Silverbullet

Silver Bullet Data Services Group Plc
Unaudited financial statements
For the interim six months ended 30 June 2021

Corporate Information

Directors	Mr Nigel Sharrocks Mr Ian James Mr Darren Poynton Mr Umberto Torrielli Mr Keith Sadler Mr Steven Clarke Mr Martyn Rattle
Secretary	Mr Darren Poynton
Company Number	08525481
Registered Office	Studio 11, Tiger House Burton St London WC1H 9BY
Auditor	Crowe UK LLP 4 Mount Ephraim Road Tunbridge Wells TN1 1EE
Legal Advisors	Fladgate LLP 16 Great Queen Street London WC2B 5DG

Financial Highlights

	Six months to June 2021	Six months to June 2020
Revenue	£1.67m	£1.28m
Gross Profit	£1.24m	£1.01m
Headline Loss before tax*	£2.97m	£1.99m
Reported Loss before tax	£3.93m	£2.41m
Earnings Per Share	(£0.44)	(£0.41)

*Headline results are calculated before exceptional items and share option charges

Business Highlights

- Successful admission to trading on AIM on 28 June 2021, raising gross proceeds of £9.5 million.
- Revenue of £1.67 million up 30 per cent on H1 2020, this is ahead of management expectations.
- 13 new services client wins in the period including ITV and Venture Crowd.
- Consolidation of existing services clients as a result of additional contract wins with Channel 4, Heineken and Jägermeister.
- Extensive technical development of ‘4D’, Silverbullet’s contextual outcomes engine, led by the in-house development and product teams.
- 4D campaigns have been successfully delivered for several clients and global agencies.
- Recruitment of Kristen Kelly as Chief Operating Officer.
- Expansion of our 4D-focused US office, including the recruitment of VP Partner Solutions, Director of Product Marketing, Senior Director Strategic Sales and a Client Success Director.

Chief Executive Officer’s Report

Silverbullet (the “Company”, or, together with its subsidiaries, the “Group”) has delivered strong results for the first half start to 2021, as well as successfully completing its IPO on the AIM market of the London Stock Exchange (“AIM”) on 28 June 2021. The listing raised gross proceeds of approximately £9.5 million and welcomed several established UK funds as shareholders.

Silverbullet is a data and digital transformation company that seeks to deliver future-proofed solutions for the privacy-first, post-cookie era for marketing and advertising purposes. The Group's core services and products comprise:

- **Data-driven transformational services**: *first-party data strategy and customer journey activation advisory services, technology implementation and integration engineering, alongside adtech and martech managed services. In short, our expert services help businesses deliver privacy-first, customer-centric marketing, powered by data.*
- **‘4D’ - proprietary contextual data product:** *a contextual targeting solution designed to help clients face the challenges posed by the post-cookie era. 4D enables contextual*

targeting in a fully compliant way and is integrated into the programmatic ecosystem with a strong focus on online video. In short, 4D drives business outcomes for the modern marketer.

We have grown Group revenue by a solid 30 per cent. compared to H1 2020, underpinned by growth in our data-driven transformation services. We believe this a reflection of the ongoing permanent shift in consumer behaviours to digital and the need for our clients to accelerate their data driven marketing transformation. The Covid-19 pandemic and increasing regulatory scrutiny around personal data are proving strong agents of change in the ways brands are able to connect and transact with their customers, including through the demise of the third-party cookie, and we are perfectly positioned at Silverbullet to assist in their transformation journey through our data technology services and 4D product.

I am particularly proud of how the team have delivered fantastic growth in services revenues and the continued development of a world-class product whilst operating in a challenging working and home environment, and furthermore during a period in which the Company delivered a successful AIM IPO.

Data transformation services.
During the first half of the year, we have secured 13 new clients wins and, post period end, a further nine. We have also consolidated and extended contracts with a number of our key existing clients.

Winning new data and technology transformation contracts with ITV, RTE, SBS in the period, we are now working with six major broadcasters across the globe to assist them in transforming their advertising product from linear to programmatic. We are very proud to be at the centre of the era of the transformation for the Broadcast industry, which will affect the entire advertising ecosystem as TV accelerates into being digitally traded and data enabled in the coming year.

