

Bidstack Group PLC

Trading Update

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Bidstack Group PLC
07 July 2022

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7 July 2022

Bidstack Group Plc

("Bidstack" or the "Company" or the "Group")

Trading Update

Encouraging first half revenues and margins

Bidstack Group Plc (AIM: BIDS), the in-game brand activation platform, is pleased to announce a trading update for half year ended 30 June 2022.

Financial Update

- Unaudited revenue up 160% to £2.1m (H1 21: £820k);
- Year-on-year gross margin improvement (H1 21: 34.5%); and
- Unaudited period end cash balance of £3.6m (H1 21: £695k), with further significant non-trading cash receipt expected in Q322.

Key Commercial Highlights

- Commenced roll out of Azerion Group N.V. ("Azerion") media sales partnership on 1 March 2022 across core markets of the UK and EMEA. Current performance in-line with the two-year \$30m minimum revenue contractual commitments;
- PubGuard, Bidstack's ad-quality platform, has secured a minimum two-year licence agreement with Azerion providing Azerion with exclusive representation reselling PubGuard's brand safety technology whilst also utilising the software across its group of companies;
- Inventory of games now over 100 titles (31 December 21: 58) with over 100m monthly active users available to Bidstack's network of global media partners; and
- New ad formats of in-menu and rewarded video launched.

Outlook

- Revenue from the Azerion media sales partnership is anticipated to accelerate into H2 22 in line with contractual commitments;
- New products to be launched in H2 22 for Bidstack's publishers and developers to maximise monetisation, 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. This is expected to increase confidence of media buyers to purchase in-game advertising through open marketplace, which is expected to be a significant catalyst for frictionless growth;
- Robust pipeline for enterprise software sales as Bidstack diversifies business towards new opportunities in technology licensing to publishers, developers, platforms and rights holders beyond FY22.

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 .

James Draper, CEO of Bidstack said:

"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. A 160% increase in first half revenue year-on-year to £2.1m is testament to our broader product offering and suite of tools, organic growth through cross-selling and the commencement of our relationship with Azerion. Our cash management has been carefully balanced between investment for aggressive growth and prudent management. In addition, our gross margin is trending up year-on-year.

"As of 1 March 2022, our two-year agreement with Azerion has begun, with their sizeable sales teams giving Bidstack's media segment and gaming advertising network a greater representation across new markets.

"Bidstack Group is proud to be a pioneer with our industry bodies; the Interactive Advertising Bureau (IAB) and Media Rating Council (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 advertising spend into in-game.

"In addition, the progress of our technology division has seen PubGuard, a company acquired by Bidstack in 2019, now beginning to commercialise, with Azerion agreeing to be the exclusive reseller for this product over the next two years.

"Outside of our media business, our H2 22 focus will be on enterprise software sales. Our commercial pipeline remains robust as we make good progress. 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. This should support a robust second half to the year for the Group and an increased number of game developers seeking to take advantage of our technologies, not just within advertising, but across their studios.

"We are all very aware of the uncertainty caused by the challenging global economic climate. However, we are confident that the video games sector will remain strong and that the demand for advertising-spend monetisation will continue to increase, from game developers and publishers. There is a clear trend toward shifting media spend towards the video games audience.

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

-ENDS-

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