Silver Bullet Data Services Group PLC
Unaudited Financial Statements
For the Interim Six Months ended 30 June 2022

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 44, The Finsbury Business Centre 40 Bowling Green Lane London EC1R 0NE
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Financial Highlights

	Six months to June 2022	Six months to June 2021
Revenue	£2.33m	£1.67m
Gross Profit	£1.63m	£1.24m
Headline Loss before tax*	£3.40m	£2.97m
Reported Loss before tax	£3.79m	£3.93m
Earnings Per Share	(£0.27)	(£0.44)

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

Operational Highlights

- Revenue of £2.33 million, with revenue growth up by 40 per cent compared to H1 2021 and in line with management expectations.
- 12 new multi-market services client wins in the period including Mars, Britbox and Entain Group.
- Further consolidation of existing services clients with additional contract wins from Heineken, ITV and Channel 4.
- Continued technical development and enhancement of '4D', Silverbullet's contextual insights and targeting platform, including enhancements of the programmatic video and YouTube offering in line with market demand.
- Despite previous reported headwinds resulting from Google's continued delays on cookie deprecation, 4D revenue growth is in line with management expectations and is driven by evolving client demands around consumer data privacy. Contextual managed services for 4D are in increasing demand to meet more complex data privacy client requirements.
- Launch of a strategic partnership and entity with Making Science Group S.A., enabling access to new clients, services and Google ad tech and data products such as YouTube and DV360.
- In June 2022 the Group secured additional funding of £4.6 million in order to bolster its balance sheet and support the growth of Silverbullet's 4D product and sales.

Chief Executive Officer's Report

Silverbullet (the "Company", or, together with its subsidiaries, the "Group") has delivered solid results for the first half of 2022, delivering significant revenue growth, adding substantial new clients and continuing development of our 4D product and revenue streams. The performance is in line with management expectations, despite Google announcing a delay in cookie deprecation by 12 months, which we believe had a detrimental impact on the speed of uptake of the 4D contextual advertising product by media agencies.

Silverbullet is a data and digital transformation company that seeks to deliver future-proofed solutions for the privacy-first, first-party data era in marketing and digital advertising. The Group operates two business units serving clients, technology partners and media agency networks globally.

- **Data-driven transformation services business**: our expert services help clients deliver data privacy-first, customer-centric marketing. This includes first-party data strategy and customer journey advisory services, marketing technology implementation and integration engineering, ongoing Martech and data managed services.
- **'4D' proprietary contextual data product business**: a contextual insights and targeting platform designed to help clients meet the challenges posed by the privacy-first post-cookie era. 4D enables improved contextual targeting in a fully data privacy compliant way and is integrated into the programmatic ecosystem with a strong focus on online video (including YouTube). 4D is available in both a self-serve and managed service capacity to clients and their media agencies.

The Group has delivered solid revenue growth, up by 40 per cent. compared to H1 2021.

The growth is derived from both our data driven transformation services business and our 4D contextual platform. In our data driven transformation services business, we have continued to add new clients, consolidate existing clients and expand geographically during the period.

4D has contributed well to the overall revenue growth, as the market shifts to contextual and first-party ID solutions an increase in media agency (a key channel to market) testing and usage has occurred. Media agencies have increasingly required the provision of a contextual managed service, which we are able to provide utilising our existing capability. We continue to integrate 4D into other technology platforms which provides a growing "passive" revenue stream.

Data transformation services.

During H1 2022, we have secured 12 new client wins. We have also consolidated and extended contracts with a number of our key existing clients including ITV and Channel 4. These new wins, and the current visible pipeline and forward bookings, gives us confidence for H2 2022, but we remain aware that the worsening macro-economic environment in which our clients are operating could negatively affect this.

One of the most significant wins was Mars Inc., where Silverbullet became a key global partner for first-party data services, including the implementation of first-party data strategy working closely with Salesforce Marketing cloud. Heineken continues to be an important customer for the Group, and we secured expanded renewals with all our key regional Heineken partnerships across EMEA, North America and LatAm.

Our continued key partnership with Salesforce and Treasure Data provides market leading technology collaboration, enabling us to grow existing clients, and win new clients. In H1 2022 we successfully leveraged these partnerships and our current global client footprint to open the US and Latin American Services office based in New York City. Our services offering now sits alongside our US and Latin American operations for 4D, positioning us well for future client growth in this significant region.