Revenue committed in our martech services unit has grown 72 per cent. versus the year ended December 2020, underpinned by the strengthening of our strategic partnership with the key software vendors including Salesforce, where Silverbullet works as a preferred services partner, and Treasure Data (a Softbank company), which works with Silverbullet as its European services partner.

4D – Proprietary contextual data product.
4D is Silverbullet's emerging proprietary contextual data product. After testing in H1 2021 4D is gaining traction in the market with multiple clients and agencies now using the platform for contextual targeting including video and display programmatic advertising, as well as for the purpose of generating unique insights on consumer activity online using our unique deterministic contextual data.

Specifically, 4D, is designed to enable advertisers to generate increased marketing ROI in the post-cookie, first-party data era, and is now being used by multiple Fortune 500 brands and agencies. The digital ad market, in which 4D is embedded, now accounts for approximately 58 per cent. of total worldwide ad spend, with a projected growth to 68 per cent. forecast by 2024 (according to eMarketer Worldwide Ad Spend report).

Investment in talent.
We have continued to invest in our people and culture, focusing on expanding our US team, with new hires in key customer success and sales positions to lead our client expansion in Q4 and beyond. We have also attracted a number of key product and engineering leaders to develop new features for 4D set for release early next year.

Our already experienced management team, which includes key professionals from the industry, has been recently enhanced by the arrival of Kristen Kelly as Chief Operating Officer. Kristen was formerly President of Precision, EMEA, at Publicis Media.

Outlook

We are delighted with the performance and continued development of the Group during H1 2021. The second half of this year, and 2022, are set to see programmatic media rise further, creating a positive environment for both our services and product business. We believe a permanent shift in consumer behaviours is accelerating business investment in marketing technology and data, enhancing Silverbullet's prospects with current and new clients. We are confident in our new business pipeline and our ability to extend our services offering to existing blue-chip client base.

The added credibility and increased profile generated as a result of the Company's AIM IPO, combined with our recent run of new business wins, has also attracted potential new strategic partnerships and M&A opportunities which we continue to explore on an ongoing basis.

We have material visibility on full-year revenues, which provides confidence and positive momentum for the second half of 2021, and we remain excited for the longer-term prospects for our 4D product.

I would like to thank all of our staff and management for their continued dedication and hard work, as well as both our new and longer-term stakeholders, and we look forward to providing further updates on our progress in due course.

Ian James
Chief Executive Officer

Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2021 £	Six months ended 30 June 2020 £
Revenue	3	1,668,894	1,282,591
Cost of sales		(424,093)	(270,384)
Gross profit		**1,244,801**	**1,012,207**
Other operating income		4,006	6,078
Distribution costs		(227,729)	(160,333)
Administrative expenses		(4,412,008)	(3,201,147)
Exceptional items	4	(508,821)	(53,235)
Operating loss		**(3,899,751)**	**(2,396,430)**
Finance expense		(33,777)	(15,963)
Loss before taxation		**(3,933,528)**	**(2,412,393)**
Taxation		145,085	349,912
Loss after taxation attributable to the equity shareholders of the company		**(3,788,443)**	**(2,062,481)**
Other comprehensive income / (loss) net of taxation			
Currency translation differences		(78,109)	(24,683)
Total comprehensive loss for the period attributable to the equity shareholders of the company		**(3,866,552)**	**(2,087,164)**
Earnings per share			
Basic earnings	6	**(0.44)**	**(0.41)**
Diluted earnings	6	**(0.44)**	**(0.41)**

