

1 June 2023

Silver Bullet Data Services Group plc
("Silverbullet" or the "Company", or, together with its subsidiaries, the "Group")

Preliminary Results for the year ended 31 December 2022

Silverbullet (AIM: SBDS), a provider of digital transformation services and products, is pleased to announce its unaudited preliminary results for the year ended 31 December 2022.

FINANCIAL HIGHLIGHTS.

	Year ended December 2022	Year ended December 2021
Revenue	£5.82m	£3.81m
Gross Profit	£4.22m	£2.79m
Headline Loss before tax*	£6.10m	£6.10m
Reported Loss before tax	£7.54m	£8.57m
Earnings Per Share	(£0.49)	(£0.73)

** Headline results are calculated before exceptional items and share option charges, reconciliation per note 6 of the consolidated financial statements.*

Operational Highlights:

- Revenue increased 53% to £5.82 million (2021: £3.81m)
- 16 new services client wins in the period, including Mars, Greene King and Entain Group
- Consolidation of existing services clients as a result of additional contract wins with Heineken, Sony and Salesforce.
- Focus on growth in key markets of UK, US and Australia
- '4D', Silverbullet's privacy-first contextual targeting and insights platform was further enhanced and developed during the year achieving the product road map and revenue targets set by management
- Management have successfully restructured the 4D team, having reached key milestones on the product development roadmap, to align cost structure with revenues and accelerate the path to profitability

Post Period End - Convertible Loan Note Issue

It is noted that the Company intends to complete a debt raise via a new convertible loan note imminently following the publication of these results in order to provide the Company with additional working capital to support the significant growth in sales of 4D and its services offering.

Ian James, Chief Executive Officer of Silverbullet, commented:

"2022 was a year of considerable progress for Silverbullet. The Company has seen significant growth based on the strong demand from existing and new clients to transform their data and technology capabilities to improve marketing ROI and deliver meaningful customer experiences. The period saw 16 new services client

improve marketing ROI and deliver meaningful customer experiences. The period saw 25 new services client wins, including Mars, Greene King and Entain Group. To be trusted by these multinational clients to spearhead their next phase of growth is strong evidence that our strategy to accelerate our client's business through the smart use of data in the privacy first era is well received. The services division of our business continues to underpin the group with both new clients and fast growth. Additionally, with our 4D product having reached maturity, we are now able to focus all resources on sales and delivery of client revenue. Strong 4D bookings have been secured, with a healthy pipeline in place, and we expect the significant 4D revenue growth this year to continue to accelerate, especially in the US.

"Silverbullet is highly encouraged by the developments being made and we are confident of achieving our expectations for the current financial year. We look forward to providing further updates to our shareholders throughout the year ahead."

For further information please contact:

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About Silverbullet

Silverbullet's proprietary 4D advertising solution is designed to help advertisers target consumers in a "post cookie world". The product is a natural extension to its existing services business which already serves a blue-chip client base such as Heineken, Channel 4, Amazon and ITV amongst many others. The removal of third-party cookies has already been implemented by web browsers such as Firefox and Safari, with Google expected to phase out the use of cookies in 2024.

Headquartered in London, the Group employs employees across five regions across the globe, including, the UK, Italy, Australia, USA and Latin America. The Group continues to look at other opportunities for expansion worldwide.

The Company has an established and growing services business with significant accumulated industry experience and a proven track record of delivering strategic projects and activation services to its clients. The majority of the Board have held senior positions at global software companies and have significant industry experience across data engineering, SAAS product development and marketing.

The Group has close technical and commercial partnerships with multiple global technology providers, all of which have existing sales channels and are already delivering to clients.

The Group has established a strategic partnership and an entity with Local Planet, a scaled network of over 60 agencies across the globe. Local Planet Data Services Limited was established in December 2020 and presents a significant opportunity to provide data services and the 4D product to the Local Planet agency network.

CHAIRMAN'S STATEMENT.

It is my pleasure to present the annual results of Silverbullet Data Services Group Plc. I am delighted with the progress made in in 2022, delivering impressive revenue growth with a wide selection of blue-chip clients. The development of 4D, our privacy-first contextual targeting and insights platform, is largely complete and is now starting to deliver significant revenue.

now starting to deliver significant revenue.

2022 was a challenging period for many companies in the media and technology space. Whilst I am pleased with our top line growth, I am equally satisfied with how the management team has controlled costs and restructured elements of the business to ensure that the Group operates efficiently and is appropriately set up for future growth.

Results.

Revenue for the year was £5.82m (2021: £3.81m), driven primarily by growth in our data-driven transformation services business, providing data consultancy advice to numerous clients across the world. Loss before tax was £7.54m (2021: £8.57m) leading to a loss per share of 49p (2021: 73p). Cash as at 31 December 2022 was £1.35m (2021: £3.69m).

People.

The excellent Board of Directors for the Group remained unchanged in 2022. Keith Sadler and Steven Clarke are independent non-executive directors and are members of both our Audit and Remuneration committees. Martyn Rattle has significant experience in the Media and Technology space and provides excellent insights and challenges to the Board. Keith Sadler resigned from his position (post period end) on 9 March 2023 in order to focus on his other business interests. I would like to thank Keith for his contributions to the Group and wish him well in his future endeavours. We are currently undergoing a search for a new independent non-executive director who will join Steven Clarke on the Audit and Remuneration committees.

I am privileged to be working with our three executive directors, Ian James, Chief Executive Officer, Umberto Torrielli, Chief Strategy Officer and Darren Poynton, Chief Financial Officer. I would like to thank them for their focus and commitment in leading the Group this year and driving the strategy of business.

The Company's true strength is its people. We have expanded during the year as well as restructured certain areas to drive focus. I would like to thank all our employees across the world for their dedication, expertise and commitment to generating such impressive growth and development.

Overview.

In a world where data and privacy are essential considerations for all companies, I am extremely pleased with the services that the Group provides to its clients. The prospect for growth and further development of the Group is extremely strong. The Board will continue to work with the executive and management teams in 2023 to deliver on our strategy and to create value for our shareholders.