4D – Proprietary contextual data product.

4D is Silverbullet's emerging proprietary contextual data product. After successful testing in 2021, 4D is gaining traction in the market with multiple clients and agencies, and despite initial headwinds revenues are in line with management expectations. Scaled global clients and media agency networks are using 4D in two key ways: insight generation on consumer online behaviour, and contextual targeting for video and display programmatic advertising; all executed in a consumer privacy-first non-cookie based way.

4D has established three key routes to market:

1) technology partners such as demand-side and supply-side platforms (DSPs and SSPs);

2) a strategic partnership and entity with Local Planet, a global independent media agency network of over 60 agencies; and
3) direct sales to global network media agencies (e.g. Publicis and WPP) and global clients.

These channels to market provide a solid foundation for scaling what is now a multi-geography and multi-language product which solves the key problem of consumer insight and digital advertising targeting in the privacy-first, post-cookie era.

In H1 2022, we successfully launched 4D for YouTube. As the world's largest video platform, YouTube now opens new potential 4D spends as brands continue to shift traditional TV investment into online video. 4D is now available for advertising spend across programmatic display, video, and YouTube as a managed service (as well as the original self-serve platform). This managed service offering is attractive to media agencies who are increasingly under pressure to deliver more complex data privacy compliant solutions using contextual data for their clients.

Outlook

The board is pleased with the solid start to the year and with our performance and continued development of the Group during H1 2022.

We have material visibility on full-year revenues and continue to carefully manage our investment in talent and other operating costs so that we can achieve our EBITDA targets. We are however not immune to the challenging macro-economic environment which may have a negative impact on marketing investment in H2 2022 and into 2023. The management team remain optimistic that any such negative correction in overall marketing investment would only engender further investment in data driven transformation initiatives for significant marketers to the benefit of the Group's business model.

I would like to thank all of our staff and management for their continued dedication and successes over H1 2022. I look forward with optimism as to what we can achieve during the rest of this year and into 2023.

Ian James

Ian James
Chief Executive Officer and Director

Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2022 £	Six months ended 30 June 2021 £
Revenue	3	2,331,391	1,668,894
Cost of sales		(704,336)	(424,093)
Gross profit		**1,627,055**	**1,244,801**
Other operating income		23,587	4,006
Distribution costs		(372,669)	(227,729)
Administrative expenses		(5,051,431)	(4,412,008)
Exceptional items	4	-	(508,821)
Operating loss		**(3,773,458)**	**(3,899,751)**
Finance expense		(19,776)	(33,777)
Loss before taxation		**(3,793,234)**	**(3,933,528)**
Taxation		146,173	145,085
Loss after taxation attributable to the equity shareholders of the company		**(3,647,061)**	**(3,788,443)**
Other comprehensive income / (loss) net of taxation			
Currency translation differences		(32,966)	(78,109)
Total comprehensive loss for the year		**(3,680,027)**	**(3,866,552)**
Total comprehensive loss attributable to:			
Shareholders of the company		(3,680,039)	(3,866,552)
Non-controlling interest		12	-
		(3,680,027)	**(3,866,552)**
Earnings per share			
Basic earnings	6	**(0.27)**	**(0.44)**
Diluted earnings	6	**(0.27)**	**(0.44)**

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Consolidated Statement of Financial Position

	Note	At 30 June 2022	At 31 December 2021	At 30 June 2021
		£	£	£
Non-current assets				
Goodwill	7	4,349,662	4,349,662	4,330,222
Intangible assets	7	2,501,680	2,206,742	1,675,821
Property, plant and equipment		53,616	42,115	56,953
Total non-current assets		**6,904,958**	**6,598,519**	**6,062,996**
Current assets				
Trade and other receivables		2,836,163	2,264,972	1,787,809
Cash and cash equivalents		3,156,919	3,687,809	8,649,818
Total current assets		**5,993,082**	**5,952,781**	**10,437,627**
Total Assets		**12,898,040**	**12,551,300**	**16,500,623**
Current liabilities				
Trade and other payables		2,475,649	2,609,028	3,287,249
Loans and other borrowings		36,237	16,061	-
Total current liabilities		**2,511,886**	**2,625,089**	**3,287,249**
Non-current liabilities				
Loans and borrowings		1,633,751	143,644	194,216
Deferred tax liability	5	620,851	547,892	318,406
Total non-current liabilities		**2,254,602**	**691,536**	**512,622**
Total liabilities		4,766,488	3,316,625	3,799,871
Net assets		**8,131,552**	**9,234,675**	**12,700,752**
Equity				
Share capital	9	159,167	134,227	134,190
Share premium		10,795,153	8,639,593	8,642,511
Share option reserve	10	1,671,767	1,275,363	812,332
Retained earnings		(4,458,427)	(811,354)	3,134,556
Capital redemption reserve		50	50	50
Foreign exchange reserve		(41,471)	(8,505)	(22,887)
Equity attributable to the equity shareholders of the company		8,126,239	9,229,374	12,700,752
Non-controlling interest		5,313	5,301	-
Total equity		**8,131,552**	**9,234,675**	**12,700,752**

