

RNS Half-year/Interim Report

Interim Results - six months ended 30 June 2021

BIDSTACK GROUP PLC

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2 September 2021

Bidstack Group Plc

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

Interim Results for the six months ended 30 June 2021

-Good financial and operational progress. Well capitalised to pursue growth strategy --

Bidstack Group Plc (AIM: BIDS.L), the native in-game advertising group, announces its unaudited results for the six months ended 30 June 2021. The Interim Report for the period ended 30 June 2021 will be published on the Company's website - www.bidstackgroup.com today.

Financial Highlights

- Revenue of £820k (H1 2020: £274k);
- Gross margin improvement to 34.5% (H1 2020: 27.9%);
- Period end cash balance of £695k (30 June 2020: £5.9m);
- Loss per share reduced to 0.74 pence (H1 2020: loss of 1.18 pence per share).

Post Period End Highlights

- Successful £10.863m equity fundraising (before expenses) completed on 23 July 2021;
- Bryan Neider, 25 year veteran at Electronic Arts, joined the Board as an independent Non-Executive Director on 23 July 2021.

Operational Highlights

- Significant progress made in onboarding titles across stadium, racing and open world environments as well as Unity, Unreal and custom games engines;
- Now offering advertisers increased and broader inventory from a portfolio with over 30 games;
- Reinforcing relationships with the world's leading agency holding groups which are now growing outside of the UK and US;
- Developing momentum in engaging directly with brands;
- Continuing to integrate with established third party ad-tech vendors which increases accessibility to Bidstack inventory in core markets;
- Significant developments with the IAB, the industry trade body, in defining "in-game" as a new formal advertising category and providing scalable guidelines.

Donald Stewart, Chairman, said:

"Following completion of the fundraise on 23 July 2021, with approximately £10.2 million of net proceeds, Bidstack is now well capitalised to exploit the commercial opportunities it currently has and to pursue its strategy for some time to come.

"The second half of the current financial year has started well and in line with our expectations. Since the period end Bidstack has onboarded a number of new games including Nordeus' flagship football management game, Top Eleven, T-Bull's classic car driving simulation game Racing Classics PRO: Drag Race & Real Speed, Motionlab Interactive's multiplayer PDC Darts Match and Suji Games' animated simulation game Hyper Airways. We expect a number of further games to join Bidstack's roster in the second half.

"With improving visibility of the sales pipeline, we believe the Company has a strong pipeline of revenue for the second half as existing advertisers rebook with growing spend and business development efforts come to fruition.

"The Company continues to expect to deliver revenues for the year in line with market expectations. In addition, the Board has been focussed on improving gross margin and controlling the Group's total operational costs going forward, as it starts to rebalance capital deployed to reflect the shift from product development to commercialisation."

James Draper, Chief Executive, said:

"I want to put on record how proud I am of the team's continued work towards establishing Bidstack as a stalwart of in-game advertising. Watching our incredible staff establish and build-out relationships with some of the world's most recognised advertisers, agencies, technology providers and game studios leaves me in no doubt that Bidstack is going from strength to strength.

"Our technology and commercial expertise are proven and in high demand - and the understanding our team has shown towards our customers and potential partners is delivering additional opportunities.

"Our progress year-to-date reflects the team's dedication to driving the business across advertisers, game developers and product strategy.

"Campaign spends are growing substantially and the number of game studios wanting to work with our team is expanding.

"Key highlights, such as the exclusive partnership with Nordeus, progress in the US with the IAB and growing access to our inventory, all lead me to believe we are on the pathway to scalability.

"The opportunities that lie ahead in the second half in relation to innovative product launches have our team hugely motivated - and we look forward to sharing more of these developments when we can."

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Chairman's Statement

H1 Trading

Bidstack has made significant progress in onboarding titles across stadium, racing and open world environments as well as Unity, Unreal and custom games engines. The Company has continued to strengthen its portfolio of AAA, high-fidelity games, independent and mobile publisher base.

The Company has successfully onboarded game developers who have endorsed Bidstack's SDK for its ease of integration, stability of the technology and immersive implementation of advertising which enhances the player experience. The pipeline of games is robust as game developers increasingly look for incremental revenue streams and entrust Bidstack with their portfolio of titles.