Consolidated Statement of Financial Position

	Note	At 30 June 2021 £	At 31 December 2020 £	At 30 June 2020 £
Non-current assets				
Goodwill	**7**	4,330,222	4,330,222	4,688,469
Intangible assets	**7**	1,675,821	1,242,717	906,365
Property, plant and equipment		56,953	36,940	30,674
Total non-current assets		**6,062,996**	**5,609,879**	**5,625,508**
Current assets				
Trade and other receivables		1,787,809	1,723,280	1,401,665
Cash and cash equivalents		8,649,818	654,792	580,704
Total current assets		**10,437,627**	**2,378,072**	**1,982,369**
Total Assets		**16,500,623**	**7,987,951**	**7,607,877**
Current liabilities				
Trade and other payables		3,287,249	3,272,101	2,652,039
Loans and other borrowings		-	-	776,039
Total current liabilities		**3,287,249**	**3,272,101**	**3,428,078**
Non-current liabilities				
Loans and borrowings		194,216	188,570	18,912
Deferred tax liability	**5**	318,406	223,921	101,341
Total non-current liabilities		**512,622**	**412,491**	**120,253**
Total liabilities		3,799,871	3,684,592	3,548,331
Net assets		**12,700,752**	**4,303,359**	**4,059,546**
Equity				
Share capital	**8**	134,190	8,256	8,004
Share premium	**8**	8,642,511	35,387,853	32,130,080
Share option reserve	**9**	812,332	1,192,653	1,183,727
Retained earnings		3,134,556	(32,240,404)	(29,230,193)
Capital redemption reserve		50	-	-
Foreign exchange reserve		(22,887)	(44,999)	(32,072)
Total equity attributable to the equity shareholders of the company		**12,700,752**	**4,303,359**	**4,059,546**

Consolidated Statement of Cash Flows

	Six months ended 30 June 2021 £	Six months ended 30 June 2020 £
Cash flows from operating activities		
(Loss) after tax from continuing operations	(3,788,443)	(2,062,481)
Adjustments for:		
Depreciation	21,056	6,062
Amortisation	201,982	105,319
Foreign exchange	(78,109)	(24,683)
Net finance expense	33,777	15,963
Taxation expense	(145,085)	(349,912)
Increase in trade and other receivables	(64,529)	(240,506)
(Decrease) / increase in trade and other payables	(64,874)	459,709
Share option charge	457,636	367,995
Increase in deferred tax liability	94,485	-
Cash generated from operations	**(3,332,104)**	**(1,722,534)**
Taxation refunded	225,106	82,185
Net cash used in operating activities	**(3,106,998)**	**(1,640,349)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,069)	(8,567)
Purchase of intangible assets	(635,086)	(403,780)
Net cash used in investing activities	**(676,155)**	**(412,347)**
Cash flows from financing activities		
Proceeds from borrowings	5,646	-
Repayment of borrowings	-	(42,161)
New equity issued (net of transaction costs)	11,806,310	2,434,580
Interest paid	(33,777)	(15,963)
Net cash from financing activities	**11,778,179**	**2,376,456**
Net increase in cash and cash equivalents	**7,995,026**	**323,760**
Cash and cash equivalents at beginning of period	654,792	256,944
Cash and cash equivalents at end of period	**8,649,818**	**580,704**

Consolidated Statement of Changes in Equity attributable to the shareholders

	Share Capital	Share premium	Retained earnings	Share Option Reserve	Capital redemption reserve	Foreign exchange reserve	Total equity
	£	£	£	£	£	£	£
As at 1 January 2020	4,507	28,581,634	(27,122,080)	815,732	-	(53,021)	2,226,772
Total comprehensive loss for the period	-	-	(2,108,113)	-	-	20,949	(2,087,164)
Shares issued during the period	3,497	3,548,446	-	-	-	-	3,551,943
Share option charge	-	-	-	367,995	-	-	367,995
As at 30 June 2020	**8,004**	**32,130,080**	**(29,230,193)**	**1,183,727**	**-**	**(32,072)**	**4,059,546**
Total comprehensive loss for the period	-	-	(3,010,211)	-	-	(12,927)	(3,023,138)
Shares issued during the period	252	3,257,773	-	-	-	-	3,258,025
Share option charge	-	-	-	8,926	-	-	8,926
As at 31 December 2020	**8,256**	**35,387,853**	**(32,240,404)**	**1,192,653**	**-**	**(44,999)**	**4,303,359**
Total comprehensive loss for the period	-	-	(3,888,664)	-	-	22,112	(3,866,552)
Share buyback and cancellation	(50)	-	-	-	50	-	-
Bonus issue of shares	87,255	(87,255)	-	-	-	-	-
Capital reduction	-	(38,425,667)	38,425,667	-	-	-	-
Share option charge	-	-	-	457,636	-	-	457,636
Share options exercised	275	1,700	470,983	(470,983)	-	-	1,975
Share options forfeited	-	-	366,974	(366,974)	-	-	-
Shares issued during the period (net of transaction costs)	38,454	11,765,880	-	-	-	-	11,804,334
As at 30 June 2021	**134,190**	**8,642,511**	**3,134,556**	**812,332**	**50**	**(22,887)**	**12,700,752**