Nigel Sharrocks

Non-Executive Chairman

CHIEF EXECUTIVE'S STATEMENT.

Throughout 2022, Silverbullet has seen significant growth based on the strong demands from existing and new clients to transform their data and technology capabilities to improve marketing ROI and deliver meaningful customer experiences.

Customer Experience Services Outlook:

Silverbullet's Customer Experience (CX) Services division delivered 19% year-on-year growth, having won 16 new clients including Mars, Greene King and Entain. Further, the business has renewed global services agreements with Heineken and Sony. Most notably, our client base has substantially grown in the Americas, having launched into the LATAM region with a central hub based in Mexico. This new market opening, in combination with our North American presence, has seen the business significantly expand its US client base.

Our strategy of 'land and expand' has been fruitful, and this can be seen through the continued client relationships with our core flagship clients, including Heineken, Mars and Sony. Silverbullet now works with Heineken in six markets, including UK, US, Spain, Mexico, Brazil and Ireland. Our relationship with Mars has expanded into the US and Australia, and with Sony we are working in Europe, Singapore and Latin America.

Geographically, the business has focused on streamlining its regional hubs into three key markets, the UK, the US and Australia. This geo-focus has brought significant alignment throughout the organisation, having enabled the regional leadership teams to focus on the expansion of our global clients, which has consequently led to substantial margin improvement.

Silverbullet's partnerships with Salesforce and Treasure Data continue to thrive, enabling a new business pipeline focused on the technical expertise surrounding the leading customer data platforms and marketing automation tools. For example, year-on-year Silverbullet has increased the volume of managed services projects specifically related to data-driven marketing activation based on the use of the technology and data infrastructure that we deployed in 2021.

Further, as we look to support our clients in safeguarding them for future challenges, Silverbullet is increasingly assessing how clients can enable their first-party data to be deployed in media activation environments such as programmatic video and Connected TV. This pivotal approach to unlocking various compliant data sets for improved marketing and advertising is opening the opportunity to cross-sell the 4D product to our global CX services client base to form a combined offering.

The business continues to invest in new talent in the customer experience services division, expanding our skillset and certifications across multiple marketing technologies. Silverbullet maintains a clear focus on investing in (and training) its talent pool which remains a key market differentiator.

4D Outlook:

Despite initial revenue headwinds in the first half of 2022, the 4D product in the second half of the year began to build connections with key media agency partners, seeing considerable revenue growth year-on-year. This revenue momentum has been underpinned by media agencies requiring a more 'hands-on', managed service approach to delivering smart contextual targeting and insights across display and video advertising. This trend is set to continue, and we expect to see revenue growth within this 'managed service' model, as well as the original self-service approach.

Despite the further Google delay of the third-party cookie deprecation in 2022, we have seen a significant change in mindset from brands towards improved advertising approaches, as consumer expectations and demands continue to push for personalised experiences in a privacy-safe world. This change in mindset has generated interest and bookings on the 4D platform that accelerated in the second half of 2022 and has continued into 2023.

Having achieved maturity in the development of the 4D product, the Group successfully completed a restructure of the 4D team during Q3 and Q4 2022. This restructure reduced the headcount of the product and engineering team and aligned the cost base with the commercial traction of the product. With a mature 4D product and structure, the management will be able to make any future investment decisions in line with the commercial growth and market opportunities.

Outlook.

Revenues in Q1 2023 (post period end) were c.£2.0m, which represents a 107 per cent. increase on the previous year. During the quarter, we also secured £1.8m of bookings with new or existing clients. These new bookings, together with bookings of £3.4m in Q4 2022 is driving significant growth in 2023. This growth has been achieved from a cost base that is 7% lower than the comparable prior year period, evidencing the Company's cost management measures.

A notable feature of this strong growth in Q1 2023 is that over 30% of Group revenue was generated in the US market. Management expects that this momentum will continue and the percentage of overall revenue in the US to increase, driven by expansion of our global client portfolio into this significant market.

With our 4D product having reached maturity, the complete focus of the 4D business is on sales and delivery. Strong 4D bookings have been secured and a strong pipeline has been developed. 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. The partnership significantly increases 4Ds global sales reach. Management is also negotiating additional complementary commercial reseller partners. This traction reinforces the belief that 4D is due to deliver significant growth in 2023 and beyond and confirms our view that the product will deliver excellent long-term shareholder value.

Whilst we still have over half a year's trading to go and the macro-economic climate remains uncertain, we are confident of achieving managements expectations for the current financial year and look forward to providing further updates to our shareholders throughout the year ahead.

Ian James
Chief Executive Officer

FINANCIAL REVIEW.

A year of great progress for the business in terms of performance, development and structure.

	Year ended December 2022	Year ended December 2021
	£	£
Revenue	5,818,255	3,809,255
Cost of sales	(1,598,973)	(1,024,221)
Gross Profit	4,219,282	2,785,034
Other operating Income	-	38,328
Distribution costs	(799,272)	(522,306)
Administrative expenses	(10,810,386)	(9,988,875)
Exceptional Items	42,154	(861,085)
Operating Loss	(7,348,222)	(8,548,904)
Finance Expense	(188,551)	(18,928)
Loss before taxation	(7,536,773)	(8,567,832)
Tax	314,741	57,150
Loss after taxation	(7,222,033)	(8,510,682)
Currency translation differences	(84,236)	36,495
Total Comprehensive Loss for the year	(7,306,269)	(8,474,187)

Revenue and Gross Profit.

Overall revenue of £5.82m represents growth of 53 per cent. compared to 2021. During 2022, our customer experience services division added 16 new client including significant agreements with Mars, Greene King and Entain Group. We also renewed or extended agreements with several existing clients including Heineken and Sony. Having laid the foundations and invested in 4D sales and delivery teams in 2021 4D revenue has grown 633% to £1.52m in 2022.

Gross profit of £4.22m represents growth of 51 per cent. compared to 2021. Gross profit margin has remained constant year on year at 73 per cent. The increase in revenue in customer experience services would have helped to improve the gross profit margin but the this is offset by increased 4D hosting and media costs.

