

Bidstack Group PLC**Interim Results - six months ended 30 June 2022**

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Bidstack Group PLC
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30 Jun 2021

Certain information contained within this Announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR") as applied in the United Kingdom. Upon publication of this Announcement, this information is now considered to be in the public domain.

8 August 2022**Bidstack Group Plc****("Bidstack" or the "Company" or the "Group")****Interim Results for the six months ended 30 June 2022**

Strong revenue and margin growth, increasingly diversified offering, positive outlook in line with FY22 market expectations

Bidstack Group Plc (AIM: BIDS), the in-game brand activation platform, is pleased to announce its unaudited results for the six months ended 30 June 2022.

Financial Update

- Revenue of £2,046k (H1 2021: £820k)
- Gross margin improvement to 39.9% (H1 2021: 34.5%)
- Period end cash balance £3,672k (30 June 2021: £695k)

Post Period End Highlights

- Received non-trading cash receipt of £1.3m in July relating to a research and development tax credit for the year ended 31 December 2021;
- Announced first enterprise software deal with a leading Asia-Pacific mobile marketing technology company for a term of three-years which diversifies revenue;
- Expansion of the global network of media partners with UAE based MMP World Wide who will license Bidstack's technology as a buyer;
- Roll-out of open-market place (OMP) in-game advertising solutions to accelerate brand spend.

Operational Highlights

- Appointment of David Reeves to the Board as Chairman Designate to succeed Donald Stewart on 1 September 2022;
- PubGuard, Bidstack's ad-quality platform, secured a minimum two-year licence agreement with Azerion providing exclusive representation in reselling PubGuard's brand safety technology whilst also utilising the software across its group of companies;

- Inventory of games now 110 titles (H1 2021: 30) with over 100m monthly active users available to Bidstack's network of global media partners; and
- New ad-format "rewarded video" launched during H1 2022 growing the breadth of monetisation solutions available to developers and publishers alongside "in-game" and "in-menu".

Outlook

- Revenue from the Azerion media sales partnership is anticipated to accelerate into H2 2022 in line with contractual commitments;
- New products scheduled to be launched in H2 2022 intended to enable Bidstack's publishers and developers to maximise monetisation alongside the addition of new measurement tools and enhanced platform management including data and reporting;
- Interactive Advertising Bureau (IAB) and Media Rating Council (MRC) Measurement Guidelines now in public consultation to establish robust standards. These standards are expected to increase the confidence of media buyers to purchase in-game advertising through open marketplace, which is expected to be a significant catalyst for frictionless growth; and
- Robust pipeline for further enterprise software sales as Bidstack diversifies its business towards new opportunities in technology licensing to publishers, developers, platforms and rights holders beyond FY22.

James Draper, CEO of Bidstack said:

"As I mentioned in our trading update on 6 July 2022, the first six months of FY22 has seen the Company put in place further foundations for longer term growth, as our Group revenues begin to accelerate.

"Our wider product offering and suite of tools, organic growth and the commencement of our commercial relationship with Azerion has created a 2.5x increase in first half revenue year-on-year to over £2m. Given our full year revenues for 2021 of £2.6m, this represents a significant acceleration of turnover. In addition, our gross margin has also trended up year-on-year.

"Our two-year agreement with Azerion began in March and, after an initial integration and on-boarding phase, is now progressing in line with management's expectations. As previously mentioned, Azerion is giving Bidstack's media segment and gaming advertising network a greatly increased representation across markets new to the Group.

"I am also pleased that our relationship with Azerion has deepened with their confirmation as the exclusive reseller of our PubGuard product over the next two years. This is a great commercial start for our technology division.

"As we announced on 11 July, our technology division has signed a three year commercial agreement with a leading Asia-Pacific mobile marketing technology company which will white-label our supply side platform to create their own in-game advertising business. This is expected to create a passive, recurring revenue stream for the Group going forward.

"Bidstack Group is proud to be a pioneer with our industry bodies; the IAB and MRC. They are now releasing standardisation guidelines for campaign measurement. This is an important development, as a universally approved standard for measuring campaign success will enable media planners to push more spend into in-game advertising.

"In H2 22 we will continue exploring enterprise software sales. Our vision has always been to create a platform that generates recurring and automated revenues through our suite of tools, designed to help our gaming publishers' customers monetise brand activations. We have many exciting new products, adding to our "always-on revenue" suite of tools for publishers that are expected to be rolled out in Q3 22.

