Company number: 08525481

Silverbullet

SILVER BULLET DATA SERVICES GROUP PLC

UNAUDITED FINANCIAL STATEMENTS

FOR THE INTERIM SIX MONTHS ENDED 30 JUNE 2023

Corporate Information

Directors	Mr Nigel Sharrocks, Non-Executive Chairman Mr Ian James, Chief Executive Officer Mr Darren Poynton, Chief Financial Officer Mr Umberto Torrielli, Chief Strategic Officer Mr Keith Sadler, Non-Executive Director (resigned on 9 March 2023) Mr Steven Clarke, Non-Executive Director Mr Martyn Rattle, Non-Executive Director
Secretary	Mr Darren Poynton
Company Number	08525481
Registered Office	The Harley Building 77 New Cavendish Street London W1W 6XB
Auditor	Crowe U.K. LLP 4 Mount Ephraim Road Tunbridge Wells TN1 1EE United Kingdom
Legal Advisors	Fladgate LLP 16 Great Queen Street London WC2B 5DG United Kingdom
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD United Kingdom
Nominated adviser	Strand Hanson Limited 26 Mount Row Mayfair London W1K 3SQ United Kingdom
Broker	Oberon Capital 65 Curzon Street London W1J 8PE United Kingdom

Financial Highlights

	Six months to June 2023	Six months to June 2022
Revenue	£4.16m	£2.33m
Gross Profit	£3.34m	£1.63m
EBITDA*	(£1.19m)	(£3.41m)
Reported Loss before tax	£1.83m	£3.79m
Earnings Per Share	(£0.10)	(£0.27)

**See note 3 of notes to the interim accounts*

Operational Highlights

- For the six months to June 2023, Silverbullet experienced a period of strong revenue growth, with revenue having increased by 79% to £4.16 million versus H1 2022 (2022: £2.33m).
- Increased revenue driven by the expansion of services to established customer base across the Group's three key markets of US, UK and APAC, alongside new logo wins; notably, over 35% of Group revenue in the period was generated in the US market.
- Revenue from '4D' Silverbullet's AI contextual data platform has grown by 122% to £1.22m - driven predominantly by significant growth in the US market.
- Revenue from the Customer Experience Services unit has grown by 65% to £2.94m - largely driven by growth with existing clients.
- Significantly reduced operating costs as a result of strong cost management and the successful restructure of the 4D team in late 2022 as the platform reached key milestones on the product development roadmap.

Chief Executive Officer's Report

Silverbullet is pleased to report that it has delivered a strong set of results for the first half of 2023 in line with management expectations, delivering significant revenue growth whilst reducing its cost base when compared to the six months to June 2022.

In the period, the Company achieved revenue growth of 79% versus H1 2022, with revenues of £4.16 million. The Group has experienced growth across both Customer Experience Services (CX) unit and 4D, its AI contextual data platform. This growth has been achieved by expanding engagements with both new and established clients across the Group's three key markets of US, UK and APAC, as clients accelerate their data driven marketing transformations.

During the same period, whilst maintaining investment in key talent in the CX Services division in order to deliver the revenue growth, the Company reduced the overall operating costs by 8% to £4.98m. This has been achieved through tight cost management and as a result of the successful restructure of the 4D team in late 2022 in line with achieving product roadmap milestones.

As the business importance of customer data (accelerated by AI) continues to increase, Silverbullet is well positioned as a leading Data-Driven Customer Experience (CX) company. Silverbullet sits at the centre of the data ecosystem to enable its clients such as Heineken, Mars, Sony and Omnicom to deliver marketing transformation through unlocking the value of customer data, marketing technology and AI driven advertising tools.

As consumer demand for data privacy increases, the Group enables its clients to better communicate with their customers in a privacy first way whilst maximising the marketing ROI from data and marketing technology.

The business is comprised of two divisions:

- **Customer Experience (CX) Services**: *Professional services specialising in the delivery of data transformations and customer journey orchestration on behalf of global clients. Silverbullet's trusted data transformation experts enable businesses to curate their CX strategies, utilising right data and marketing technology in order to engage customers across a variety of digital marketing channels (including owned and paid).*

- **4D, AI contextual data Platform:** *The privacy-first AI contextual targeting and insights platform that enables the delivery of display, video and CTV ad campaigns in environments consumers trust. 4D brings together the most advanced machine learning and AI technologies to help brands engage customers at the right place, right time, and in the right moment - all the while respecting their privacy and legal rights as consumers.*

Customer Experience (CX) Services

Silverbullet's Customer Experience (CX) Services division achieved growth of 65% during the period with revenues growing to £2.94m. This has largely been driven by securing additional contracts and increased scopes of work with existing global clients. In particular, multi-brand international clients such as Heineken, Sony and Mars continue to adopt more services from Silverbullet as the Group expands its services offering, product suite and geographical footprint.