Operating Expenditure.

Total Adjusted Operating Expenditure (Adjusted to exclude depreciation, amortisation, share option expenses, exceptional items) was £9.34m, which represents an increase of 11 per cent. from 2021 (£8.40m).

	Year ended December 2022	Year ended December 2021
	£	£
Operating Expenses	11,567,504	11,372,266
Less		
Depreciation	(29,208)	(36,255)
Amortisation	(761,065)	(475,809)
Share option Charge	(1,476,183)	(1,602,025)
Exceptional items	42,154	(861,085)

Staff costs of £6.88m (excluding share option expenses) continue to make up the majority of the operating expenses, this is an increase of 27 per cent. on 2021 (£5.42m) largely driven by increased staff costs to deliver the customer experience services and the sales and delivery teams working on the 4D growth. Having developed the 4D product to a position relative maturity in the second half of the 2022 the company reduced the headcount of the product and engineering team. During the year average staff numbers have increased from 69 to 80.

Administrative expenses excluding staff costs have fallen to £2.72m from £2.96m in 2021, this reflects management tightly controlling costs in 2022 whilst delivering significant revenue growth.

Taxation.

As a loss-making group, we do not currently incur corporation tax. We do however benefit from a research and development tax relief related to the development of 4D. The total tax relief for the year was £0.35m.

Balance Sheet and cashflow.

We have continued to develop and invest in 4D our privacy-first contextual targeting and insights platform in 2022 and we are now in a position where we believe the product is reaching development maturity. During the year £1.10m has been added the development intangible asset account. Goodwill relates to the acquisition of Silver Bullet Data Services Limited and Videobeet Italia Srl. We have reviewed the carrying value of these investment and we are comfortable that no impairment is required against these assets.

In June 2022, the Group announced it had successfully raised £4.6m. This comprised of a £2.494m equity subscription at a price of £1 per ordinary share and £2.106m of convertible loan notes (see note 19). At the year end and at today's date a payment £186,000 relating to these convertible loan notes remains outstanding from an individual. The Company has been informed that this amount will be settled and is contact with the relevant subscriber, however the timing of receipt remains uncertain.

Net cash flow used in operating activities was £5.14m (2021: £7.22m). The decrease versus the prior year relates to the reduction in losses during the period largely due to the increased corporate costs in 2021 as a result of listing on the AIM market.

The Group's cash balance decreased by £2.34m to £1.35 million in 2022 (2021: £3.69m).

The Company intends to complete a debt raise via a new convertible loan note imminently following the publication of these results in order to provide the Company with additional working capital to support the significant growth in sales of 4D and its services offering.

Darren Poynton

Chief Financial Officer

Consolidated statement of comprehensive income

Year ended 31 December 2022

	Note	Group 2022 £	2021 £
Continuing operations			
Revenue	3, 4	5,818,255	3,809,255
Cost of sales		(1,598,973)	(1,024,221)
Gross profit		4,219,282	2,785,034
Other operating income	5	-	38,328
Distribution costs		(799,272)	(522,306)
Administrative expenses		(10,810,386)	(9,988,875)
Exceptional items	6	42,154	(861,085)

Operating (loss)	7	(7,348,222)	(8,548,904)
Finance expense	10	(188,551)	(18,928)
(Loss) before taxation		(7,536,773)	(8,567,832)
Taxation	11	314,740	57,150
(Loss) after taxation		(7,222,033)	(8,510,682)
Other comprehensive income / (loss) net of taxation			
Currency translation differences		(84,236)	36,495
Total comprehensive (loss) for the year		(7,306,269)	(8,474,187)
Total comprehensive (loss) attributable to:			
Equity shareholders of the company		(7,307,215)	(8,479,438)
Non-controlling interest		946	5,251
		(7,306,269)	(8,474,187)
(Loss) after taxation attributable to:			
Equity shareholders of the company		(7,222,979)	(8,479,438)
Non-controlling interest		946	5,251
		(7,222,033)	(8,474,187)
Earnings per share			
Basic earnings	26	(0.49)	(0.73)
Diluted earnings	26	(0.49)	(0.73)

Consolidated and company statement of financial position

Year ended 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		£	£	£	£
Non-current assets					
Goodwill	12	4,349,662	4,349,662	-	-
Intangible assets	12	2,544,739	2,206,742	-	-
Investments	13	4,999	-	8,354,094	6,872,911
Tangible assets	14	53,809	42,115	-	-
Total non-current assets		6,953,209	6,598,519	8,354,094	6,872,911
Current assets					
Trade and other receivables	16	2,487,844	2,264,972	285,574	78,522
Cash and cash equivalents	17	1,352,221	3,687,809	8,572	60
Total current assets		3,840,065	5,952,781	294,146	78,582
Total Assets		10,793,274	12,551,300	8,648,240	6,951,493
Current liabilities					
Trade and other payables	18	2,311,754	2,609,028	3,827,087	2,049,262
Loans and other borrowings	19	41,227	16,061	-	-
Total current liabilities		2,352,981	2,625,089	3,827,087	2,049,262
Non-current liabilities					
Loans and borrowings	19	1,797,992	143,644	1,687,697	-
Deferred tax liability	20	632,190	547,892	-	-
Total non-current liabilities		2,430,182	691,536	1,687,697	-
Total liabilities		4,783,163	3,316,625	5,514,784	2,049,262
Net assets		6,010,111	9,234,675	3,133,456	4,902,231
Equity					
Share capital	22	159,367	134,227	159,367	134,227
Share premium		10,821,021	8,639,593	10,821,023	8,639,592
Share option reserve	23	2,396,396	1,275,363	2,396,396	1,275,363
Other reserves	24	398,954	-	398,954	-
Retained Earnings		(7,679,183)	(811,354)	(10,642,334)	(5,147,001)
Capital redemption reserve		50	50	50	50
Foreign exchange reserve		(92,741)	(8,505)	-	-

Equity attributable to the equity shareholders of the company	6,003,864	9,229,374	3,133,456	4,902,231
Non-controlling interest	6,247	5,301	-	-
Total equity	6,010,111	9,234,675	3,133,456	4,902,231

The total comprehensive loss for the company for the year was £5,850,480 (2021: £12,054,638).