"We are all very aware of the uncertainty caused by the challenging global economic climate. However, we remain confident that the video game sector will remain strong and that demand for monetisation through advertising-spend will continue to increase, from game developers and publishers.

"I believe we remain well placed to benefit as our market continues to mature and I look forward to providing further updates."

Chairman's Statement

H1 2022 Trading

Bidstack's first six months of the year have been positive. The Group's financial indicators, such as year-on-year revenue, gross margin and cash are extremely encouraging. On the 1 March 2022, the \$30m two-year minimum revenue guarantee with Azerion commenced. The onboarding of sales teams across key markets such as the UK, Germany, France, Spain, Netherlands, Italy, Nordics, Portugal and Belgium has commenced in-line with expectations and will accelerate into H2 2022.

Bidstack has grown its publisher and developer network to over 110 titles with access to over 100m monthly active users as we continue building our portfolio of titles providing significant cross-selling opportunities across our breadth of ad-formats, which now includes rewarded video in addition to in-game and in-menu. The combination of brand awareness and performance ad-formats provides the publishers and developers with a holistic monetisation solution to generate sustainable revenue.

During the first half, Bidstack has also started to see success with its enterprise sales efforts with the licensing of our PubGuard technology to Azerion over two years. The Directors believe this should be a positive mix-driver for gross margin as these are technology-only contracts. The commercial pipeline for further technology deals is strong across a diversified set of customers and geographical footprint. The Directors believe that these transactions will contribute meaningfully to revenues in FY23.

Board Appointments

On the 17 June 2022, we announced the appointment of David Reeves to Bidstack's Board as Chairman Designate. To ensure an orderly handover before David assumes the role of Chairman on 1 September 2022, I will remain Chairman while David serves on the Board as a Non-Executive Director. Following this, I will move to a Non-Executive Director role and continue to serve on the Audit and Remuneration Committees.

David has over 30 years' global experience in senior management roles within multinational companies across the video games industry. He launched Sony PlayStation in Germany, Switzerland & Austria in 1995 and in 1999, he was appointed Executive Vice President of Sony Computer Entertainment (Europe) and President and CEO EMEA in 2003. In 2010, David was appointed as COO of Capcom (Europe). David has his own consulting Company DRC Consulting Ltd, is Co-Founder of E Fundamentals, a SaaS company providing e-commerce analytics services and is Chairman of Comcarde Ltd, an Edinburgh based fintech company.

David served as Senior Non-Executive Director and Chairman of the Remuneration Committee for AIM-quoted Keywords Studios. Keywords Studios is an international technical services provider to the global video games industry, established in 1998. It provides integrated art creation, marketing services, game development, testing, localization audio and player support services across more than 50 languages and 16 games platforms to a blue-chip client base of over 950 clients across the globe. Following the completion of nine years' service as a Non-Executive Director he retired from this position on 20 May 2022.

Outlook & Future Prospects

The second half of the year has commenced strongly with the announcement of Bidstack's first white-label contract with a leading Asia-Pacific based mobile marketing technology company for a term of three years. The company has contracted to utilise Bidstack Technologies' supply side platform ("SSP") to create their own in-game advertising business adding both advertisers and publishers and developers, which is expected to create a passive, recurring revenue stream for the Group going forward. This also provides Bidstack with direct exposure to the Asia-Pacific market which includes half of video gamers worldwide.

The Directors' believe that the roll-out of further Bidstack products will also help additional revenue generation. These include the launch of our open-market place (OMP) for in-game advertising which is intended to accelerate brand spend. This is supported also by the positive developments with the Interactive Advertising Bureau (IAB) and Media Rating Council (MRC) Measurement Guidelines which provides further confidence to media buyers.

The Board is pleased with Bidstack's progress in the first half and expects that revenues for FY22 will be in line with market expectations, primarily reflecting the increased commitments arising under the Azerion contract for the second half.

The Board continues to believe that Bidstack is well established, both in terms of product and revenue generation, as a leading player for in-game brand activation. Bidstack continues to focus on cash management, gross margins and operating expenses.