1. Description of business, basis of preparation and going concern

GENERAL INFORMATION

Silver Bullet Data Services Group PLC ("SBDS") was incorporated on 13 May 2013. SBDS is a limited liability company incorporated in England and Wales and domiciled in the UK. The address of the registered office is Studio 11, Tiger House, Burton Street, London, WC1H 9BY.

The principal activity of the SBDS Group is marketing services through the application of big data technologies to reduce friction.

BASIS OF PREPARATION

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. These interim financial statements have been prepared in accordance with those International Accounting Standards in conformity with the requirements of the Companies Act 2006 and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (July 2021).

These consolidated interim financial statements have been prepared in accordance with the accounting policies set out below, which have been consistently applied to all the periods presented. These accounting policies comply with applicable International Accounting Standards in conformity with the requirements of the Companies Act 2006 and IFRIC interpretations issued and effective at the time of preparing these statements.

The preparation of these interim financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 requires the use of certain accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, or areas where the assumptions and estimates are significant to the consolidated interim financial statements are disclosed in Note 2.

The financial information contained in this report, which has not been audited, does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006.

The presentational currency of the Group is GBP with functional currencies of the subsidiaries being GBP, EUR, AUD, and USD.

GOING CONCERN

The directors have prepared detailed budgets and forecasts covering the period to 31 December 2023 which are based on the strategic business plan. These take into account all reasonably foreseeable circumstances and include consideration of trading results, cash flows and the level of facilities the group requires on a month by month basis. Additional forecasting has been undertaken following the impact of COVID-19 that has considered the impact on the core business.

Based on their enquiries and the information available to them and taking into account the other risks and uncertainties set out herein, the directors have a reasonable expectation that the company and the group has adequate resources to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

2. Significant accounting policies

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the interim financial statements in accordance with IFRS requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. The estimates and related assumptions are based on previous experiences and other factors considered reasonable under the circumstances, the results of which form the basis for making the assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounts that require estimates as the basis for determining the stated amounts include performance obligations surrounding revenue recognition and the valuation assumptions in calculating the impairment of goodwill.

REVENUE RECOGNITION

IFRS 15 - Revenue from Contracts with Customers has been applied for all periods presented within the historical financial information. The timing of all revenue recognised by the Group during the reporting period was transferred over time in accordance with IFRS 15 recognition criteria. None of the Group's activities result in the transfer of control of a product at a point in time for revenue recognition purposes.

No individual customer accounted for more than 10% of revenue.

During the period under review the Group recognised revenue from the following activities:

Data and strategic services
Revenue relating to service contracts is invoiced according to milestones defined within each contract, the terms of which vary on a case-by-case basis. In all cases the revenue is recognised in line with the provision of the services or, where the quantum and timing of the services cannot be reliably predicted, rateable over the period of the agreement.

Invoices against services contracts are raised on a monthly basis with adjustments for accrued or deferred income where the agreed invoicing timescale does not match the valuation of provision of services.

Activation channels and brand intelligence
Amounts received or receivable for campaigns, typically invoiced on a monthly basis, recognise revenue in proportion to the quantum of advertising units delivered according to the contracted service. Units and metrics deliverable under each contracted services will vary on a case-by-case basis.

BUSINESS COMBINATIONS

Silver Bullet Data Services Group Limited applies the acquisition method of accounting to account for business combinations in accordance with IFRS 3, 'Business Combinations'.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by Silver Bullet Data Services Group Limited. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of Silver Bullet Data Services Group Limited's share of the identifiable net assets acquired is recorded as goodwill. All transaction related costs are expensed in the period they are incurred as exceptional operating expenses.