Silverbullet's partnerships with a number of global enterprise-marketing software companies, such as Salesforce and Snowflake, continue to thrive, ensuring clients establish long-term transformational data infrastructures which can be systematically replicated, with the help of Silvebullet CX services, in additional geographical markets and new brands. This expansion, in turn, provides Silverbullet with robust pipeline and services expansion opportunities with new and established clients.

4D, AI contextual data platform

4D, Silverbullet's AI contextual data targeting and insights platform, has delivered exceptional growth in the period, with revenues growing by 122% versus H1 2022 to £1.22m. This has largely been driven by the managed service offering in the US market. Having achieved maturity in the development of the 4D AI platform in late 2022, the Group is focusing its efforts and investment on commercial growth opportunities as clients and their media agencies focus on solutions for advertising privacy concerns whilst improving digital advertising ROI.

Multiple clients regularly used the platform in the period, including a leading insurance company, a global electronics manufacturer and a US Government Body, providing a solid foundation for growth moving forward.

With the 4D AI contextual data platform, established management is now focused on developing new client use-cases and partnerships, especially around Online Video and Connected TV, opening up new revenue opportunities. In May 2023, the Group announced its first 4D reseller contract with Silverpush Global Pte Ltd, a global leader in cookieless and AI powered advertising solutions, with 18 offices worldwide. This partnership significantly increases 4Ds global sales reach. A number of clients have started to test 4D via this partnership and a pipeline of new clients is steadily building.

Outlook

We are pleased with the continued positioning and development of the Company and with our strong revenue growth and the reduction in costs leading to a significantly improved overall position in H1 2023.

We have strong visibility on full-year revenues and continue to carefully manage our investment in talent and other operating costs. We are growing both revenues and our customer base in the US, where we believe there is significant growth potential, and look forward to increasing the proportion of total revenue contribution in this market further in H2 2023. Whilst the demand by companies for data and privacy services and products remain strong, we are fully aware that the current global environment remains volatile and will run our business accordingly. At Silverbullet, we have services and technology solutions that assist customers in achieving their marketing and advertising objectives at lower cost and with higher returns, and hence, despite these challenging macro-economic conditions, we continue to see robust demand from clients.

As the Company matures, we are steadily moving toward a position of positive EBITDA in early FY24. As a result, the Board is optimistic about the outlook and views the future with confidence.

Ian James.

Ian James
Chief Executive Officer and Director

Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2023 £	Six months ended 30 June 2022 £
Revenue	3	4,163,247	2,331,391
Cost of sales		(821,208)	(704,336)
Gross profit		**3,342,039**	**1,627,055**
Other operating income		-	23,587
Distribution costs		(453,392)	(372,669)
Administrative expenses		(4,524,003)	(5,051,431)
Operating loss		**(1,635,356)**	**(3,773,458)**
Finance expense		(196,822)	(19,776)
Loss before taxation		**(1,832,178)**	**(3,793,234)**
Taxation		167,331	146,173
Loss after taxation attributable to the equity shareholders of the company		**(1,664,847)**	**(3,647,061)**
Other comprehensive (loss) net of taxation			
Currency translation differences		(11,904)	(32,966)
Total comprehensive loss for the year		**(1,676,751)**	**(3,680,027)**
Total comprehensive loss attributable to:			
Shareholders of the company		(1,680,718)	(3,680,039)
Non-controlling interest		3,967	12
		(1,676,751)	**(3,680,027)**
Earnings per share			
Basic earnings	5	**(0.10)**	**(0.27)**
Diluted earnings	5	**(0.10)**	**(0.27)**