-ENDS-

Contacts

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Consolidated statement of comprehensive income for the six months ended 30 June 2022

	Note	Unaudited 6 months ended 30 Jun 2022	Unaudited 6 months ended 30 Jun 2021	Audited year ended 31 Dec 2021
		£	£	£
Revenue		2,045,986	820,136	2,623,413
Cost of sales		(1,229,225)	(537,309)	(1,674,190)
Gross profit		816,761	282,827	949,223
Administrative expenses		(4,507,501)	(3,915,874)	(8,681,927)
Exceptional Items		-	-	(222,555)
Total Administrative Expenses		(4,507,501)	(3,915,874)	(8,904,482)

Operating loss		(3,690,740)	(3,633,047)	(7,955,259)
Finance income		96	60	180
Finance costs		(1,442)	(160)	(3,392)
Loss before taxation		(3,692,086)	(3,633,147)	(7,958,471)
Taxation		938,184	744,756	1,661,027
Loss for the period		(2,753,902)	(2,888,391)	(6,297,444)
Other comprehensive income				
Total other comprehensive (loss)/income		(10,675)	-	10,589
Total comprehensive loss for the period		(2,764,577)	(2,888,391)	(6,286,855)
Loss per share - basic and diluted (pence)	3	(0.30)	(0.74)	(1.21)

The above consolidated statement of profit and loss and other comprehensive loss for the period relates to continuing operations for the Group.

Consolidated statement of financial position
as at 30 June 2022

	Note	Unaudited 30 Jun 2022 £	Unaudited 30 Jun 2021 £	Audited 31 Dec 2021 £
ASSETS				
Non-current assets				
Right of use asset		5,600	649	7,280
Intangible assets		233,162	264,357	248,760
Property, plant and equipment		45,841	41,277	46,519
Total non-current assets		284,603	306,283	302,559
Current assets				
Trade and other receivables		4,284,584	1,229,387	2,752,036
Cash and cash equivalents		3,671,976	694,544	7,086,906
Total current assets		7,956,560	1,923,931	9,838,942
Total assets		8,241,163	2,230,214	10,141,501
EQUITY AND LIABILITIES				

Equity				
Share capital	4	8,950,048	6,234,261	8,950,048
Share premium account		35,375,326	27,984,716	35,375,326
Share-based payment reserve		2,328,400	1,497,826	1,589,965
Merger relief reserve		6,508,673	6,508,673	6,508,673
Reverse acquisition reserve		(23,320,632)	(23,320,632)	(23,320,632)
Warrant reserve		71,480	71,480	71,480
Exchange reserve		(86)	-	10,589
Accumulated losses		(24,630,248)	(18,467,293)	(21,876,346)
Total equity		5,282,961	509,031	7,309,103
Non - Current liabilities				
Lease liability		2,416	675	4,180
Total non -current liabilities		2,416	675	4,180
Current liabilities				
Trade and other payables		2,952,597	1,720,508	2,824,920
Lease liability		3,189	-	3,298
Total current liabilities		2,955,786	1,720,508	2,828,218
Total equity and liabilities		8,241,163	2,230,214	10,141,501

The interim financial report was approved by the board of Directors on 8 August 22 and signed on its behalf by:

Donald Stewart

Chairman of Bidstack Group Plc

Consolidated statement of changes in equity
for the six months ended 30 June 2022

	Share capital	Share premium	Share-based payment reserve	Merger relief reserve	Reverse acquisition reserve	Exchange reserve	Warrant reserve	Accumulated losses	Total equity
	£	£	£	£	£	£	£	£	£
Balance as at 1							71,480		
January 2022	8,950,048	35,375,326	1,589,965	6,508,673	(23,320,632)	10,589		(21,876,346)	7,309,103
Comprehensive income for the period									
Loss and total comprehensive	-	-	-	-	-	(10,675)	-	(2,753,902)	(2,764,577)

**transaction
with owners**

Balance as at 30 June 2021	6,234,261	27,984,716	1,497,826	6,508,673	(23,320,632)	-	71,480	(18,467,293)	509,031
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**Consolidated statement of changes in equity
for the year ended 31 December 2021**

	Share capital £	Share premium £	Share- based payment reserve £	Merger relief reserve £	Reverse acquisition reserve £	Exchange reserve £	Warrant reserve £	Accumulated losses £	Total equity £
Balance as at 1 January 2021	6,234,261	27,984,716	1,282,556	6,508,673	(23,320,632)	-	71,480	(15,578,902)	3,182,152
Comprehensive income for the period									
Loss and total comprehensive income for the year								(6,297,444)	(6,297,444)
Total comprehensive expense	-	-	-	-	-	-	-	(6,297,444)	(6,297,444)
Transactions with owners									
Issue of shares	2,715,787	8,147,363	-	-	-	-	-	-	10,863,150
Costs of raising equity	-	(756,753)	-	-	-	-	-	-	(756,753)
Share-based payments	-	-	307,409	-	-	-	-	-	307,409
Total other comprehensive income	-	-	-	-	-	10,589	-	-	10,589
Total transaction with owners	2,715,787	7,390,610	307,409	-	-	10,589	-	-	10,424,395
Balance as at 31 December 2021	8,950,048	35,375,326	1,589,965	6,508,673	(23,320,632)	10,589	71,480	(21,876,346)	7,309,103