TAXES

Corporation tax, where payable, is provided on taxable profits at the current rate.

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

FOREIGN CURRENCY TRANSLATION

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

INTANGIBLE ASSETS AND GOODWILL

Goodwill

Goodwill is initially measured at fair value, being the excess of the aggregate of the consideration transferred over the fair value of the net assets acquired, and any previous interest held over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The goodwill is tested annually for impairment irrespective of whether there is an indication of impairment.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Intangible assets (other than goodwill)

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Brand names	-	Reducing balance basis over 5 years
Development costs	-	Straight line basis over 5 years
Customer lists	-	Straight line basis over 4 years

PROPERTY PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses. Cost comprises purchase cost together with any incidental costs of acquisition.

Depreciation is provided to write down the cost less the estimated residual value of all tangible fixed assets by equal instalments over their estimated useful economic lives on a straight-line basis. The following rates are applied:

Computer equipment	-	Straight line over 3 years
Fixtures, fittings and equipment	-	Reducing balance over 4 years

IMPAIRMENT OF NON-CURRENT ASSETS

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Development costs relate to a number of platforms developed internally by the group which are expected to generate future revenue streams.

FINANCIAL INSTRUMENTS

Silver Bullet Data Services Group PLC classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on the date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not a fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are derecognised on the settlement date when the Group is no longer a party to the contractual provisions of the instrument.

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables and trade and other payables
Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit losses in the case of trade receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Contract assets
Contract assets are recognised when revenue is recognised but payment is conditional on a basis other than the passage of time. Contract assets are included in trade and other receivables.

Contract liabilities
Contract liabilities are recognised when payment from a customer is received in advance of performance obligations being satisfied. Contract liabilities are recognised in trade and other payables.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised costs using the effective interest method, less any impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose only on the cash flow statement.

PROVISIONS

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

EMPLOYEE BENEFITS

During the period the Group operated a defined contribution money purchase pension scheme under which it pays contributions based upon a percentage of the members' basic salary. The Group also paid other employee benefits including medical insurance.

All employee benefits are charged to the Statement of Comprehensive Income and differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

LEASES

The Group leases a number of properties in various locations in Europe, Australia, USA, and the UK from which it operates.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
– Leases of low value assets; and
– Leases with a duration of twelve months or less.

All leases signed by the Group during the reporting period were for a period of less than twelve months so no right-of-use assets have been recognised.

GRANT INCOME

Grant income is recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

SHARE-BASED PAYMENTS

The Group operates a share option programme which allows employees of the subsidiary companies to be granted options to purchase shares in this company. The fair value of options granted is recognised as an employment expense with a corresponding increase in equity.

The particular terms of the share options state that they can only be exercised by employees in the event of an exit where the company is either sold to a third party, wound up or floated on a public stock exchange. The fair value of the options is measured at the grant date and spread over the vesting period. The fair value is measured based on an option pricing model taking into account the terms and conditions upon which the instruments were granted.

Vesting periods in each share option agreement vary from vesting immediately on grant date to vesting over a period of four years.

FINANCE INCOME AND EXPENSES

Finance expenses comprise interest payable and leases liabilities recognised in the statement of comprehensive income using the effective interest method, and unwinding of the discount on provisions.

Interest income and interest payable are recognised in the statement of comprehensive income as they accrue, using the effective interest method.

INTERIM MEASUREMENT

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the historical financial information requires the Directors to make estimates and judgements that affect the reported amounts of assets, liabilities, costs and revenue in the historical financial information. Actual results could differ from these estimates. The judgements, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Key sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of assets or liabilities within the next accounting period are:

Critical accounting estimates:

Depreciation and amortisation
The assessment of the useful economic lives, residual values and the method of depreciating or amortising tangible and intangible (excluding goodwill) fixed assets requires judgement. Depreciation and amortisation are charged to profit or loss based on the useful economic life selected, which requires an estimation of the period and profile over which the group expects to consume the future economic benefits embodied in the assets. Useful economic lives and residual values are re-assessed, and amended as necessary, when changes in their circumstances are identified.

