



Silver Bullet Data Services Group Plc
Annual Report 2021

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 Mr Steven Clarke, Non-Executive Director Mr Martyn Rattle, Non-Executive Director
Secretary	Mr Darren Poynton
Company Number	08525481
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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021.

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

- **Data-driven transformational services:** *first-party data strategy and customer journey activation advisory services, technology implementation and integration engineering, alongside AdTech and MarTech managed services. In short, our expert services help businesses deliver privacy-first, customer-centric marketing, powered by data.*
- **'4D' - proprietary contextual data product:** *a contextual targeting solution designed to help clients face the challenges posed by the post-cookie era. 4D enables contextual a strong focus on online video. In short, 4D drives business outcomes for the modern marketer.*

Financial Highlights.

	Year ended December 2021	Year ended December 2020
Revenue	£3.81m	£2.79m
Gross Profit	£2.79m	£1.97m
Headline Loss before tax*	£6.10m	£4.58m
Reported Loss before tax	£8.57m	£5.37m
Earnings Per Share	(£0.73)	(£0.75)

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

Operational Highlights.

- Successful admission to trading on AIM on 28 June 2021, raising gross proceeds of £9.5 million.
- Revenue of £3.81 million, up 37 per cent. on 2020.
- 26 new services client wins in the period, including ITV, Venture Crowd and Edyn.
- Consolidation of existing services clients as a result of additional contract wins with Channel 4, Heineken and Dolce & Gabbana.
- Significant technical development and enhancements of '4D', Silverbullet's contextual outcomes engine, including the delivery of a YouTube video solution.
- 4D campaigns have been successfully delivered for several clients and global agencies, however 4D revenue has had a slower start than previously anticipated - largely due to the fact that Google has delayed its final phasing out of third-party cookies by 12 months.
- Further strengthening of strategic and technical teams with valuable new hires. The senior management team was bolstered by the addition of Kristen Kelly as Chief Operating Officer.
- Expansion of our 4D-focused US office and offering.

Chairman's statement.

It is my pleasure to present the first annual results of Silver Bullet Data Services Group Plc as a quoted company. I am extremely pleased with how the Group has adapted to life as a public company and remained focused on delivering strong revenue growth and as well as significant development and results with 4D, our contextual outcomes product. I am delighted to act as Chairman at such an exciting stage in the Company's development.

Results.

Revenue for the year was £3.81m (2020: £2.79m), 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 £8.57m (2020: £5.37m) leading to a loss per share of 73p (2020: 75p). Cash at 31 December 2021 was £3.69m (2020: £0.65m).

People.

I am fortunate to work with an experienced and dedicated Board of Directors. Keith Sadler brings a wealth of corporate finance knowledge and leads the Audit and Remuneration committee, where he is joined by Steve Clarke. Martyn Rattle has significant experience in the Media and Technology space and provides excellent insights and challenges to the board. 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 dedication in leading the Company through the IPO this year and driving the company towards an exciting future.

The Company's true strength is its people, and I would like to thank all our employees across the globe for their loyalty, determination and skill in working together in challenging times as a result of the Covid 19 pandemic.

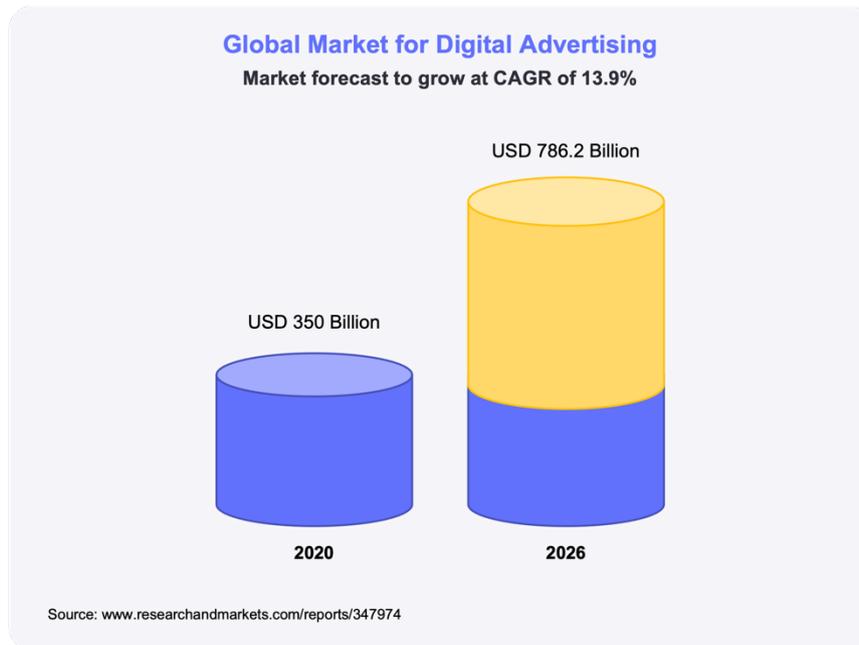
Overview.

