

*Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement, this information is now considered to be in the public domain.*

12 September 2018

**Forbidden Technologies plc**  
**("Forbidden" or the "Company")**

**Interim results**

Forbidden Technologies plc (AIM: FBT), the developer and seller of cloud video platform technology using its patented Blackbird technology, announces its interim results for the six months ended 30 June 2018.

**Financial highlights**

- Invoiced sales increased to £489k (6 months to 30 June 2017: £355k)
- Revenues increased to £377k (6 months to 30 June 2017: £316k)
- Deferred revenue increased by 73 per cent. to £252k from £146k at 31 December 2017
- Contracted orders and deferred revenue increased by 68 per cent to £648k from £385k at 31 December 2017
- Operating costs of £1,289k (6 months to 30 June 2017: £1,190k)
- EBITDA loss of £965k (6 months to 30 June 2017: £930k)
- Net loss before tax £1,274k (6 months to 30 June 2017: £1,166k)
- Year on year operational spend, including capital expenditure of £1,408k (30<sup>th</sup> June 2017: £1,331k)
- £5.44 million of net funds raised from the issue of 115,000,000 shares at 5p in June 2018
- Liquid funds of £6,197k at 30 June 2018 (31 December 2017: £1,752k)

**Operational highlights**

- New significant six-figure US deal with TownNews.com to provide production infrastructure to Meredith Corporation's 17 regional news networks reaching in excess of 11% of US TV households
- Increase in longer-term, higher value licensing contracts reflected in higher deferred revenue and stronger order book
- Expansion in eSports industry in US in live and post-event edit and production
- Repositioning of the business under the Blackbird brand
- Blackbird launch in Japan in a preliminary collaboration with a tier 1 telecommunications company
- Significant progress in our JavaScript transformation working with Leaning Technologies Ltd
- Technology alliance with Veritone, owner of aiWARE, to provide Artificial Intelligence for the generation of metadata for video search capabilities

**Post Period End Highlights**

- Pilot successfully completed at North American broadcaster and sports rights holder
- Secured first customer in the fast growing localisation sector using our Blackbird Localisation Cloud solution for international OTT platform
- Renewal of the infrastructure contract with our large US New York based regional sports network
- Promising engagement in multiple discussions around OEM providers using our ultra-light video codec within their solutions.
- Exhibiting this week at IBC in Amsterdam on Microsoft's stand as a tier one partner of Microsoft Azure

**Ian McDonough, Forbidden Technologies Chief Executive Officer, commented:**

"This has been a very busy period for the company involving a successful and over-subscribed placing raising £5.75 million, the repositioning of our product suite under Blackbird and the new product launches of Blackbird Ascent, Forte and Edge. The invoiced sales in this period indicate a record first-half performance for the company. We have brought in fresh thinking in many areas of the team including product management, sales and pre-sales.

Post the recent placing, we closed a large OEM contract with TownNews.com and monthly invoicing will be starting in October. The deal means Blackbird will be used in 17 regional news networks reaching 11% of the US population. Our strategic focus on North America has had good traction in other sectors too and we continue to focus on building our base of these recurring revenue infrastructure contracts. In recent weeks we have secured our first customer in the fast growing localisation sector and we are progressing well with prospects for a dailies solution. These both represent sectors that Blackbird can add tremendous value to through increased speed and reduced cost.

As part of our strategy to significantly increase our addressable audience and use cases, we have developed and launched a Mac version of the Blackbird Edge, which enables users to ingest content through a wide variety of devices ranging from a laptop to the latest iMac Pro. macOS Edge has already been used by multiple clients in testing and remote environments where bandwidth and connectivity is limited.

In order to future proof Blackbird and simplify onboarding, Forbidden will launch at the IBC trade show a JavaScript version of its Blackbird editing products, Forte and Ascent. These are designed to run in any modern computer and browser combination without installation or configuration.

To assist codec licensing, as well as publication and distribution using Blackbird, development of the Blackbird Player continues as we discuss its potential application with prospects.

The growth of commercial cloud, and the size of the major players involved, has created an opportunity to integrate more closely with cloud providers. At IBC, we will be showcasing the Blackbird Azure workflow used by Deltatre as infrastructure on a major US sport.