Bidstack continues to reinforce its relationships with the world's leading agency holding groups which are now growing outside of the UK and US, enabled by multi-agency master agreements already in place. The progress that the Company continues to make in engaging directly with brands is developing momentum from Bidstack's vertical led approach that encompasses all major advertising categories including technology, retail, automotive, consumer packaged goods, beauty, luxury, gambling and financial services.

The Company continues to integrate with established third-party ad-tech vendors which increases accessibility to Bidstack inventory in core markets, comprising the UK and the US. This is an important development which marks the maturity, growth and frictionless scalability of the industry. Further integrations are planned to drive automation and expansion.

There have been material developments with the IAB, the industry trade body, in defining "in-game" as a new formal advertising category and providing scalable guidelines. The establishment of an IAB US committee, of which Bidstack is an active member, is expected to expand the foundational framework which is being delivered in the UK. Progress is encouraging, with key industry stakeholders across the value chain unified in creating standards which should enable frictionless growth.

Fundraising

On 2 July 2021, Bidstack announced the results of a fundraising which raised gross proceeds of £10.863m comprising a placing with institutional and other investors (£9.763m) and a subscription from Company directors and others (£1.1m).

Board and Strategic Adviser Appointments

On 22 April 2021 Lisa Hau, Bidstack's Chief Operating Officer, joined the Board as an Executive Director and Glen Calvert, the former COO of Fnatic Ltd, was appointed an independent Non-executive Director.

Prior to joining Bidstack in May 2020, Lisa led investor relations at WPP PLC following five years as an equity research analyst heading up coverage for the European media and internet sector with Jefferies, a leading multinational investment bank.

Glen was COO of Fnatic Ltd, between January 2019 and May 2021. He is currently launching Kaizan.ai, an AI start-up augmenting team intelligence. Previously he was a founder and CEO of Affectv and a member of the founding team at Struq, which was acquired by Quantcast in 2014.

On 29 April 2021, Katherine Hays, the Co-Founder and former COO of Massive Inc. joined Bidstack as a Strategic Adviser. Katherine has a proven track record in advertising, media, entertainment and gaming. She will take an active role in giving the Company the benefit of her experience and success from the first generation of in-game advertising.

On 23 July, following completion of the fundraising, Bryan Neider was appointed to the Board as an independent Non-Executive director and Chair of the Audit Committee. Bryan brings more than 25 years of experience during his tenure at Electronic Arts and served a variety of leadership roles including managing global business development, corporate finance, CFO and COO for EA.com, CFO of Worldwide Studios, COO for EA's global development organisation and SVP of Global Operations.

Outlook and Future Prospects

Following completion of the fundraise on 23 July 2021, with approximately £10.2 million of net proceeds, Bidstack is now well capitalised to exploit the commercial opportunities it currently has and to pursue its growth strategy

The second half of the current financial year has started well and in line with our expectations.

Since the period end Bidstack has onboarded a number of new games including Nordeus' flagship football management game, Top Eleven, T-Bull's classic car driving simulation game Racing Classics PRO: Drag Race & Real Speed, Motionlab Interactive's multiplayer PDC Darts Match and Suji Games' animated simulation game Hyper Airways. The Directors expect a number of further games to join Bidstack's roster in the second half.

Bidstack's growth is reflected in its portfolio rising to over 30 games and a growing roster of premium brands. With improving visibility of the sales pipeline, the Directors believe the Company has strong revenue prospects for the second half, as the existing roster of advertisers rebook with growing spend and business development efforts come to fruition.

The Company continues to expect to deliver revenues for the year in line with market expectations. In addition, the Board has been focussed on improving gross margin and controlling the Group's total operational costs going forward, as it starts to rebalance capital deployed to reflect the shift from product development to commercialisation.