Consolidated Statement of Cash Flows

	Six months ended 30 June 2022	Six months ended 30 June 2021
	£	£
Cash flows from operating activities		
(Loss) after tax from continuing operations	(3,647,061)	(3,788,443)
Adjustments for:		
Depreciation	14,891	21,056
Amortisation	353,307	201,982
Foreign exchange	(32,966)	(78,109)
Net finance expense	19,776	33,777
Taxation expense	(146,173)	(145,085)
Increase in trade and other receivables	(128,371)	(64,529)
(Decrease) / increase in trade and other payables	(388,215)	(64,874)
Share option charge	396,404	457,636
Increase in deferred tax liability	72,959	94,485
Cash generated from operations	**(3,485,449)**	**(3,332,104)**
Taxation refunded	401,009	225,106
Net cash used in operating activities	**(3,084,440)**	**(3,106,998)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,391)	(41,069)
Purchase of intangible assets	(648,245)	(635,086)
Net cash used in investing activities	**(674,636)**	**(676,155)**
Cash flows from financing activities		
Proceeds from borrowings	1,510,282	5,646
New equity issued (net of transaction costs)	1,737,680	11,806,310
Interest paid	(19,776)	(33,777)
Net cash from financing activities	**3,228,186**	**11,778,179**
Net increase in cash and cash equivalents	**(530,890)**	**7,995,026**
Cash and cash equivalents at beginning of period	3,687,809	654,792
Cash and cash equivalents at end of period	**3,156,919**	**8,649,818**

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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 attributable to shareholders	Non-controlling interest	Total equity
	£	£	£	£	£	£	£		
As at 1 January 2021	8,256	35,387,853	(32,240,404)	1,192,653	-	(44,999)	4,303,359	-	4,303,359
Total comprehensive loss for the period	-	-	(3,888,664)	-	-	22,112	(3,866,552)	-	(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	-	457,636
Share options exercised	275	1,700	470,983	(470,983)	-	-	1,975	-	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	-	11,804,334
As at 30 June 2021	**134,190**	**8,642,511**	**3,134,556**	**812,332**	50	**(22,887)**	**12,700,752**	**-**	**12,700,752**
Total comprehensive loss for the period	-	-	(4,627,268)	-	-	14,382	(4,612,886)	5,251	(4,607,635)
Non-controlling interest in subsidiary	-	-	-	-	-	-	-	50	50
Share option charge	-	-	-	1,144,389	-	-	1,144,389	-	1,144,389
Share options exercised	37	17,411	(1,450)	1,450	-	-	17,448	-	17,448
Share options forfeited/lapsed	-	-	682,808	(682,808)	-	-	-	-	-
Shares issued during period (net of transaction costs)	-	(20,329)	-	-	-	-	(20,329)	-	(20,329)
As at 31 December 2021	**134,227**	**8,639,593**	**(811,354)**	**1,275,363**	**50**	**(8,505)**	**9,229,374**	**5,301**	**9,234,675**
Total comprehensive loss for the period	-	-	(3,647,073)	-	-	(32,966)	(3,680,039)	12	(3,680,027)
Share option charge	-	-	-	396,404	-	-	396,404	-	396,404
Shares issued during period (net of transaction costs)	24,940	2,155,560	-	-	-	-	2,180,500	-	2,180,500
As at 30 June 2022	**159,167**	**10,795,153**	**(4,458,427)**	**1,671,767**	**50**	**(41,471)**	**8,126,239**	**5,313**	**8,131,552**

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 44 The Finsbury Business Centre, 40 Bowling Green Lane, London, EC1R 0NE.