These four products mark a huge step forward technically. They dramatically increase our addressable audience and overall market opportunity as well as helping to future-proof the business. They position us well to add value in the fast-growing cloud market."

**Enquiries:**

**Forbidden Technologies plc**

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**About Forbidden Technologies plc**

Forbidden Technologies plc (AIM: FBT, [www.forbidden.co.uk](http://www.forbidden.co.uk)) floated in February 2000.

Forbidden develops, markets and licenses a powerful cloud video platform using our patented Blackbird technology. The technology underpins multiple applications which are used by rights holders, broadcasters, sports and news video specialists, eSports, post-production houses, other mass market digital video channels and corporations.

The Blackbird technology allows full visibility on multi-location digital content, improves time to market for live content such as video clips and highlights for social media distribution which results in improved monetisation of video content.

Blackbird® is a registered trademark of Forbidden Technologies plc.  
All other trademarks acknowledged

Websites:

[www.forbidden.co.uk](http://www.forbidden.co.uk)  
[www.blackbird.video](http://www.blackbird.video)

Social Media:

[www.linkedin.com/company/forbidden](http://www.linkedin.com/company/forbidden)  
[www.twitter.com/forbiddentech](http://www.twitter.com/forbiddentech)  
[www.facebook.com/ForbiddenTechnologies/](http://www.facebook.com/ForbiddenTechnologies/)

## **Chairman's statement**

In the six-month period to 30 June 2018, we started building sales growth momentum through licensing our Blackbird cloud video solutions as part of the core media infrastructure for companies, and generating SaaS based repeatable revenues. Inevitably as we focus on larger contracts our sales growth rate can be uneven and vary from period to period.

Our core metrics are showing the rebuilding of this growth momentum. In the first half of the year vs. the same period last year, we are showing revenue growth of 19% and invoiced sales growth of 38%, and we have deferred revenue growth of 73% from the beginning of the year. In addition, in North America, our core market for growth, invoiced sales have increased 100% in the first half vs. the same period last year, whilst our level of repeat sales as a % of total sales has grown to 65% vs. 54% in the same period last year.

We are confident in our cloud video OEM and infrastructure strategy, particularly in North America. The global cloud video streaming market was valued at US\$5.2 billion in 2016 and is expected to grow by 18.9% CAGR to US\$16.6 billion by 2023. North America is the leading player in this market and the largest vertical segment is Media and Entertainment. (PR Newswire April 2018)

We now have the core components of our strategy in place. These core components include a significantly stronger North American commercial team, the strong master brand, Blackbird, and specific products, starting with Blackbird Edge, Blackbird Ascent and Blackbird Forte. We have also converted major parts of our solutions into JavaScript, a vital requirement for future infrastructure prospects.

Our commercial successes in the first half of the year include expanding the use of Blackbird in the eSports industry with Production Associates' live pro-celebrity 'Fortnite' event in Los Angeles, and ESP Gaming, a content creation company based in Las Vegas where we are part of their regular infrastructure. We deployed Blackbird for the first time in a complete fixed rig and post production cycle in the UK and launching Blackbird in Japan with a Tier 1 telecommunications operator. In addition, we have significantly expanded our relationship with TownNews.com to help Meredith Corporation deliver news content across 17 regional news networks (invoicing starts in October).

Our technology and product development team are intensively focused on supporting our commercial opportunities going forward. One of the areas we are now working on is to further develop Blackbird's social media integration. We have also created technology partnerships with Leaning Technologies, who are working with us to move critical platform solutions to JavaScript, and Veritone, who with their access to multiple AI cognitive engines, can automate the generation of frame accurate metadata to enrich content, make it searchable and integrate it into Blackbird.

Finally, during the period we successfully raised £5.75 million, pre-expenses. This provides us with a strong financial foundation that is essential to supporting our position as a provider of media infrastructure solutions. We can now also selectively strengthen and invest in our commercial and product delivery capabilities as we build sales momentum. We believe this financing provides us with the cash requirements to take us through to profitability.