Consolidated statement of comprehensive income for the six months ended 30 June 2021

	Note	Unaudited 6 months ended 30 Jun 2021 £	Unaudited 6 months ended 30 Jun 2020 £	Audited year ended 31 Dec 2020 £
Revenue		820,136	274,079	1,695,620
Cost of sales		(537,309)	(197,337)	(1,470,389)
Gross profit		282,827	76,742	225,231
Administrative expenses		(3,915,874)	(3,244,889)	(7,218,789)
Operating loss		(3,633,047)	(3,168,147)	(6,993,558)
Finance income		60	2,352	2,525
Finance costs		(160)	(700)	(1,179)
Loss before taxation		(3,633,147)	(3,166,495)	(6,992,212)
Taxation		744,756	50,493	597,035
Loss for the period		(2,888,391)	(3,116,002)	(6,395,177)
Other comprehensive income				
Total other comprehensive income		-	-	-
Total comprehensive loss for the period		(2,888,391)	(3,116,002)	(6,395,177)
Loss per share - basic and diluted (pence)	3	(0.74)	(1.18)	(1.65)

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 2021

	Note	Unaudited 30 Jun 2021 £	Unaudited 30 Jun 2020 £	Audited 31 Dec 2020 £
ASSETS				
Non-current assets				
Right of use asset		649	21,369	7,577
Intangible assets		264,357	290,141	279,955
Property, plant and equipment		41,277	23,795	28,388
Total non-current assets		306,283	335,305	315,920
Current assets				
Trade and other receivables		1,229,387	862,660	2,391,300
Cash and cash equivalents		694,544	5,917,381	2,347,114
Total current assets		1,923,931	6,780,041	4,738,414
Total assets		2,230,214	7,115,346	5,054,334
EQUITY AND LIABILITIES				
Equity				
Share capital	4	6,234,261	6,229,259	6,234,261
Share premium account		27,984,716	27,977,197	27,984,716
Share-based payment reserve		1,497,826	1,035,638	1,282,556
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
Accumulated losses		(18,467,293)	(12,299,727)	(15,578,902)
Total equity		509,031	6,201,888	3,182,152
Non - Current liabilities				
Lease liability		675	15,790	-
Total non -current liabilities		675	15,790	-
Current liabilities				
Trade and other payables		1,720,508	897,014	1,863,739
Lease liability		-	654	8,443
Total current liabilities		1,720,508	897,668	1,872,182
Total equity and liabilities		2,230,214	7,115,346	5,054,334

The interim financial report was approved by the board of Directors on 1 September 2021 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 2021

	Share capital £	Share premium £	Share- based payment reserve £	Merger relief reserve £	Reverse acquisition 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	-	-	-	-	-	-	(2,888,391)	(2,888,391)
Total comprehensive expense	-	-	-	-	-	-	(2,888,391)	(2,888,391)
Transactions with owners								
Issue of shares	-	-	-	-	-	-	-	-
Costs of raising equity	-	-	-	-	-	-	-	-
Share-based payments	-	-	215,270	-	-	-	-	215,270
Total transaction with owners	-	-	215,270	-	-	-	-	215,270
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

Consolidated statement of changes in equity
for the six months ended 30 June 2020

	Share capital	Share premium	Share-based payment reserve	Merger relief reserve	Reverse acquisition reserve	Warrant reserve	Accumulated losses	Total equity
	£	£	£	£	£	£	£	£
Balance as at 1 January 2020	5,516,759	23,283,880	734,365	6,508,673	(23,320,632)	71,480	(9,183,725)	3,610,800
Comprehensive income for the period								
Loss and total comprehensive income for the year	-	-	-	-	-	-	(3,116,002)	(3,116,002)
Total comprehensive expense	-	-	-	-	-	-	(3,116,002)	(3,116,002)
Transactions with owners								
Issue of shares	712,500	4,987,500	-	-	-	-	-	5,700,000
Costs of raising equity	-	(294,183)	-	-	-	-	-	(294,183)
Share-based payments	-	-	301,273	-	-	-	-	301,273
Total transaction with owners	712,500	4,693,317	301,273					5,707,090
Balance as at 30 June 2020	6,229,259	27,977,197	1,035,638	6,508,673	(23,320,632)	71,480	(12,299,727)	6,201,888