Consolidated Statement of Financial Position

	Note	At 30 June 2023	At 31 December 2022	At 30 June 2022
		£	£	£
Non-current assets				
Goodwill	6	4,349,662	4,349,662	4,349,662
Intangible assets	6	2,226,359	2,544,739	2,501,680
Investments		4,999	4,999	-
Property, plant and equipment		46,230	53,809	53,616
Total non-current assets		**6,627,250**	**6,953,209**	**6,904,958**
Current assets				
Trade and other receivables		3,109,469	2,487,844	2,836,163
Cash and cash equivalents		677,622	1,352,221	3,156,919
Total current assets		**3,787,091**	**3,840,065**	**5,993,082**
Total Assets		**10,414,341**	**10,793,274**	**12,898,040**
Current liabilities				
Trade and other payables		2,547,803	2,311,754	2,475,649
Loans and other borrowings		372,462	41,227	36,237
Total current liabilities		**2,920,265**	**2,352,981**	**2,511,886**
Non-current liabilities				
Loans and borrowings		2,324,121	1,797,992	1,633,751
Deferred tax liability	4	553,170	632,190	620,851
Total non-current liabilities		**2,877,291**	**2,430,182**	**2,254,602**
Total liabilities		5,797,556	4,783,163	4,766,488
Net assets		**4,616,785**	**6,010,111**	**8,131,552**
Equity				
Share capital	8	159,367	159,367	159,167
Share premium		10,821,021	10,821,021	10,795,153
Share option reserve	9	2,570,666	2,396,396	1,671,767
Other reserves		440,695	398,954	-
Retained earnings		(9,280,584)	(7,679,183)	(4,458,427)
Capital redemption reserve		50	50	50
Foreign exchange reserve		(104,644)	(92,741)	(41,471)
Equity attributable to the equity shareholders of the company		4,606,571	6,003,864	8,126,239
Non-controlling interest		10,214	6,247	5,313
Total equity		**4,616,785**	**6,010,111**	**8,131,552**

Consolidated Statement of Cash Flows

	Six months ended 30 June 2023 £	Six months ended 30 June 2022 £
Cash flows from operating activities		
(Loss) after tax	(1,664,847)	(3,647,061)
Adjustments for:		
Depreciation	15,200	14,891
Amortisation	431,668	353,307
Foreign exchange	(11,903)	(32,966)
Net finance expense	196,821	19,776
Taxation expense	(167,331)	(146,173)
Increase in trade and other receivables	(621,625)	(128,371)
(Decrease) / increase in trade and other payables	51,445	(388,215)
Share option charge	241,684	396,404
(Decrease) / increase in deferred tax liability	(79,020)	72,959
Cash generated from operations	**(1,607,908)**	**(3,485,449)**
Taxation refunded	351,936	401,009
Net cash used in operating activities	**(1,255,972)**	**(3,084,440)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,621)	(26,391)
Purchase of intangible assets	(113,288)	(648,245)
Net cash used in investing activities	**(120,909)**	**(674,636)**
Cash flows from financing activities		
Proceeds from borrowings	711,010	1,510,282
Repayments of borrowings	(20,296)	-
Equity in convertible loan notes issued	41,741	-
New equity issued (net of transaction costs)	-	1,737,680
Interest paid	(30,173)	(19,776)
Net cash from financing activities	**702,282**	**3,228,186**
Net increase in cash and cash equivalents	**(674,599)**	**(530,890)**
Cash and cash equivalents at beginning of period	1,352,221	3,687,809
Cash and cash equivalents at end of period	**677,622**	**3,156,919**

Consolidated Statement of Changes in Equity attributable to the shareholders

	Share Capital	Share premium	Share Option Reserve	Other reserves	Retained earnings	Capital redemption reserve	Foreign exchange reserve	Total equity attributable to shareholders	Non-controlling interest	Total equity
	£	£	£	£	£	£	£	£		
As at 1 January 2022	134,227	8,639,593	1,275,363	-	(811,354)	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**	**1,671,767**	**-**	**(4,458,427)**	**50**	**(41,471)**	**8,126,239**	**5,313**	**8,131,552**
Total comprehensive loss for the period	-	-	-	-	(3,575,906)	-	(51,270)	(3,627,176)	934	(3,626,242)
Convertible loan notes issued	-	-	-	398,954	-	-	-	398,954	-	398,954
Share option charge	-	-	1,079,779	-	-	-	-	1,079,779	-	1,079,779
Share options exercised	200	-	(46,739)	-	46,739	-	-	200	-	200
Share options forfeited/lapsed	-	-	(308,411)	-	308,411	-	-	-	-	-
Shares issued during period (net of transaction costs)	-	25,868	-	-	-	-	-	25,868	-	25,868
As at 31 December 2022	**159,367**	**10,821,021**	**2,396,396**	**398,954**	**(7,679,183)**	**50**	**(92,741)**	**6,003,864**	**6,247**	**6,010,111**
Total comprehensive loss for the period	-	-	-	-	(1,668,815)	-	(11,903)	(1,680,718)	3,967	(1,676,751)
Share option charge	-	-	241,684		-	-	-	241,684	-	241,684
Share options forfeited/lapsed	-	-	(67,414)	-	67,414	-	-	-	-	-
Convertible loan notes issued	-	-	-	41,741	-	-	-	41,741	-	41,741
As at 30 June 2023	**159,367**	**10,821,021**	**2,570,666**	**440,695**	**(9,280,584)**	**50**	**(104,644)**	**4,606,571**	**10,214**	**4,616,785**

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 The Harley Building, 77 New Cavendish Street, London, W1W 6XB.

