

Financial and Business Review

During the first half of the year the Group has continued to pursue the established strategic imperatives of simplifying the business, moving up the value chain and achieving stand-alone financial sustainability. The first quarter of 2017 saw generally difficult trading, but in the latter months the company has delivered more encouraging results, helped by improved cash collection, demonstrating what can be achieved.

Advertising remains by far the most significant revenue stream, accounting for 86% of Net Revenue (2016: 75%). Growth has been driven by six figure branded content deals amounting to 37% of Net Revenue (2016: 13%), and we continue to undertake repeat business direct with leading global brands such as P&G and via agencies such as Havas. This solid performance is despite the fact that in 2016 the first half revenue result was substantially enhanced by activities around the European Football championship tournament in France, whereas there has been no similar large advertising friendly event in 2017. A further challenge this half-year has been the well-publicised difficulties faced by online video platforms that have lost major advertisers as a result of fears around inappropriate content. This has adversely affected the Group somewhat, but such revenues still accounted for 18% (2016: 11%) of Net Revenue. However, the Group enters the second half of the year with a much stronger advertising pipeline than we entered the first half, and we remain on target to achieve management and market revenue expectations for the full year.

The Group has continued to move up the value chain. In the first quarter of 2017 we began a process of reducing the amount of low margin business we undertake, which was completed in May 2017. This has of course diminished the revenue line, this activity accounted for 26% (2016: 44%) of revenue, but has allowed us to report much higher overall margins this half year than last. Going into the second half of the year we are now achieving sustainable gross profit margins in excess of 50%. To drive future profitable growth we have continued to invest tactically where we see opportunities, for example in the establishment of Rebel FC, a football team made up of established young stars of social media.

On the cost front, the Group has delivered further re-structuring savings, in particular closing small satellite offices and centralising operations in two major hubs, London and Singapore. As a result, headcount at 30 June 2017 has fallen to 57 (June 2016: 124). Any future new headcount will be in key territories and products where we see potential for profitable growth. During the first half we have continued to invest in talent and content production to support our growing owned and operated SlashFootball brand, and we opened Yellowstone Studios in early 2017 as we believe that having our own dedicated production facility could drive those costs lower, we will assess the results later in the year, and the facility is on a short-term lease.

The ending of low margin activities has had the additional benefit of allowing a material reduction in the volatility of cash-flows, and we have also sought and achieved better payment terms from clients. We were therefore able to restrict cash outflows from operations to £1.2m (2016: £4.0m) and ended the half-year with a healthy £5.3m of cash as a result.

Outlook

The Group has had an encouraging start to 2017, bringing us significantly closer to profitability. Management will seek to continue this momentum under a its new Chief Executive Officer, Claire Hungate and my successor as Chief Finance Officer, where good progress is being made in making an appointment.

On behalf of the Board

Kevin Deeley
Chief Operating and Financial Officer

31 July 2017

BRAVE BISON GROUP PLC

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2017

	(unaudited) 6 months to 30 June 2017 £000's	(unaudited) 6 months to 30 June 2016 £000's	Audited Year to 31 December 2016 £000's
Total revenues including commission share	10,503	13,764	26,536
Less commission share	(4,505)	(4,070)	(8,817)
Revenue	5,998	9,694	17,719
Cost of sales	(3,102)	(5,890)	(10,040)
Gross profit	2,896	3,804	7,679
Administration expenses	(4,500)	(6,417)	(12,913)
Restructuring costs	(538)	(936)	(1,209)
Operating loss	(2,142)	(3,549)	(6,443)
Finance income	-	5	13
Finance costs	4 (30)	(26)	(55)
Loss before tax	(2,172)	(3,570)	(6,485)
Analysed as			
Operating profit / (loss) before tax adjusted for exceptional items and non-cash and restructuring costs			
	64	(839)	(1,812)
Restructuring costs	(538)	(936)	(1,209)
Equity settled share-based payments	16	(91)	(511)
EBITDA	(458)	(1,866)	(3,532)
Finance costs	(30)	(26)	(55)
Finance income	-	5	13
Depreciation	(38)	(35)	(75)
Amortisation	(1,646)	(1,648)	(2,836)
Loss before tax	(2,172)	(3,570)	(6,485)
Income tax credit	277	424	589
Loss attributable to equity holders of the parent	(1,895)	(3,146)	(5,896)
Statement of Comprehensive Income			
Loss for the period / year	(1,895)	(3,146)	(5,896)
Items that may be reclassified subsequently to profit or loss			
Exchange loss on translation of foreign subsidiaries	(4)	(665)	(511)
Total comprehensive loss for the period / year attributable to owners of the parent	(1,899)	(3,811)	(6,407)
Loss per share (basic and diluted)			
Basic and diluted loss per ordinary share (pence)	5 (0.33p)	(0.56p)	(1.04p)
All transactions arise from continuing operations.			