Consolidated statement of changes in equity
for the year ended 31 December 2020

	Share capital	Share premium	Share-based payment reserve	Merger relief reserve	Reverse acquisition reserve	Warrant reserve	Accumulated losses	Total equity
	£	£	£	£	£	£	£	£
Balance as at 1 January 2020	5,516,759	23,283,880	734,365	6,508,673	(23,320,632)	71,480	(9,183,725)	3,610,800
Comprehensive income for the period								
Loss and total comprehensive income for the year	-	-	-	-	-	-	(6,395,177)	(6,395,177)
Total comprehensive expense	-	-	-	-	-	-	(6,395,177)	(6,395,177)
Transactions with owners								
Issue of shares	717,502	5,032,518	-	-	-	-	-	5,750,020
Costs of raising equity	-	(331,682)	-	-	-	-	-	(331,682)
Share-based payments	-	-	548,191	-	-	-	-	548,191
Total transaction with owners	717,502	4,700,836	548,191					5,966,529
Balance as at 31 December 2020	6,234,261	27,984,716	1,282,556	6,508,673	(23,320,632)	71,480	(15,578,902)	3,182,152

Consolidated statement of cash flows
for the period ended 30 June 2021

	6 months ended 30 Jun 2021	6 months ended 30 Jun 2020	Year ended 31 Dec 2020
	£	£	£
Cash flows from operating activities			
Loss before taxation	(2,888,391)	(3,116,002)	(6,992,212)
Adjustments for:			
Amortisation - Intangibles	15,598	26,818	31,574
Amortisation - Right of use asset	6,928	5,341	19,621
Depreciation	9,442	6,162	13,021
Equity settled share-based payments	215,270	301,273	548,191
Doubtful debts expense	-	-	(19,265)
Finance income	(60)	(2,352)	(2,525)
Finance expense	160	700	1,179
	(2,641,053)	(2,778,060)	(6,400,416)
Changes in working capital			
(Increase)/decrease in trade and other receivables	1,161,913	(329,453)	(1,241,792)
Increase/(decrease) in trade and other payables	(143,231)	490,343	1,457,069
Net cash used in operations	(1,622,371)	(2,617,169)	(6,185,139)
Cash flow from investing activities			
Investment in intangible assets	-	(6,000)	(570)
Investment in property, plant and equipment	(22,331)	(7,581)	(19,033)
Net cash flow (used in)/ generated from investing activities	(22,331)	(13,581)	(19,603)
Cash flow from financing activities			
Proceeds from issue of share capital	-	5,700,000	5,750,020
Cost of issue	-	(294,183)	(331,682)
Principal movement on lease liabilities	(7,768)	(7,878)	(16,368)
Interest received	60	2,352	2,525
Interest paid on lease liabilities	(160)	(700)	(1,179)
Net cash generated from financing activities	(7,868)	5,399,591	5,403,316
(Decrease)/Increase in cash and cash equivalents in the period	1,652,570	2,768,841	(801,426)
Cash and cash equivalents at beginning of period	2,347,114	3,148,540	3,148,540
Cash and cash equivalents at the end of the period	694,544	5,917,381	2,347,114

Notes to the consolidated interim financial report

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 201 Temple Chambers, 3-7 Temple Avenue, London, EC4Y 0DT. 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 2021.

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 2021.

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 2020.

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 £2,888,391 (2020: loss of £3,116,002) and the weighted average number of ordinary shares in issue for the year of 388,374,057 (2020: 264,555,996).

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 No.	Share capital £
At 1 January 2020	244,873,646	5,516,759
Exercised warrants	1,000,411	5,002
Exercised options	-	-
Issue of shares	142,500,000	712,500
Issue of consideration shares	-	-
As at 31 December 2020	388,374,057	6,234,261
Issue of shares	-	-
As at 30 June 2021	388,374,057	6,234,261

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

5 Post balance sheet events

On 23 July 2021 the Company raised gross proceeds of £10.863m (before expenses).

A total of 488,157,516 new ordinary shares of 0.5 pence each in the capital of the Company were placed by Cenkos with institutional and other investors at a price of 2.0 pence per share, raising gross proceeds of approximately £9.763 million.

Certain directors of the Company and others have also subscribed for a total of 55,000,000 New Ordinary Shares at 2.0 pence per share raising further gross proceeds of £1.1 million.

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