year less in the order book on our larger deals. Whilst we have started the post period well by securing an extension to our CBS Sports deal and expanding our Blox contract, there are still a few of our larger contracts to renew in H2 2024.

Operating costs, excluding LTIP charges, for the period decreased to £2,028k versus £2,442k in the corresponding period. The year on year decrease resulted predominantly from: i) restructuring costs being £121k higher in H1 2023 than H1 2024; ii) a net increase of £72k in development costs capitalized in the current period compared to prior year period due to increased work on **elevate.io**; iii) £70k lower events and marketing costs for the Blackbird platform in the period compared to H1 2023; and iv) £78k lower staff holiday cost accrual compared to prior year.

Adjusted EBITDA loss, excluding share option costs movement, of £1,387k (six months to 30 June 2023: £1,513k) from lower operating costs partially offset by lower revenues, as explained above.

EBITDA loss of £1,408k (six months to 30 June 2023: £1,523k) due to the movement in Adjusted EBITDA loss, excluding share option costs and higher share option expense in the period compared to prior year which included credits from people leaving as the business was restructured.

The net loss for the period was £1,544k (2023: £1,617k). A lower EBITDA loss was partially offset by a decrease in net financial income from higher average cash balances in the prior period.

The Company raised c.£1,045k (net of expenses) in February 2024 from some engaged high net worth investors who wanted to invest directly into our story and from a subscription by management. The proceeds will be used to help fund the early months of **elevate.io's** growth.

Cash burn in the period, excluding proceeds from share issues and transfers from short-term investments, was £1,900k versus £1,921k in the same period in 2023 driven by lower operating costs partially offset by lower revenues.

as explained above.

Outlook

There is continued momentum behind our product led growth strategy for **elevate.io**, with a focus around quality engineering enhancing the platform and driving user retention. There will be a shift towards increased marketing activity to drive user adoption prior to a payment gateway in Q1 2025. The Company is well positioned to execute its strategy with a world-class team in place and funds of c.£5.6 million at 30 June 2024.

UNAUDITED AND CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited Half year to 30 June 2024 £	Unaudited Half year to 30 June 2023 £	Audited Year to 31 December 2023 £
CONTINUING OPERATIONS			
Revenue	691,643	985,115	1,937,481
Cost of Sales	(49,681)	(76,268)	(124,918)
GROSS PROFIT	641,962	908,847	1,812,563
Operating costs excluding LTIP provision	(2,028,465)	(2,421,622)	(4,113,851)
ADJUSTED EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION, EMPLOYEE SHARE OPTION COSTS (Adjusted EBITDA pre share option expense)	(1,386,503)	(1,512,775)	(2,301,288)
Employee share option costs	(21,391)	(10,028)	(41,309)
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION (EBITDA)	(1,407,894)	(1,522,803)	(2,342,597)
Depreciation	(62,185)	(87,358)	(168,111)
Amortisation	(220,498)	(163,564)	(416,691)
	(282,683)	(250,922)	(584,802)
OPERATING LOSS	(1,690,577)	(1,773,725)	(2,927,399)
Net Finance income	146,679	156,275	325,409
LOSS BEFORE INCOME TAX	(1,543,898)	(1,617,450)	(2,601,990)
Income Tax	-	-	108,704
LOSS FOR THE PERIOD	(1,543,898)	(1,617,450)	(2,493,286)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(1,543,898)	(1,617,450)	(2,493,286)
Earnings per share expressed in pence per share:			
Basic and diluted - continuing and total operations	(0.40p)	(0.44p)	(0.68p)

UNAUDITED AND CONDENSED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2024

	Unaudited 30 June 2024 £	Unaudited 30 June 2023 £	Audited 31 December 2023 £
ASSETS			
NON-CURRENT ASSETS			
Other intangible assets	3,132,916	1,904,198	2,547,305
Property, plant and equipment	20,448	149,128	78,192
	3,153,364	2,053,326	2,625,497
CURRENT ASSETS			
Trade and other receivables	396,142	415,339	699,829
Current tax assets	0	0	108,704
Short-term investments	2,342,039	2,653,780	2,489,009
Cash and bank balances	3,275,509	5,523,638	3,979,265
	6,013,690	8,592,757	7,276,807
TOTAL ASSETS	9,167,054	10,646,083	9,902,304
EQUITY			
Issued share capital	3,096,618	2,941,044	2,947,284
Share premium	34,980,224	34,038,746	34,079,856
Capital contribution reserve	125,000	125,000	125,000
Retained earnings	(29,879,257)	(27,512,196)	(28,356,751)
	8,322,585	9,592,594	8,795,389
CURRENT LIABILITIES			
Lease	-	77,100	-
Trade and other payables	844,469	976,389	1,106,915
	844,469	1,053,489	1,106,915
TOTAL LIABILITIES	844,469	1,053,489	1,106,915