Consolidated statement of cash flows

Year ended 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		£	£	£	£
Cash flows from operating activities					
(Loss) after tax from continuing operations		(7,222,033)	(8,510,682)	(5,850,480)	(12,054,638)
<i>Adjustments for:</i>					
Depreciation	14	29,209	36,255	-	-
Amortisation	12	761,065	475,809	-	-
Impairments	25	-	-	5,450,737	11,815,479
Foreign exchange		(84,236)	36,495	-	-
Net finance expense	10	188,551	18,928	166,650	-
Share option charge	23	1,476,183	1,602,025	-	-
Taxation expense	11	(314,740)	(57,150)	-	-
(Increase) in trade and other receivables	16	(80,151)	(541,692)	(64,332)	(78,522)
(Decrease) / increase in trade and other payables	18	(383,543)	(841,335)	(195,363)	317,741
Increase in deferred tax liability	20	84,298	323,971	-	-
Cash used in operations		(5,545,397)	(7,457,376)	(492,788)	60
Taxation refunded		401,008	235,412	-	-
Net cash used in operating activities		(5,144,389)	(7,221,964)	(492,788)	60
Cash flows from investing activities					
Purchase of tangible assets	14	(40,903)	(41,430)	-	-
Purchase of intangible assets	12	(1,099,062)	(1,459,274)	-	-
Purchase of investments	13	(4,999)	-	(4,999)	-
Acquisition of non-controlling interest		-	50	-	-
Net cash used in investing activities		(1,144,964)	(1,500,654)	(4,999)	-
Cash flows from financing activities					
Proceeds from borrowings	19	1,516,126	-	-	-
Repayment of borrowings	19	(3,263)	(28,865)	-	-
Equity in convertible loan notes issued	24	398,954	-	-	-
New equity issued (net of transaction costs)	22	2,063,848	11,803,428	-	-
Intercompany transactions		-	-	506,299	-
Interest paid		(21,900)	(18,928)	-	-
Net cash from financing activities		3,953,765	11,755,635	506,299	-
Net increase / (decrease) in cash and cash equivalents		(2,335,588)	3,033,017	8,512	60
Cash and cash equivalents at beginning of period		3,687,809	654,792	60	-
Cash and cash equivalents at end of period		1,352,221	3,687,809	8,572	60

Consolidated statement of changes in equity attributable to the shareholders

Group

	Share Capital	Share premium	Share Option Reserve	Other reserves	Retained earnings	Capital redemption reserve	Foreign exchange reserve	Total
	£	£	£	£	£	£	£	£
As at 1 January 2021	8,256	35,387,853	1,192,653	-	(32,240,404)	-	(44,999)	
Total comprehensive loss for the year	-	-	-	-	(8,515,932)	-	36,494	
Non-controlling interest in subsidiary share capital	-	-	-	-	-	-	-	
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	-	-	1,602,025	-	-	-	-	
Share options exercised	312	19,111	(469,533)	-	469,533	-	-	
Share options forfeited/lapsed	-	-	(1,049,782)	-	1,049,782	-	-	
Shares issued during period (net of transaction costs)	38,454	11,745,551	-	-	-	-	-	
As at 31 December 2021	134,227	8,639,593	1,275,363	-	(811,354)	50	(8,505)	
Total comprehensive loss for the year	-	-	-	-	(7,222,979)	-	(84,236)	
Convertible loan notes issued	-	-	-	398,954	-	-	-	
Share option charge	-	-	1,476,183	-	-	-	-	
Share option exercised	200	-	(46,739)	-	46,739	-	-	
Share options lapsed	-	-	(308,411)	-	308,411	-	-	
Shares issued during period (net of transaction costs)	24,940	2,181,428	-	-	-	-	-	
As at 31 December 2022	159,367	10,821,021	2,396,396	398,954	(7,679,183)	50	(92,741)	

Company

	Share Capital	Share premium	Share Option Reserve	Other reserves	Retained earnings
	£	£	£	£	£
As at 1 January 2021	8,256	35,387,855	1,192,653	-	(33,037,341)
Total comprehensive loss for the year	-	-	-	-	(12,054,631)
Share buyback and cancellation	(50)	-	-	-	-
Bonus issue of shares	87,255	(87,255)	-	-	-
Capital reduction	-	(38,425,667)	-	-	38,425,667
Share option charge	-	-	1,602,025	-	-
Share options exercised	312	19,111	(469,533)	-	469,533
Share options forfeited/lapsed	-	-	(1,049,782)	-	1,049,782
Shares issued during period (net of transaction costs)	38,454	11,745,551	-	-	-
As at 31 December 2021	134,227	8,639,595	1,275,363	-	(5,147,001)
Total comprehensive loss for the year	-	-	-	-	(5,850,481)
Convertible loan notes issued	-	-	-	398,954	-
Share option charge	-	-	1,476,183	-	-
Share options exercised	200	-	(46,739)	-	46,739
Share options lapsed	-	-	(308,411)	-	308,411
Shares issued during period (net of transaction costs)	24,940	2,181,428	-	-	-
As at 31 December 2022	159,367	10,821,023	2,396,396	398,954	(10,642,331)

Notes to the financial statements

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 public limited 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, England, W1W 6XB.

SBDS is the ultimate parent company to the subsidiaries listed at Note 15, together referred to as "the Group". The principal activity of the SBDS Group is marketing services through the application of big data technologies to reduce friction.

Silver Bullet Data Services Group PLC is registered with Companies House (Company Number: 08525481).

BASIS OF PREPARATION

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards, interpretations issued by the International Financial Reporting Standards Interpretations Committee ("IFRIC"), and the Companies Act 2006. The accounting policies have been applied consistently throughout the period.

The Company has taken advantage of the exemption under S408 of the Companies Act 2006 not to include a separate Statement of Comprehensive Income as group statements have been prepared.

The consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The presentational currency of the Group is GBP with functional currencies of the subsidiaries disclosed at Note 15 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, there may be the 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 remains uncertainty over how much funding may be raised when required.