Critical accounting judgements:

Impairment of trade receivables
The Group's policy on recognising an impairment of the trade receivables balance is based on a review of individual receivable balances, their ageing and management's assessment of realisation. This review and assessment is conducted on a continuing basis and any material change in management's assessment of trade receivable impairment is reflected in the carrying value of the asset.

Impairment of intangible and tangible fixed assets
Impairment tests have been undertaken in respect of goodwill, intangible and tangible fixed assets using an assessment of the value in use of the respective cash generating units (CGUs). This assessment requires a number of assumptions and estimates to be made including the allocation of assets of CGUs, the expected future cash flows from each CGU and also the selection of a suitable discount rate in order to calculate the present value of those cash flows.

3. Operating segments

IFRS 8 requires that operating segments be identified on the basis of internal reporting and decision-making. The Group has three key business segments outlined below. The business analyses these streams by revenue and gross margin. Overheads, assets and liabilities are not separately allocated across the business streams.

	Six months ended 30 June 2021		**Six months ended 30 June 2020**	
	Revenue	*Gross profit*	*Revenue*	*Gross profit*
	£	**£**	**£**	**£**
Data, strategic, and activation services	1,656,110	1,385,646	1,282,591	1,012,207
Brand intelligence	12,784	(140,845)	-	-
Total	1,668,894	1,244,801	1,282,591	1,012,207
EBITDA		**(3,676,714)**		**(2,285,047)**

4. Exceptional items

	Six months ended 30 June 2021	**Six months ended 30 June 2020**
	£	**£**
Professional fees relating to the IPO	508,821	-
Business combination expenses	-	53,235
	508,821	**53,235**

5. Income tax

A deferred tax asset in respect of the Group's cumulative losses to date has not been recognised due to the uncertainty of the timing of future loss relief. Deferred tax movements during the period relate solely to the increase in value of acquired intangible fixed assets.

Research and development tax relief claims under the SME scheme are submitted at each financial year end. Anticipated tax credits for the period under review totalling £180,000 are held within other debtors.

6. Earnings per share

Earnings per share (EPS) is calculated on the basis of profit attributable to equity shareholders divided by the weighted average number of shares in issue for the year. The diluted EPS is calculated on the treasury stock method and the assumption that the weighted average EMI share options outstanding during the period are exercised.

	Six months ended 30 June 2021	Six months ended 30 June 2020
	£	£
Loss after taxation		
Losses before share option charges	3,269,405	1,694,486
Share option charges	519,038	367,995
Total losses after taxation attributable to shareholders	3,788,443	2,062,481
Number of shares		
Weighted average number of ordinary shares	8,516,470	4,975,876
Dilutive effect of in-the-money share options	1,624,517	121,366
Diluted weighted average number of shares	10,140,987	5,097,242
Earnings per share		
Basic earnings per share	(0.44)	(0.41)
Diluted earnings per share	(0.44)	(0.41)

As options are antidilutive, the diluted EPS is the same as the basic EPS in this situation.

7. Goodwill and intangible assets

	Customer lists	Development Costs	Brand Names	Goodwill	Total
	£	£	£	£	£
COST					
At 1 January 2020	595,708	754	84,999	4,703,843	**5,385,304**
Additions	-	419,154	-	-	**419,154**
Impairment	-	-	-	(15,374)	**(15,374)**
At 30 June 2020	**595,708**	**419,908**	**84,999**	**4,688,469**	**5,789,084**
At 1 July 2020	595,708	419,908	84,999	4,688,469	**5,789,084**
Additions	-	638,262	-	-	**638,262**
Impairment	-	-	(84,999)	(358,247)	**(443,246)**
At 31 December 2020	**595,708**	**1,058,170**	**-**	**4,330,222**	**5,984,100**
At 1 January 2021	595,708	1,058,170	-	4,330,222	**5,984,100**
Additions	-	635,086	-	-	**635,086**
At 30 June 2021	**595,708**	**1,693,256**	**-**	**4,330,222**	**6,619,186**
AMORTISATION					
At 1 January 2020	64,936	-	23,995	-	**88,931**
Amortisation charge	74,463	22,356	8,500	-	**105,319**
At 30 June 2020	**139,399**	**22,356**	**32,495**	**-**	**194,250**
At 1 July 2020	139,399	22,356	32,495	-	**194,250**
Amortisation charge	74,464	174,942	8,500	-	**257,906**
Impairment	-	-	(40,995)	-	**(40,995)**
At 31 December 2020	**213,863**	**197,298**	**-**	**-**	**411,161**
At 1 January 2021	213,863	197,298	-	-	**411,161**
Amortisation charge	74,464	127,518	-	-	**201,982**
At 30 June 2021	**288,327**	**324,816**	**-**	**-**	**613,143**
NET BOOK VALUE					
At 30 June 2020	456,309	397,552	52,504	4,688,469	**5,594,834**
At 31 December 2020	381,845	860,872	-	4,330,222	**5,572,939**
At 30 June 2021	307,381	1,368,440	-	4,330,222	**6,006,043**