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 2022).

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 2024 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.

On 20 June 2022 the company secured additional funding of £4.6m in order to bolster its balance sheet and support the growth of Silverbullet's 4D product sales during 2022. The funding was comprised of £2,494,000 of equity at a price of £1 per share and £2,106,000 of convertible loan notes with an interest rate of 12%. The successful funding was a key element of the strategic business plan.

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 this financial information.

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 transformation 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.

4D outcomes engine

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 PLC 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 PLC. 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 PLC'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:

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.

Convertible loan notes

Liability instruments that are convertible into equity shares either mandatorily or at the option of the holder, are split into liability and equity components. The liability element is determined by the fair value of the cash flows excluding any equity component; with the residual assigned to equity.

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.

Capitalised development costs
Development costs incurred in building the Group's key platform for future expansion have been capitalised in accordance with the requirements of IAS38. The majority of these costs consist of salary expenses to which an estimated proportion of development time has been applied.

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. Impairments of intangible assets are explained in more detail at note 12.

Going concern
These financial statements have been prepared on the going concern basis. This treatment is based on management's judgement that cashflow requirements for the continued development can be achieved through operating activities and through additional fundraising if required.

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 2022		**Six months ended 30 June 2021**	
	Revenue	*Gross profit/(loss)*	*Revenue*	*Gross profit/(loss)*
	£	**£**	**£**	**£**
Data transformation services	1,780,598	1,636,471	1,656,110	1,385,646
4D outcomes engine	550,793	(9,416)	12,784	(140,845)
Total	2,331,391	1,627,055	1,668,894	1,244,801
EBITDA from continuing operations				
Operating (loss)		(3,773,458)		(3,899,751)
Depreciation and amortisation		368,198		223,038
Total		**(3,405,260)**		**(3,676,713)**

4. Exceptional items

	Six months ended 30 June 2022	**Six months ended 30 June 2021**
	£	**£**
Professional fees relating to the IPO	-	508,821
	-	**508,821**

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 internally generated 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 2022	Six months ended 30 June 2021
	£	£
Total losses after taxation attributable to shareholders	3,647,061	3,788,443
Number of shares		
Weighted average number of ordinary shares	13,630,520	8,516,470
Dilutive effect of in-the-money share options	547,960	1,624,517
Diluted weighted average number of shares	14,178,480	10,140,987
Earnings per share		
Basic earnings per share	(0.27)	(0.44)
Diluted earnings per share	(0.27)	(0.44)

As the group is loss making options are not dilutive and therefore the diluted EPS is the same as the basic EPS.

7. Goodwill and intangible assets

	Customer lists	Development Costs	Goodwill	Total
	£	£	£	£
COST				
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**
At 1 July 2021	595,708	1,693,256	4,330,222	**6,619,186**
Additions	-	804,748	19,440	**824,188**
At 31 December 2021	**595,708**	**2,498,004**	**4,349,662**	**7,443,374**
At 1 January 2022	595,708	2,498,004	4,349,662	**7,443,374**
Additions	-	648,245	-	**648,245**
At 30 June 2022	**595,708**	**3,146,249**	**4,349,662**	**8,091,619**
AMORTISATION				
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**
At 1 July 2021	288,327	324,816	-	**613,143**
Amortisation charge	74,463	199,364	-	**273,827**
At 31 December 2021	**362,790**	**524,180**	**-**	**886,970**
At 1 January 2022	362,790	524,180	-	**886,970**
Amortisation charge	74,464	278,843	-	**353,307**
At 30 June 2022	**437,254**	**803,023**	**-**	**1,240,277**
NET BOOK VALUE				
At 30 June 2021	307,381	1,368,440	4,330,222	**6,006,043**
At 31 December 2021	232,918	1,973,824	4,349,662	**6,556,404**
At 30 June 2022	158,454	2,343,226	4,349,662	**6,851,342**

8. Loans and other borrowings

During the period ended 30 June 2022 the Group issued convertible loan notes totalling £1,507,000. Loan notes are convertible to ordinary shares by the note holder at any point and may be converted by the Group on a sale. The loan notes are repayable after three years and interest accrues on these loan notes at a rate of 12%.