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

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 reporting 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 reporting 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.

* Assets, liabilities and liabilities denominated in foreign currencies are translated at the rates of exchange

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.

Subsidiaries using a functional currency other than the presentation currency of the group are retranslated at each period end. Any translation differences are held within the group foreign exchange reserve.

INTANGIBLE ASSETS AND GOODWILL

Goodwill

Goodwill is initially measured as 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 is estimated to be less than its carrying amount, the carrying amount of the asset 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 4D Platform 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. Impairments of the trade receivable balances are based on a review of individual receivable balances, their ageing and management's assessment of realisation.

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.

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.

Cash and cash equivalents

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

PROVISIONS

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

EMPLOYEE BENEFITS

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

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

LEASES

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

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of assets below £1,000; 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 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.

EXCEPTIONAL ITEMS

Where items of income and expense included in the statement of comprehensive income are considered to be material and exceptional in nature, separate disclosure of their nature and amount is provided in the financial statements. These items are classified as exceptional items. The Group considers the size and nature of an item both individually and when aggregated with similar items when considering whether it is material, for example impairment of intangible assets or restructuring costs.

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.

ADOPTION OF NEW AND REVISED STANDARDS

The following standards and interpretations relevant to the Group are in issue but are not yet effective and have not been applied in the financial statements. In some cases, these standards and guidance have not been endorsed for use in the United Kingdom.

- IAS 1 Presentation of liabilities as current or non-current
- IAS 1 Disclosure of accounting policies
- IAS 8 definition of accounting estimates

The above standards are not expected to materially impact the Group.

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

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:

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 Board of Directors is the chief operating decision maker for the Group.

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.

The business monitors operating segment profitability using their Earnings (or Profit) Before Interest, Tax, Depreciation and Amortisation (EBITDA). This is used as a metric to represent operating cashflow generated by the business.

	2022		2021	
	<i>Revenue</i>	<i>Gross profit</i>	<i>Revenue</i>	<i>Gross profit</i>
	£	£	£	£
Customer Experience Services	4,302,431	4,011,972	3,602,505	2,895,650
4D Platform	1,515,824	207,310	206,750	(110,616)
Total	5,818,255	4,219,282	3,809,255	2,785,034
EBITDA from continuing operations				
Operating (loss)		(7,348,222)		(8,548,904)
Depreciation and amortisation		790,274		512,064
Total		(6,557,948)		(8,036,840)

4. Geographical analysis

Revenue analysed by geographical market:

	2022	2021
	£	£
United Kingdom	1,066,801	1,078,128
Rest of Europe	1,553,243	1,901,162
Rest of the world	3,198,211	829,965
	5,818,255	3,809,255

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.

Two major customers are included within revenue totalling £1,512,875, each representing 13% of total group revenue (2021: one major customer totalling £497,717, being 13%).

Non-current assets analysed by geographical market:

	2022	2021
	£	£
United Kingdom	6,934,199	6,586,473
Rest of Europe	4,506	4,104

Rest of the world	14,504	7,942
	<u>6,953,209</u>	<u>6,598,519</u>

5. Other operating income

	Group	
	2022	2021
	£	£
Grant income	-	38,328
	<u>-</u>	<u>38,328</u>

6. Exceptional items

	Group	
	2022	2021
	£	£
Professional fees on initial public offering	-	520,180
Losses incurred / (recovered) as a result of fraud	(42,154)	340,905
	<u>(42,154)</u>	<u>861,085</u>

Reported loss before tax for the group is reconciled to the headline loss before tax as follows:

	Group	
	2022	2021
	£	£
Reported (loss) before tax	(7,536,773)	(8,567,832)
Share option charges	1,476,183	1,602,025
Professional fees on initial public offering	-	520,180
Losses incurred / (recovered) as a result of fraud	(42,154)	340,905
Headline (loss) before tax	<u>(6,102,744)</u>	<u>(6,104,722)</u>

7. Operating (loss)

The operating loss is arrived at after charging/(crediting):

	Group	
	2022	2021
	£	£
Depreciation of property plant and equipment	29,209	36,255
Amortisation of intangible assets	761,065	475,809
Short-term leases	237,388	214,972
Foreign exchange losses	24,334	80,005
Auditor's remuneration in respect of:		
- audit of the consolidated financial statements	72,000	60,000
- other audit related assurance services	5,000	193,750

8. Staff costs

	Group	
	2022	2021
	£	£
Wages and salaries	5,859,808	4,523,434
Share-based payments	1,211,252	1,602,025
Social security costs	786,795	715,282
Pension costs - defined contribution	215,546	129,079
Termination payments	19,598	56,272
	<u>8,092,999</u>	<u>7,026,092</u>

Average number of staff

	Group		Company	
	2022	2021	2022	2021
Customer Experience Services	36	34	-	-
4D Platform	32	23	-	-
Central	12	12	-	-
	<u>80</u>	<u>69</u>	<u>-</u>	<u>-</u>

9. Directors' remuneration

Key management personnel are considered to be the directors and their remuneration, employer's national insurance, and pension contributions are disclosed below:

	Group	
	2022	2021
	£	£
Directors' remuneration	763,237	957,855
Share-based payments	446,077	376,994
Social security costs	79,133	97,494
Pension costs - defined contribution	20,526	19,589
Invoiced services	17,920	71,650
	<u>1,326,893</u>	<u>1,523,582</u>

The directors are remunerated, in respect of their services to the Group, through subsidiary companies. During the year three directors (2021: four) were accruing benefits under the company defined contribution pension scheme.

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	Group	
	2022	2021
	£	£
Directors' remuneration	225,000	273,375
Share-based payments	148,894	104,901
Social security costs	29,744	36,507
Pension costs - defined contribution	6,750	5,438
Invoiced services	-	30,000

10. Finance expenses

	Group	
	2022	2021
	£	£
On convertible loan notes	166,651	-
On bank overdrafts and loans	21,900	16,926
On other credit arrangements	-	2,002
	<u>188,551</u>	<u>18,928</u>

11. Income tax provision

A deferred tax asset in respect of the Group's losses to date has not been recognised due to the uncertainty of the timing of future loss relief.