Consolidated statement of cash flows

	6 months ended 30 Jun 2022 £	6 months ended 30 Jun 2021 £	Year ended 31 Dec 2021 £
Cash flows from operating activities			
Loss before taxation	(2,753,902)	(2,888,391)	(7,958,471)
Adjustments for:			
Amortisation - Intangibles	15,598	15,598	31,195
Amortisation - Right of use asset	1,680	6,928	10,377
Depreciation	13,140	9,442	24,160
Equity settled share-based payments	738,435	215,270	307,409
Doubtful debts expense	-	-	(2,073)
Interest received	(96)	(60)	(180)
Interest paid	1,442	160	3,392
Exchange differences on translation of foreign operations	(10,675)	-	10,589
	(1,994,378)	(2,641,053)	(7,573,602)
Changes in working capital			
(Increase)/decrease in trade and other receivables	(1,532,550)	1,161,913	409,468
Increase/(decrease) in trade and other payables	127,679	(143,231)	961,182
Cash used in operations	(3,399,249)	(1,622,371)	(6,202,952)
Taxation Received	-	-	892,895
Net cash used in operations	(3,399,249)	(1,622,371)	(5,310,057)
Cash flow from investing activities			
Investment in intangible assets	-	-	-
Investment in property, plant and equipment	(12,462)	(22,331)	(42,291)
Net cash flow (used in)/ generated from investing activities	(12,462)	(22,331)	(42,291)
Cash flow from financing activities			
Proceeds from issue of share capital	-	-	10,863,150
Cost of issue	-	-	(756,753)
Principal movement on lease liabilities	(1,872)	(7,768)	(11,045)
Interest received	96	60	180
Interest paid on lease liabilities	(1,443)	(160)	(3,392)
Net cash generated from financing activities	(3,219)	(7,868)	10,092,140
(Decrease)/Increase in cash and cash equivalents in the period	(3,414,930)	(1,652,570)	4,739,792
Cash and cash equivalents at beginning of period	7,086,906	2,347,114	2,347,114
Cash and cash equivalents at the end of the period	3,671,976	694,544	7,086,906
<i>for the period ended 30 June 2022</i>			

1 Summary of significant accounting policies

Basis of preparation

The Company is a public limited company which is admitted to trading on the AIM Market of the London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is Plexal Here East, 14 East Bay Lane, London, United Kingdom, E15 2GW. The registered number of the company is 04466195.

The consolidated interim financial report consolidates those of the Company and its trading subsidiary, Bidstack Limited (together the "Group"). The financial information presented in this interim report have been prepared using accounting policies that are expected to be applied in the preparation of the financial statements for the year ending 31 December 2022.

These policies are in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as endorsed by the European Union ("IFRS-EU"), and those parts of the Companies Act applicable to companies reporting under IFRS.

The interim results have been prepared on a going concern basis which assumes that the Group will be able to continue trading for the foreseeable future. Although an operating loss has been reported for the reporting period and an operating loss is expected to be incurred in the 12 months subsequent to the date of this report, the Directors believe, having considered all available information, including the cash resources currently available to the Group and the Company's proven ability to raise further equity funds from its supportive shareholder base, that the Group will have sufficient funds to meet its expected committed and contractual expenditure for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the interim financial report for the period ended 30 June 2022.

2 Summary of significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2021.

3 Loss per share

Basic and diluted loss per share

The calculation of basic and diluted loss per share is based upon the loss of £2,764,577 (2021: loss of £2,888,391) and the weighted average number of ordinary shares in issue for the year of 931,531,573 (2021: 388,374,057).

The loss incurred by the Group means that the effect of any outstanding warrants and options would be considered anti-dilutive and is ignored for the purposes of the loss per share calculation.

4 Share capital and reserves

Allotted, called up and fully paid	Ordinary 0.5p shares	Share capital
	No.	£
At 1 January 2021	388,374,057	6,234,261
Exercised warrants	-	-
Exercised options	-	-
Issue of shares	543,157,516	2,715,787
Issue of consideration shares	-	-
As at 31 December 2021	931,531,573	8,950,048
Issue of shares	-	-
As at 30 June 2022	931,531,573	8,950,048

All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent equal votes at meetings of shareholders.

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