	30 June 2022	31 December 2021	30 June 2021
	£	£	£
Current liabilities			
Bank loans	36,237	16,061	-
	36,237	**16,061**	**-**

	30 June 2022	31 December 2021	30 June 2021
	£	£	£
Non-current liabilities			
Bank loans	126,750	143,644	194,216
Convertible loan notes	1,507,000	-	-
	1,633,750	**143,644**	**194,216**

9. Share capital

During the six months ended 30 June 2022 2,494,000 new shares were issued at a share price of £1.00. Share capital in issue during the current and comparative periods are listed below:

	30 June 2022		31 December 2021		30 June 2021	
Ordinary share capital	**No.**	**£**	**No.**	**£**	**No.**	**£**
Issued and fully paid						
Ordinary	15,916,687	159,167	13,422,687	134,227	13,418,982	134,190
	15,916,687	**159,167**	**13,422,687**	**134,227**	**13,418,982**	**134,190**

10. Share Option Reserve

	30 June 2022	31 December 2021	30 June 2021
	£	£	£
Share Option reserve	1,671,767	1,275,363	812,332
	1,671,767	**1,275,363**	**812,332**

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 2022		31 December 2021		30 June 2021	
	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	1.56	1,679,607	1.65	1,709,984	3.05	250,153
Forfeited/expired during period	-	-	(1.27)	(116,006)	(0.89)	(128,761)
Granted during period	-	-	1.27	87,186	1.34	1,618,496
Exercised during period	-	-	(0.30)	(1,557)	(0.37)	(29,904)
Outstanding at end of period	1.56	1,679,607	1.56	1,679,607	1.65	1,709,984

11. Related party transactions

Local Planet International Limited: is a related party to the group by virtue of having Directors in common. Ian James, Martyn Rattle and Nigel Sharrocks are directors of both companies.

Recharges for shared services totalling £23,070 (six months to 30 June 2021: £nil) are included in revenue for the six months ended 30 June 2022. Amounts outstanding at the period end included in trade receivables totals £29,178 (six months to 30 June 2021: £nil).

Recharges for direct costs incurred were processed during the six months ended 30 June 2022 totalling £31,664 (six months to 30 June 2021: £nil). Amounts outstanding at the period end totalled £35,395 (six months to 30 June 2021: £nil).

Fluency Media Limited: is a related party to the group by virtue of having Directors in common. Ian James is a director of both companies. Consultancy services were provided during the six months ended 30 June 2022 totalling £nil (six months to 30 June 2021: £90,000). There were no amounts outstanding at the reporting date (six months to 30 2021: £nil). All of these services were provided prior to listing in June 2021.

Marmalade Consultants Limited: is a related party to the group by virtue of having Directors in common. Martyn Rattle is a director of both companies. Consultancy services were provided during the six months ended 30 June 2022 totalling £25,627 (six months to 30 June 2021: £17,920). Amounts outstanding as at 30 June 2022 totalled £nil (six months to 30 June 2021: £10,752).

Educated Solutions Limited: is a related party to the group by virtue of having Directors in common. Ian James and Martyn Rattle are directors of both companies. Revenue recognised for services provided to the company during the six months ended 30 June 2022 totalled £nil (six months to 30 June 2021: £10,800). Expenses were also recognised in respect of services provided totalling £3,462 (six months to 30 June 2021: £nil). All amounts outstanding were paid in full by the reporting date.

Umberto Torrielli: A director of the Group company relocated to the USA in order to establish a new presence in this territory in 2020. For this purpose a loan was issued of £150,000 which is held within other debtors at the end of the reporting period (six months to 30 June 2021: £150,000).

Made by Brittan Limited: was a related party to the group by to the group by virtue of having Directors in common. Jeff Thomas was a director of both companies, this relationship ceased in April 2021 following the related Director's resignation from Silver Bullet Data Services Group Plc. Consultancy services were provided during the six months ended 30 June 2021 totalling £22,800. All amounts outstanding were paid by the reporting date.

Purple Lime Accountancy Limited: was a related party to the group by virtue of having Directors closely related to Jeff Thomas, a former Director of the Group. This relationship ceased in April 2021 following the related Director's resignation from Silver Bullet Data Services Group Plc. Accountancy and finance services continued to be provided and during the six months ended 30 June 2021 these services totalled £69,559. Amounts outstanding as at 30 June 2021 totalled £7,177.