	Group	
	2022	2021
	£	£
Current tax		
UK corporation tax credits for R&D from prior years	(41,009)	(21,121)
UK corporation tax credits for R&D for current year	(360,000)	(360,000)
Foreign taxation	1,971	-
Total current tax	<u>(399,038)</u>	<u>(381,121)</u>
Deferred tax	84,298	323,971
Total tax credit	<u>(314,740)</u>	<u>(57,150)</u>

Reconciliation of tax expense

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2021: 19%).

	Group	
	2022	2021
	£	£
Loss on ordinary activities before taxation	<u>(7,512,440)</u>	<u>(8,567,832)</u>
Loss on ordinary activities by rate of tax	(1,427,364)	(1,627,888)
Non-allowable expenses	150,152	139,632
Enhanced R&D expenditure	(360,000)	(360,000)
Change in deferred tax rate applied	-	131,494
Deferred tax movement on intangible assets	84,298	323,971
Movement in deferred tax not recognised	1,277,212	1,356,762

movements in deferred tax not recognised	2,577,555	2,555,751
Adjustments in respect of prior periods	(41,009)	(21,121)
Foreign taxation	1,971	-
Tax on loss	(314,740)	(57,150)

Deferred tax assets have not been recognised on cumulative losses for the group totalling £40,012,779 (2021: 34,655,101).

12. 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	-	1,439,834	19,440	1,459,274
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	-	1,099,062	-	1,099,062
At 31 December 2022	595,708	3,597,066	4,349,662	8,542,436
AMORTISATION				
At 1 January 2021	213,863	197,298	-	411,161
Amortisation charge	148,927	326,882	-	475,809
Write off	-	-	-	-
At 31 December 2021	362,790	524,180	-	886,970
At 1 January 2022	362,790	524,180	-	886,970
Amortisation charge	148,927	612,138	-	761,065
At 31 December 2022	511,717	1,136,318	-	1,648,035
NET BOOK VALUE				
At 31 December 2021	232,918	1,973,824	4,349,662	6,556,404
At 31 December 2022	83,991	2,460,748	4,349,662	6,894,401

Amortisation is charged within administrative expenses in the Statement of Comprehensive Income.

13. Investments

All investments held by the group relate to investments in trading companies as detailed in Note 15.

	Group	Company
COST		
At 1 January 2021	-	5,270,836
Additions	-	1,602,075
At 31 December 2021	-	6,872,911
At 1 January 2022	-	6,872,911
Additions	4,999	1,481,183
At 31 December 2022	4,999	8,354,094

14. Tangible assets

	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£
COST			
At 1 January 2021	13,672	103,065	116,737
Additions	1,770	39,660	41,430
Disposals	(7,145)	-	(7,145)
At 31 December 2021	8,297	142,725	151,022
At 1 January 2022	8,297	142,725	151,022
Additions	11,814	29,089	40,903

Disposals	-	-	-
At 31 December 2022	20,111	171,814	191,925
DEPRECIATION			
At 1 January 2021	10,684	69,113	79,797
Charge for the period	1,434	34,821	36,255
Disposals	(7,145)	-	(7,145)
At 31 December 2021	4,973	103,934	108,907
At 1 January 2022	4,973	103,934	108,907
Charge for the period	4,237	24,972	29,209
Disposals	-	-	-
At 31 December 2022	9,210	128,906	138,116
NET BOOK VALUE			
At 31 December 2021	3,324	38,791	42,115
At 31 December 2022	10,901	42,908	53,809

Depreciation is charged to administrative expenses within the Statement of Comprehensive Income.

15. Investments in subsidiaries

As at 31 December 2022 Silver Bullet Data Services Group PLC owned an interest in the ordinary share capital of the companies below.

All companies are 100% owned with the exceptions of joint ventures Local Planet Data Services Ltd (51% owned) and Silver Bullet Data Science Limited (49.99% owned).

Silver Bullet Data Science Limited has not been consolidated into these financial statements as the Group does not exercise control over the company's activities.

<i>Subsidiary undertaking</i>	<i>Country of incorporation</i>	<i>Registered office</i>	<i>Principal activity</i>
Silver Bullet Media Services Limited	England and Wales	The Harley Building, 77 New Cavendish Street, London, W1W 6XB	Marketing services and data technologies
IOTEC Native Limited	England and Wales	The Harley Building, 77 New Cavendish Street, London, W1W 6XB	Dormant
Silver Bullet Data Services Limited	England and Wales	The Harley Building, 77 New Cavendish Street, London, W1W 6XB	Marketing services and data technologies
Silver Bullet Data Services GmbH	Germany	Herzogspitalstraße 24, 80331, Munich	Marketing services and data technologies
Silver Bullet Data Services Pty Ltd	Australia	452 Flinders St, Melbourne, 3000, Victoria	Marketing services and data technologies
Silver Bullet Data Services S.r.l	Italy	20161, Via Gian Rinaldo, Carli n. 47, Milan	Marketing services and data technologies
Technobeet S.r.l.	Italy	20161, Via Gian Rinaldo, Carli n. 47, Milan	Dormant
Silver Bullet USA Inc.	United States of America	1250 Broadway, 36th Floor, New York, New York, 10001	Marketing services and data technologies
Local Planet Data Services Ltd	England and Wales	The Harley Building, 77 New Cavendish Street, London, W1W 6XB	Marketing services and data technologies

16. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade receivables	1,307,790	1,333,272	-	-
Other receivables	448,798	202,623	227,439	75,965
Prepayments	225,537	151,749	58,135	2,557
Contract assets	170,855	217,328	-	-
Corporation tax receivable	334,864	360,000	-	-

In determining the recoverability of accounts receivable, the Group considers any changes in the credit quality of the accounts receivable from the date credit was initially granted up to the reporting date.

Those receivable balances that are passed due have been assessed by management on an individual basis and provisions for bad debts has been made as necessary.