8. Share capital and premium

Movements in issued share capital and share premium accounts during these periods are summarised below:

	30 June 2021		31 December 2020		30 June 2020	
Ordinary share capital Issued and fully paid	**No.**	**£**	**No.**	**£**	**No.**	**£**
Ordinary	13,418,982	134,190	-	-	-	-
Ordinary A	-	-	1,546,797	1,547	1,546,797	1,547
Ordinary B	-	-	35,448	35	35,448	35
Ordinary C	-	-	10	50	10	50
Ordinary D	-	-	464,689	465	464,689	465
Ordinary G	-	-	5,379,104	5,379	3,667,593	5,127
Ordinary H	-	-	780,093	780	780,093	780
	13,418,982	**134,190**	**8,206,141**	**8,256**	**6,494,630**	**8,004**

On 1 April 2021 the Company filed a capital restructure which converted all issued A, B, D, G, and H shares in to one class of Ordinary Share capital with equal voting rights participation in dividends.

On 7 May 2021 a 9:1 bonus issue was approved by shareholders with a simultaneous consolidation of share capital from a nominal value of £0.001 to a nominal value of £0.01.

On 7 May 2021 a capital reduction was also completed reducing the share premium account by £38,425,667 with the balance being credited to the profit and loss reserve.

On 19 May 2021 all C shares were repurchased by the company at nominal value.

9. Share Option Reserve

	30 June 2021	31 December 2020	30 June 2020
	£	£	£
Share Option reserve	812,332	1,192,653	1,183,727
	812,332	**1,192,653**	**1,183,727**

Silver Bullet Data Services Group PLC operates a programme for employees of its subsidiaries to acquire shares in the company under an EMI scheme.

The number and weighted average exercise price of share options during the year were as follows:

	30 June 2021		31 December 2020		30 June 2020	
	Weighted average exercise price	Share options	Weighted average exercise price	Share options	Weighted average exercise price	Share options
	£	No.	£	No.	£	No.
Outstanding at start of period	3.05	250,153	3.35	220,499	3.05	80,359
Forfeited/expired during period	(0.89)	(128,761)	-	-	-	-
Granted during period	1.34	1,618,496	0.79	29,654	3.53	140,140
Exercised during period	(0.37)	(29,904)	-	-	-	-
Outstanding at end of period	1.65	1,709,984	3.05	250,153	3.35	220,499

10. Related party transactions

Fluency Media Limited: is a related party to the group by virtue of having a common Director. Consultancy services were provided during the six months ended 30 June 2021 totalling £90,000 (six months to June 2020: £50,000). There were no amounts outstanding at the reporting date (2020: £12,000).

Purple Lime Accountancy Limited: is a related party to the group by virtue of having Directors closely related to Key Management Personnel of the Group. Accountancy and finance services were provided during the six months ended 30 June 2021 totalling £69,559 (six months ended June 2020: £50,063). Amounts outstanding at 30 June 2021 totalled £7,177 (June 2020: £7,862.

Umberto Torrielli: A director of the Group company as of 29 October 2020 relocated to the USA in order to establish a new presence in this territory. For this purpose, a loan was issued of £150,000 which is held within other debtors at the end of the reporting period (June 2020: £nil).