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 UK adopted International Accounting Standards (IAS) 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.

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.

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 2025 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.

Whilst the directors have plans in place to manage any reasonably foreseeable circumstances, they forecast there will be a need for additional funding in the short-term. The directors are confident that the Group will be able to raise any required funds to meet their strategic objectives however there is an uncertainty over how much funding may be raised when required. However as securing new funding cannot be assured, a material uncertainty exists related to the group or company's ability to continue as a going concern.

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 or will be able to secure 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 and intangible assets.

REVENUE RECOGNITION

IFRS 15 - Revenue from Contracts with Customers has been applied for all periods presented within the financial statements. The timing of all revenue recognised by the Group during the reporting period was satisfied 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.

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

Customer Experience 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 contextual targeting and insights platform
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.

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.

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 the internally developed platform held by the group which is 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 are incurred unevenly during the financial year are accrued or deferred in the interim report only if it would be appropriate to do so at the end of the financial year.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements requires the Directors to make estimates and judgements that affect the reported amounts of assets, liabilities, costs and revenue in the financial statements. 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:

Amortisation
The assessment of the useful economic lives, residual values and the method of depreciating or amortising intangible (excluding goodwill) fixed assets requires judgement. Amortisation is 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.

Impairment of intangible fixed assets
Impairment tests have been undertaken in respect of goodwill and intangible 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.

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.

Critical accounting judgements:

Convertible loan note
The equity portion of the convertible loan notes in issue have been valued using the Black-Scholes model. This gives equivalent discount rates on the liability components ranging from 16% to 21%. The directors consider these rates to be an approximation of the rate on a similar loan without the conversion feature.

Going concern
As discussed more fully in the Directors' Report 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 two 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 2023		**Six months ended 30 June 2022**	
	Revenue	*Gross profit*	*Revenue*	*Gross profit/(loss)*
	£	**£**	**£**	**£**
Customer Experience Services	2,939,841	2,881,498	1,780,598	1,636,471
4D Platform	1,223,406	460,541	550,793	(9,416)
Total	4,163,247	3,342,039	2,331,391	1,627,055
EBITDA from continuing operations				
Operating (loss)		(1,635,356)		(3,773,458)
Depreciation and amortisation		446,868		368,198
Total		**(1,188,488)**		**(3,405,260)**

4. 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 change 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 £98,064 (June 2022: £150,000) are held within other receivables.

5. 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 2023	Six months ended 30 June 2022
	£	£
Total losses after taxation attributable to shareholders	1,668,814	3,647,073
Number of shares		
Weighted average number of ordinary shares	15,936,687	13,630,520
Dilutive effect of in-the-money share options	523,218	547,960
Diluted weighted average number of shares	16,459,905	14,178,480
Earnings per share		
Basic earnings per share	(0.10)	(0.27)
Diluted earnings per share	(0.10)	(0.27)

As there is a loss for the year the options are antidilutive and therefore the basic and the diluted EPS are the same.