## Financial

Our core growth metrics indicate good sales growth momentum. Revenue increased 19% to £377k for the six-month period

ending 30<sup>th</sup> June 2018 versus £316k in the corresponding period last year. Invoiced sales increased 38% to £489k for the six-month period ending 30<sup>th</sup> June 2018 versus £355k in the corresponding period last year. Deferred revenue on the balance sheet (already invoiced, to be earned in future accounting periods) was up 73% to £252k compared to £146k at 31<sup>st</sup> December 2017. Contracted orders and deferred revenue combined increased 68% to £648k from £385k at 31<sup>st</sup> December 2017.

In North America, our core market for growth, invoiced sales increased 100% year on year to £92k. Overall, invoiced sales in live sports increased by 59% year on year to £164k.

Operating costs during the period were £1,289k versus £1,190k in the corresponding period last year, net of capitalised development costs of £111k (2017: £103k). Total spend including capitalised expenditure was £1,408k versus £1,331k in the corresponding period last year. The EBITDA loss for the period was £965k versus £930k, and the loss for the period was £1,274k versus £1,166k in the corresponding period last year.

Cash used in operations in the period was £902k (30 June 2017: £825k). The Company had liquid funds of £6,197k at 30 June 2018 (31 December 2017: £1,752k). This cash balance includes a successful fundraising in June 2018 which generated total net cash, after fundraising costs, of £5,441k.

### Outlook

We start the second half with contracted orders including deferred revenue of £648k up from £385k at 31 December 2017. This includes the significant six-digit deal with TownNews.com announced in June, for which the first sales invoices will be raised and revenue earned in October 2018.

We continue to progress our OEM strategy, of which Townnews.com is a good example, with multiple discussions with other large scale North American companies. In this context, the pilot with a major North American media company has successfully completed.

The conversion of our Java solutions to JavaScript is already largely complete, and the first phases of this will be launched this month at IBC 2018 (International Broadcasting Convention). Our integrated commercial cloud workflow that we have built together with Microsoft Azure and Deltatre will also be exhibited. We're looking forward to a strong IBC where we will be partnering Microsoft on the Azure stand.

The board continue to believe in our strategy and look forward to the future with confidence.

**UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2018**

	Unaudited Half year to 30 June 2018	Unaudited Half year to 30 June 2017	Audited Year to 31 December 2017
	£	£	£
<b>CONTINUING OPERATIONS</b>			
Revenue	377,438	316,349	758,835
Cost of Sales	(53,800)	(56,026)	(151,113)
<b>GROSS PROFIT</b>	<b>323,638</b>	<b>260,323</b>	<b>607,722</b>
Operating costs	(1,289,026)	(1,190,336)	(2,452,158)
<b>EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION</b>	<b>(965,388)</b>	<b>(930,013)</b>	<b>(1,844,436)</b>
Depreciation	(21,318)	(19,474)	(47,091)
Amortisation	(264,580)	(254,785)	(512,549)
Employee share option costs	(23,832)	37,655	42,137
	<u>(309,730)</u>	<u>(236,604)</u>	<u>(517,503)</u>
<b>OPERATING LOSS</b>	<b>(1,275,118)</b>	<b>(1,166,617)</b>	<b>(2,361,939)</b>
Finance income	970	160	671
<b>LOSS BEFORE INCOME TAX</b>	<b>(1,274,148)</b>	<b>(1,166,457)</b>	<b>(2,361,268)</b>
Income Tax	-	-	25,268
<b>LOSS FOR THE PERIOD</b>	<b>(1,274,148)</b>	<b>(1,166,457)</b>	<b>(2,336,000)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(1,274,148)</b>	<b>(1,166,457)</b>	<b>(2,336,000)</b>
Earnings per share expressed in pence per share:			
Basic – continuing and total operations	(0.68p)	(0.65p)	(1.29p)

**UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**30 JUNE 2018**

	Unaudited at 30 June 2018 £	Unaudited at 30 June 2017 £	Audited at 31 December 2017 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	884,060	1,192,376	1,038,095
Property, plant and equipment	46,479	73,154	59,750
	930,539	1,265,530	1,097,845
<b>CURRENT ASSETS</b>			
Trade and other receivables	323,350	372,815	221,095
Tax receivable	-	-	25,268
Cash and cash equivalents	6,196,701	2,768,870	1,752,349
	6,520,051	3,141,685	1,998,712
<b>TOTAL ASSETS</b>	<b>7,450,590</b>	<b>4,407,215</b>	<b>3,096,557</b>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	2,363,890	1,443,890	1,443,890
Share premium	21,456,570	16,935,301	16,935,301
Capital contribution reserve	125,000	125,000	125,000
Retained earnings	(17,083,369)	(14,659,028)	(15,833,053)
<b>TOTAL EQUITY</b>	<b>6,862,091</b>	<b>3,845,163</b>	<b>2,671,138</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	588,499	562,052	425,419
<b>TOTAL LIABILITIES</b>	<b>588,499</b>	<b>562,052</b>	<b>425,419</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,450,590</b>	<b>4,407,215</b>	<b>3,096,557</b>

**UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

	Called up share capital £	Share premium £	Capital contribution reserve £	Retained earnings £	Total equity £
<b>Balance at 1 January 2017</b>	1,443,890	16,935,301	125,000	(13,454,916)	5,049,275
<b>Changes in equity</b>					
Share based payment	-	-	-	(37,655)	(37,655)
Total comprehensive income	-	-	-	(1,166,457)	(1,166,457)
<b>Balance at 30 June 2017</b>	1,443,890	16,935,301	125,000	(14,659,028)	3,845,163
<b>Changes in equity</b>					
Share based payment	-	-	-	(4,482)	(4,482)
Total comprehensive income	-	-	-	(1,169,543)	(1,169,543)
<b>Balance at 31 December 2017</b>	1,443,890	16,935,301	125,000	(15,833,053)	2,671,138
<b>Changes in equity</b>					
Issue of share capital	920,000	4,521,269	-	-	5,441,269
Share based payment	-	-	-	23,832	23,832
Total comprehensive income	-	-	-	(1,274,148)	(1,274,148)
<b>Balance at 30 June 2018</b>	2,363,890	21,456,570	125,000	(17,083,369)	6,862,091

**UNAUDITED AND CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

	Unaudited Half year to 30 June 2018	Unaudited Half year to 30 June 2017	Audited Year to 31 December 2017
	£	£	£
<b>EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION AND AMORTISATION</b>	(965,388)	(930,013)	(1,844,436)
(Increase)/decrease in trade and other receivables	(102,255)	50,709	197,679
Increase/(decrease) in trade and other payables	166,002	54,498	(79,210)
<b>CASH USED IN OPERATIONS</b>	(901,641)	(824,806)	(1,725,967)
Tax received	25,268	23,529	23,529
<b>NET CASH FROM OPERATING ACTIVITIES</b>	(876,373)	(801,277)	(1,702,438)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of intangible fixed assets	(110,545)	(103,327)	(206,810)
Purchase of tangible fixed assets	(8,047)	(37,232)	(46,695)
Interest received	970	160	671
<b>NET CASH FROM INVESTING ACTIVITIES</b>	(117,622)	(140,399)	(252,834)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share issue (net of expenses)	5,441,269	-	-
Repayment of finance lease	(2,922)	(487)	(3,412)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	5,438,347	(487)	(3,412)
Increase/(decrease) in cash and cash equivalents	4,444,352	(942,163)	(1,958,684)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	1,752,349	3,711,033	3,711,033
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	6,196,701	2,768,870	1,752,349

**NOTES TO THE UNAUDITED AND CONDENSED CONSOLIDATED INTERIM ACCOUNTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**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 consolidated financial statements of the Company as at and for the year ended 31 December 2017. 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 11th September 2017. The information for the year ended 31 December 2017 is extracted from the statutory financial statements for that year which have been reported on by the Group'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 2017. However, the interim financial statements are prepared in accordance with IFRS15, the new accounting standard for revenue recognition, which came into effect from 1<sup>st</sup> January 2018. No changes were needed to the amounts in the interim financial statements due to this new revenue accounting standard.