TOTAL EQUITY AND LIABILITIES	9,167,054	10,646,083	9,902,304
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**UNAUDITED AND CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	Called up share capital £	Share premium £	Capital contribution reserve £	Retained earnings £	Total equity £
Balance at 1 January 2023	2,941,044	34,038,746	125,000	(25,904,774)	11,200,016
Share based payment	-	-	-	10,028	10,028
Total comprehensive income	-	-	-	(1,617,450)	(1,617,450)
Balance at 30 June 2023	2,941,044	34,038,746	125,000	(27,512,196)	9,592,594
Changes in equity					
Issue of share capital (net of expenses)	6,240	41,110	-	-	47,350
Share based payment	-	-	-	31,281	31,281
Total comprehensive income	-	-	-	(875,836)	(875,836)
Balance at 31 December 2023	2,947,284	34,079,856	125,000	(28,356,751)	8,795,389
Changes in equity					
Issue of share capital	149,334	900,368	-	-	1,049,702
Share based payment	-	-	-	21,391	21,391
Total comprehensive income	-	-	-	(1,543,898)	(1,543,898)
Balance at 30 June 2024	3,096,618	34,980,224	125,000	(29,879,258)	8,322,584

**UNAUDITED AND CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

Unaudited

Unaudited

Audited

	Half year to 30 June 2024 £	Half year to 30 June 2023 £	Year to 31 December 2023 £
EBITDA	(1,407,894)	(1,522,803)	(2,342,597)
Employee share option costs	21,391	10,028	(41,309)
Decrease in working capital	78,039	290,204	226,277
Cash used in operations	(1,308,464)	(1,222,571)	(2,157,629)
Interest paid on lease liabilities	-	(2,158)	(3,185)
Tax received	108,704	94,178	94,178
Net cash outflow from operating activities	(1,199,760)	(1,130,551)	(2,066,636)
Cash flows from investing activities			
Payments for intangible fixed assets	(806,110)	(809,906)	(1,706,141)
Payments for property, plant and equipment	(3,198)	(34,280)	(44,096)
Transfer from short-term investments	146,970	1,712,562	1,877,333
Interest received	138,004	102,089	236,634
Net cash (outflow) / inflow from investing activities	(524,334)	970,465	363,730
Cash flows from financing activities			
Share issue (net of expenses)	1,049,702	-	47,350
Payment of lease liabilities	(29,364)	(48,626)	(97,529)
Net cash inflow / (outflow) from financing activities	1,020,338	(48,626)	(50,179)
Decrease in cash and cash equivalents	(703,756)	(208,712)	(1,753,085)
Cash and cash equivalents at beginning of period	3,979,265	5,732,350	5,732,350
Cash and cash equivalents at end of period	3,275,509	5,523,638	3,979,265

NOTES TO THE UNAUDITED AND CONDENSED CONSOLIDATED INTERIM ACCOUNTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. Basis of preparation and accounting policies

These interim statements have been prepared on a basis consistent with UK adopted International Accounting Standards.

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 2023. 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 9 September 2024. The information for the year ended 31 December 2023 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 2023.

2. Divisional breakdown

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Blackbird Unaudited Half year to 30 June 2024	Corporate Unaudited Half year to 30 June 2024	elevate.io Unaudited Half year to 30 June 2024	Total Unaudited Half year to 30 June 2024
	£	£	£	£
CONTINUING OPERATIONS				
Revenue	691,643	-	-	691,643
Cost of Sales	(49,681)	-	-	(49,681)
GROSS PROFIT	641,962	-	-	641,962
Operating costs excluding LTIP provision	(823,550)	(518,222)	(686,693)	(2,028,465)
Adjusted EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION, EMPLOYEE SHARE OPTION COSTS (Adjusted EBITDA before share option costs)	(181,588)	(518,222)	(686,693)	(1,386,503)
Employee share option costs		(21,391)	-	(21,391)
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION (EBITDA)	(181,588)	(539,613)	(686,693)	(1,407,894)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Blackbird Unaudited Half year to 30 June 2023	Corporate Unaudited Half year to 30 June 2023	elevate.io Unaudited Half year to 30 June 2023	Total Unaudited Half year to 30 June 2023
	£	£	£	£
CONTINUING OPERATIONS				
Revenue	985,115	-	-	985,115
Cost of Sales	(76,268)	-	-	(76,268)
GROSS PROFIT	908,847	-	-	908,847
Operating costs excluding LTIP provision	(1,351,015)	(566,219)	(504,388)	(2,421,622)
Adjusted EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION, EMPLOYEE SHARE OPTION COSTS (Adjusted EBITDA before share option costs)	(442,168)	(566,219)	(504,388)	(1,512,775)
Employee share option costs	-	(10,028)	-	(10,028)
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AMORTISATION (EBITDA)	(442,168)	(576,247)	(504,388)	(1,522,803)



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