6. Goodwill and intangible assets

	Customer lists	Development Costs	Websites	Goodwill	Total
	£	£	£	£	£
COST					
At 1 January 2022	595,708	2,480,154	17,850	4,349,662	**7,443,374**
Additions	-	643,100	5,145	-	**648,245**
At 30 June 2022	**595,708**	**3,123,254**	**22,995**	**4,349,662**	**8,091,619**
At 1 July 2022	595,708	3,123,254	22,995	4,349,662	**8,091,619**
Additions	-	450,817	-	-	**450,817**
At 31 December 2022	**595,708**	**3,574,071**	**22,995**	**4,349,662**	**8,542,436**
At 1 January 2023	595,708	3,574,071	22,995	4,349,662	**8,542,436**
Additions	-	113,288	-	-	**113,288**
At 30 June 2023	**595,708**	**3,687,359**	**22,995**	**4,349,662**	**8,655,724**
AMORTISATION					
At 1 January 2022	362,790	521,502	2,678	-	**886,970**
Amortisation charge	74,464	276,801	2,042	-	**353,307**
At 30 June 2022	**437,254**	**798,303**	**4,720**	**-**	**1,240,277**
At 1 July 2022	437,254	798,303	4,720	-	**1,240,277**
Amortisation charge	74,463	330,996	2,299	-	**407,758**
At 31 December 2022	**511,717**	**1,129,299**	**7,019**	**-**	**1,648,035**
At 1 January 2023	511,717	1,129,299	7,019	-	**1,648,035**
Amortisation charge	74,464	354,904	2,300	-	**431,668**
At 30 June 2023	**586,181**	**1,484,203**	**9,319**	**-**	**2,079,703**
NET BOOK VALUE					
At 30 June 2022	158,454	2,324,951	18,275	4,349,662	**6,851,342**
At 31 December 2022	83,991	2,444,772	15,976	4,349,662	**6,894,401**
At 30 June 2023	9,527	2,203,156	13,676	4,349,662	**6,576,021**

7. Loans and other borrowings

	30 June 2023	31 December 2022	30 June 2022
	£	£	£
Current liabilities			
Bank loans	372,462	41,227	36,237
	372,462	**41,227**	**36,237**

	30 June 2023	31 December 2022	30 June 2022
	£	£	£
Non-current liabilities			
Convertible loan notes	2,237,569	1,687,697	1,507,000
Bank loans	86,552	110,295	126,750
	2,324,121	**1,797,992**	**1,633,750**

As at 30 June 2023 the Group had two bank loans totalling £459,014 (June 2022: £151,522). One loan accrues interest at 1.95% per annum repayable over six years to 2026, the other loan balance is payable in equal instalments over a period of six months accruing annual interest rates ranging from 10.9% to 11.2%.

Convertible loan notes totalling £500,000 were issued during the reporting period which are convertible into new ordinary shares at the price of £0.50 per new ordinary share at any point during the three-year term of the loan.

The loan notes attract interest at a rate of 12% per annum, which is payable commencing on the date of issue either:

i) at the Company's option of 8% per annum paid monthly plus 4% payable via the issue of additional Convertible Loan Notes as payment in kind.

ii) 12% payable via the issue of additional Convertible Loan Notes as payment in kind.

The loan notes may be redeemed in cash at the option of company at any point at a premium equal to 15% of the principal amount of the Notes.

The equity element of the convertible loan note is recognised within other reserves. Market interest rates of between 14% and 21% has been applied to calculate the residual equity value of the financial instrument.

8. Share capital

During the six months ended 30 June 2023 no new shares were issued (six months to June 2022: 2,494,000 shares at a share price of £1.00). Share capital in issue during the current and comparative periods are listed below:

	30 June 2023		31 December 2022		30 June 2022	
Ordinary share capital	**No.**	**£**	**No.**	**£**	**No.**	**£**
Issued and fully paid						
Ordinary	15,936,687	159,367	15,936,687	159,367	15,916,687	159,167
	15,936,687	**159,367**	**15,936,687**	**159,367**	**15,916,687**	**159,167**

9. Share Option Reserve

	30 June 2023	31 December 2022	30 June 2022
	£	£	£
Share Option reserve	2,570,666	2,396,396	1,671,767
	2,570,666	**2,396,396**	**1,671,767**

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 2023		31 December 2022		30 June 2022	
	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	1.49	1,569,620	1.56	1,679,607	1.56	1,679,607
Forfeited/expired during period	0.05	(26,760)	1.50	(198,987)	-	-
Granted during period	-	-	0.27	109,000	-	-
Exercised during period	-	-	0.01	(20,000)	-	-
Outstanding at end of period	1.52	1,542,860	1.49	1,569,620	1.56	1,679,607

10. Related party transactions

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

Recharges for shared services totalling £49,384 (June 2022: £23,070) are included in revenue for the six months ended 30 June 2023. Amounts outstanding at the period end included in trade receivables totals £9,831 (June 2022: £29,178).

Recharges for direct costs incurred were processed during the six months ended 30 June 2023 totalling £27,600 (June 2022: £31,664). Amounts outstanding at the period end totalled £5,400 (June 2022: £35,395).

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 June 2023 totalling £nil (June 2022: £25,627). All amounts outstanding were settled before the reporting date 30 June 2023 (June 2022: £nil).

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 (June 2022: £150,000).