Contract assets represent agreements with customers against which revenue has been recognised but not yet invoiced in accordance with the contract terms. All accrued revenue at each period end has been invoiced within a maximum of three months of the reporting period.

17. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash at bank	1,352,221	3,687,809	8,572	60
	<u>1,352,221</u>	<u>3,687,809</u>	<u>8,572</u>	<u>60</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

18. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade payables	530,257	525,267	34,448	35,129
Tax and social security	497,631	558,799	20,613	20,613
Other payables	345,496	317,018	5,050	50
Accruals	647,382	1,007,845	4,609	10,467
Contract liabilities	290,988	200,099	-	-
Amounts owed to group undertakings	-	-	3,762,367	1,983,003
	<u>2,311,754</u>	<u>2,609,028</u>	<u>3,827,087</u>	<u>2,049,262</u>

The fair value of trade and other payables approximates to book value at each year-end. Trade payables are non-interest bearing and are normally settled monthly.

Contract liabilities represent agreements with customers against which revenue has not yet been recognised for invoices raised during the report period. All such deferred revenue at each period end has been released to the Statement of Comprehensive Income within a maximum of three months of the reporting period.

19. Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current liabilities				
Bank loans	41,227	16,061	-	-
	<u>41,227</u>	<u>16,061</u>	<u>-</u>	<u>-</u>
Non-current liabilities				
Convertible loan notes	1,687,697	-	1,687,697	-
Bank loans	110,295	143,644	-	-
	<u>1,797,992</u>	<u>143,644</u>	<u>1,687,697</u>	<u>-</u>

As at 31 December 2022 the Group had bank loans of £151,522 (2021: £177,104) accruing interest at 1.95% repayable over six years to 2026, with repayments due from 31st August 2022.

Convertible loan notes were issued during the reporting period which are convertible into new ordinary shares at the price of £1.10 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 (see Note 24). A market interest rate of 21% has been applied to calculate the residual equity value of the financial instrument.

20. Deferred tax liability

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Movements in the year:				
Liability brought forward	547,892	223,921	-	-
Charge to profit or loss	84,298	323,971	-	-
Liability carried forward	<u>632,190</u>	<u>547,892</u>	<u>-</u>	<u>-</u>

All deferred tax liabilities are recognised in respect of intangible and tangible asset timing differences. No deferred tax assets have been recognised by the Group.

21. FINANCIAL INSTRUMENTS

Financial instruments and risk management

The Group's financial instruments may be analysed as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Financial assets measured at amortised cost				
Cash and cash equivalents	1,352,221	3,687,809	8,571	60
Trade receivables	1,307,790	1,333,272	-	-
Other receivables	448,798	202,623	227,439	75,965
	<u>3,108,809</u>	<u>5,223,704</u>	<u>236,010</u>	<u>76,025</u>
Financial liabilities measured at amortised cost				
Trade payables	530,257	525,267	34,448	35,129
Accruals	647,382	1,007,845	4,610	10,468
Other payables	345,496	875,812	3,767,417	2,014,133
Loans	1,839,219	159,705	1,687,697	-
	<u>3,362,354</u>	<u>2,568,629</u>	<u>5,494,172</u>	<u>2,059,729</u>

Financial assets measured at amortised cost comprise cash, trade receivables and other receivables.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, other loans, trade payables, convertible loan notes and other payables.

The debt instruments were initially recognised at fair value, and subsequently they were measured at amortised cost using the effective interest rate method, whereby the fair value of the debt approximates their carrying value.

The Group is exposed to a variety of financial risks through its use of financial instruments which result from its operating activities. All of the Group's financial instruments are classified as loans and receivables.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below:

Credit risk

Generally, the Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date, as summarised above.

Credit default risk is the financial risk to the Group if a counter party to a financial instrument fails to meet

its contractual obligation. The nature of the Group's receivable balances, the time taken for payment by entities and the associated credit risk are dependent on the type of engagement.

Credit risk is minimised substantially by ensuring the credit worthiness of the entities with which it carries on business. Credit terms are provided on a case-by-case basis. The Group's trade and other receivables are actively monitored. The Group has not experienced any significant instances of non-payment from its customers.

Unbilled revenue is recognised by the Group only when all conditions for revenue recognition have been met in line with IFRS 15.

Liquidity risk

Liquidity risk represents the contingency that the Group is unable to gather the funds required with respect to its financial obligations at the appropriate time and under reasonable conditions in order to meet their current obligations. The Group attempts to manage this risk so as to ensure that it has sufficient liquidity at all times to be able to honour its current and future financial obligations under normal conditions and in exceptional circumstances. Financing strategies to ensure the management of this risk include the issuance of equity or debt securities as deemed necessary.

All of the Group's financial liabilities mature within twelve months of both reporting periods, with the exception of non-current liabilities disclosed at note 19. In each of these cases, the financial liabilities matured within five years of the reporting date.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily Australian Dollars, United States Dollars and Euros. The Group monitors exchange rate movements closely and ensures adequate funds are maintained in appropriate currencies to meet known liabilities.

The Group's exposure to foreign currency risk at the end of the respective reporting periods were as follows:

	2022			2021		
	AUD	USD	EUR	AUD	USD	EUR
Assets and liabilities	299,236	244,995	(515,938)	121,403	128,932	302,200

Assets and liabilities include the monetary assets and liabilities of subsidiaries denominated in foreign currency.

The Group is exposed to foreign currency risk on the relationship between its functional currencies and other currencies in which the Group's material assets and liabilities are denominated. The table below summaries the effect on reserves had the functional currencies of the Group weakened or strengthened against these other currencies, with all other variables held constant.

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
10% weakening of functional currency	(7,876)	34,124	-	-
10% strengthening of functional currency	16,539	(71,661)	-	-

The impact of a change of 10% has been selected as this has been considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movements.

22. Share capital and premium

Ordinary share capital

Issued and fully paid	No.	£
As at 1 Jan 2022	13,422,687	134,227
Shares issued	2,514,000	25,140
As at 31 Dec 2022	15,936,687	159,367

In June 2022 investment funding was raised for 2,494,000 new shares issued at £1.00. At the reporting date deferred share subscriptions were outstanding of £142,720 (2021: £nil) and are held within other receivables. 20,000 share options were also exercised during the financial year at nominal value of £0.01.