BRAVE BISON GROUP PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	(unaudited) At 30 June 2017 £'000's	(unaudited) At 30 June 2016 £'000's	Audited At 31 December 2016 £'000's
Non-current assets			
Intangible assets	15,873	17,413	17,019
Property, plant and equipment	132	66	123
	<u>16,005</u>	<u>17,479</u>	<u>17,142</u>
Current assets			
Trade and other receivables	5,448	9,218	6,457
Cash and cash equivalents	5,334	8,408	7,051
	<u>10,782</u>	<u>17,626</u>	<u>13,508</u>
Current liabilities			
Trade and other payables	(6,146)	(9,988)	(7,847)
Borrowings and other financial liabilities	(419)	-	(389)
	<u>(6,565)</u>	<u>(9,988)</u>	<u>(8,236)</u>
Non-current liabilities			
Borrowings and other financial liabilities	-	(360)	-
Deferred tax	(2,267)	(2,714)	(2,544)
	<u>(2,267)</u>	<u>(3,074)</u>	<u>(2,544)</u>
Net assets	<u>17,955</u>	<u>22,043</u>	<u>19,870</u>
Equity			
Share capital	6 572	569	572
Share premium	78,312	78,312	78,312
Capital redemption reserve	6,660	6,660	6,660
Merger reserve	(24,060)	(24,060)	(24,060)
Convertible loan note	68	68	68
Merger relief reserve	62,624	62,624	62,624
Retained deficit	(105,494)	(101,253)	(103,583)
Translation reserve	(727)	(877)	(723)
Total equity	<u>17,955</u>	<u>22,043</u>	<u>19,870</u>

BRAVE BISON GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2017

	(unaudited) 6 months to 30 June 2017 £'000's	(unaudited) 6 months to 30 June 2016 £'000's	Audited Year to 31 December 2016 £'000's
Operating activities			
Loss before tax	(2,172)	(3,570)	(6,485)
Adjustments:			
Depreciation and amortisation	1,684	1,683	2,911
Finance income	-	(5)	(13)
Finance costs	30	26	55
Share based payment charges	(16)	91	511
Movement in foreign exchange	2	(699)	(550)
Decrease / (Increase) in trade and other receivables	1,009	(1,774)	988
(Decrease) / Increase in trade and other payables	(1,701)	219	(1,922)
Tax	(1)	(1)	(6)
Cash outflow from operating activities	<u>(1,165)</u>	<u>(4,030)</u>	<u>(4,511)</u>
Investing activities			
Purchase of property, plant and equipment	(47)	(21)	(119)
Purchase of intangible assets	(501)	-	(793)
Interest received	-	5	13
Cash outflow from investing activities	<u>(548)</u>	<u>(16)</u>	<u>(899)</u>
Cash flows from financing activities			
Issue of share capital	-	10,000	10,002
Share issue costs	-	(714)	(714)
Net cash inflow from financing	<u>-</u>	<u>9,286</u>	<u>9,288</u>
Net change in cash and cash equivalents	<u>(1,713)</u>	<u>5,240</u>	<u>3,878</u>
Movement in net cash			
Cash and cash equivalents, beginning of period	7,051	3,134	3,134
(Decrease) / Increase in cash and cash equivalents	(1,713)	5,240	3,878
Movement in foreign exchange	(4)	34	39
Cash and cash equivalents, end of period	<u>5,334</u>	<u>8,408</u>	<u>7,051</u>