23. Share Option Reserve

The Group operates a programme for employees of its subsidiaries to acquire shares in the company under an EMI scheme. All options are settled by the physical delivery of shares once the options have vested and are exercised.

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

	2022		2021	
	Weighted average exercise price	Share options	Weighted average exercise price	Share options
	£	No.	£	No.
Outstanding at start of period	1.56	1,679,607	3.05	250,153
Forfeited/expired during period	1.50	(198,987)	(1.27)	(244,767)
Granted during period	0.27	109,000	1.27	1,705,682
Exercised during period	0.01	(20,000)	(0.30)	(31,461)
Outstanding at end of period	1.49	1,569,620	1.56	1,679,607

Share options have been valued at grant date based on the Black Scholes valuation model using an estimated volatility of 40%. Options vest over varying terms according to individual option agreements from vesting in full on grant date to a period of three years.

All options expire after seven years and an expected take-up rate of 100% has been applied. A dividend yield of 0% has been applied to option valuation models as the Group focuses on capital growth through this period. Risk-free rates have been applied ranging from 0.26% to 3.62% based on UK 10-year gilt rates since 2014.

Other key inputs applied to Black Scholes valuation models are as follows:

Tranche date	Options outstanding	Share price	Average exercise price
	No.	£	£
01 October 2014	1,325	22.21	0.001
12 January 2015	94	22.21	0.001
15 July 2015	281	24.63	0.001
18 July 2016	2,703	24.63	9.837
12 October 2016	10,000	24.63	24.633
26 January 2018	9,099	8.55	15.462
21 May 2020	21,750	3.64	0.810
09 July 2020	625	3.64	0.810
17 July 2020	2,125	1.96	0.810
24 July 2020	5,000	1.96	0.810
01 October 2020	625	1.96	0.810
21 May 2020	751	1.96	0.810
21 May 2020	998	1.96	0.810
06 July 2020	4,360	1.96	0.810
02 June 2021	716,021	2.57	0.415
25 June 2021	689,863	2.57	2.286
11 August 2022	104,000	0.90	0.277
	1,569,620		

The movement in option valuation during the year ended 31 December 2022 resulted in a staffing cost being recognised by the Group of £1,476,183 (2021: £1,602,025), with a corresponding increase in the Group's equity.

The valuation of options exercised, lapsed, and forfeited during the year totalled £355,150 (2021: £1,519,315) which has been transferred to Retained Earnings.

The contractual life for outstanding options runs for a number of periods, the latest of which being to 11th August 2029.

The total number of exercisable options at the period end was 1,569,620 (2021: 1,679,607), with an average exercise price of £1.49 (2021: £1.56).

24. Other reserves

	2022	2021
	£	£
Convertible loan notes	398,954	-
	<u>398,954</u>	<u>-</u>

Loan notes were issued during the reporting period which are convertible into new ordinary shares at the price of £1.10 per new ordinary share at any point during the three year term of the loan.

The equity element of the convertible loan note is recognised within other reserves. A market interest rate of 21% has been applied to calculate the residual equity value of the financial instrument.

25. Related party transactions

Key management personnel and directors' remuneration is detailed at note 9.

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 £146,293 (2021: £107,131) are included in revenue for the year ended 31 December 2022. Amounts outstanding at the year-end included in trade receivables totals £29,611 (2021: £37,758).

Recharges for direct costs incurred were processed during the year ended 31 December 2022 totalling £114,009 (2021: £56,000). Amounts outstanding at 31 December 2022 totalled £32,400 (2021: £5,574).

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 year ended 31 December 2022 totalling £nil (2021: £90,000). All of these services were provided prior to listing in June 2021 and were settled by the reporting date.

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 year ended 31 December 2022 totalling £17,920 (2021: £56,673). Amounts outstanding at 31 December 2022 totalled £nil (2021: £nil).

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 was recognised for services provided to the company during the year ended 31 December 2022 totalling £nil (2021: £13,800). Costs of £3,462 (2021: £nil) were also recognised in respect of a profit share agreement. Revenue outstanding at 31 December 2022 totalled £nil (2021: £16,560) and are included within trade receivables.

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 (2021: £150,000).

Transactions with group companies

As holding company for the subsidiaries listed at Note 15, all funds raised are distributed to subsidiary companies as required. A summary of balances outstanding at the period end are provided below. All balances are repayable on demand and are lent without security or accruing any interest.

A provision for bad debts has been included in the Company financial statements for all amounts receivable from subsidiaries in both the current and previous year.

Amounts owed to subsidiary companies	2022	2021
	£	£
Silver Bullet Media Services Limited	2,960,236	1,180,872
Iotec Native Limited	802,131	802,131
	<u>3,762,367</u>	<u>1,983,003</u>

26. 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.

	2022	2021
	£	£
Loss after taxation	(7,222,033)	(8,510,682)
Number of shares		
Weighted average number of ordinary shares in issue	14,889,187	11,684,142
Dilutive effect of in-the-money share options	589,590	792,028
Diluted weighted average number of shares	15,478,777	12,476,170
Earnings per share		
Basic earnings per share	(0.49)	(0.73)
Diluted earnings per share	(0.49)	(0.73)

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

27. Other financial commitments

The Company has provided a guarantee in respect of the outstanding liabilities of the subsidiary companies listed below in accordance with Sections 479A - 479C of the Companies Act 2006, as these subsidiary companies of the Group are exempt from the requirements of the Companies Act 2006 relating to the audit of the accounts by virtue of Section 479A of this Act.

Silver Bullet Media Services Limited (06216702)

IOTEC Native Limited (08286180)

Silver Bullet Data Services Limited (10081847)

Local Planet Data Services Ltd (13123941)

Silver Bullet Data Science Limited (14086726)

28. Ultimate controlling party

Management considers there is no ultimate controlling part of the Group.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR") as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended by virtue of the Market Abuse (Amendment) (EU Exit) Regulations 2019.



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