As a company, we are operating in a very exciting and relevant space. The value of first party data to clients and the benefits of 4D, our contextual outcomes engine in a world without cookies, gives us confidence that our prospects are very encouraging. The Board will continue to work with the executive and management teams in 2022 to deliver on our strategy and to create value for our shareholders.

Nigel Sharrocks
Non-Executive Chairman

Market Opportunity.

The Digital Advertising and Marketing market is estimated to reach a size of US\$786.2 billion by 2026, growing at a CAGR of 13.9% over the analysis period, according to the latest findings from Research and Markets.¹



Despite the initial concerns surrounding the Covid-19 pandemic, the industry has seen an acceleration in digital media and online use, which has opened opportunities for companies to keep their target audience engaged through digital marketing initiatives.

2021 was no exception, witnessing continued and significant momentum throughout: Global programmatic ad spend reached \$155 billion², YouTube achieved \$28.8 billion³ in ad revenues, and the Customer Data Platform marketplace accelerated to \$3.5 billion⁴, with a predicted growth expectation to \$15.3 billion by 2026. This is part of a broader shift of advertiser spend from analogue TV to online video.

On the topic of the identity crisis, Google finally set a date for switching off the third-party cookie and third-party ad IDs on Google platforms, with a new extended yet definite deadline of 2023. This follows on from other browsers, including Firefox and Safari which have already done so. These actions were all triggered by changes in regulations across the globe, including the GDPR across Europe and CCPA in the United States. This has significant implications for marketing brands and welcomes in the privacy-first era.

The industry changes outlined above will increase the already important asset of first-party data for all consumer facing brands and will require brands and their agencies to seek out innovative products and services partners to meet the new market requirements.

Sources

¹ Research and markets, digital advertising and marketing – Global market trajectory and analytics, February 2022

² Statista, Global programmatic advertising spending from 2017 to 2026, May 2022

³ Statista, Worldwide advertising revenues of you tube from 2017 to 2021, February 2022

⁴ Makets and markets, Customer Data Platforms Market – Global forecast to 2026

According to eMarketer, 85% of US marketers and 75% of respondents in Western Europe said that increasing their use of first-party data is a high priority 5.

In order to capitalise on the first-party data which is available to them, brands will need to transform or deploy new marketing data technologies. This will manifest as new marketing data stacks, such as Salesforce Marketing Cloud, and specific point solutions including Customer Data Platforms such as Treasure Data, and Marketing Automation tools such as Braze.

The demise of third-party data, such as cookies and advertising IDs, will require brands to find new ways to activate the first-party data available in order to maintain and improve return on investment in advertising. One of the key opportunities available to brands is the use of GDPR compliant data alongside their own first-party data, such as contextual intelligence.

Contextual intelligence is a form of targeted advertising that enables brands to place their advertisements based on a website's content and its relevancy. The algorithms that underpin contextual intelligence provide brands with the ability to reach customers in the right place, time and moment, whilst keeping their brand safe and suitable. Brands can combine their contextual data with first-party data sets that they already own, to deliver powerful business outcomes which are 100% cookieless and fully compliant.

A study conducted by Dentsu in September 2020 found that contextual intelligence performs vastly better than traditional behavioural analysis (which used third-party cookies) as a targeting methodology. Results revealed that by optimising context, advertisers were drastically more efficient in reaching engaged prospects and new audiences, all within the safety of using no cookies and keeping their brands protected.

Contextual intelligence is not new. There are several contextual platforms that enable effective media targeting for traditional display media, including Grapeshot, Double Verify, GumGum and Peer 39. However, in light of the shift of investment moving increasingly from analogue TV to video, there is a market shift to the need to apply first-party data and contextual intelligence to video advertising platforms. We believe this environment is underserved by current contextual players, offering an opportunity for new entrants, especially those who can combined clients' first-party and consumer contextual data.

Amid the COVID-19 crisis, the global market for Contextual Advertising has been estimated to reach \$199.8 billion in 2022, and is projected to reach a revised size of \$335.1 billion by 2026, growing at a CAGR of 13.3% over the analysis period 6.

The combination of increased online activity, growth in the digital marketing industry, demise of the Third-Party Cookie, introduction of international privacy regulation and switch to contextualized targeting, is expected to drive significant growth in the MarTech and AdTech space.

Our Offering.

Silverbullet is a leading data and digital transformation company that delivers future-proofed solutions for a privacy-first, post-cookie era. Our combination of services and products support global and local businesses to step into the new marketing age, with confidence.

Sources

5 E Marketer – What is the future of 3rd party data

6 Cision – PR Newswire March 2022

Silverbullet consist of:

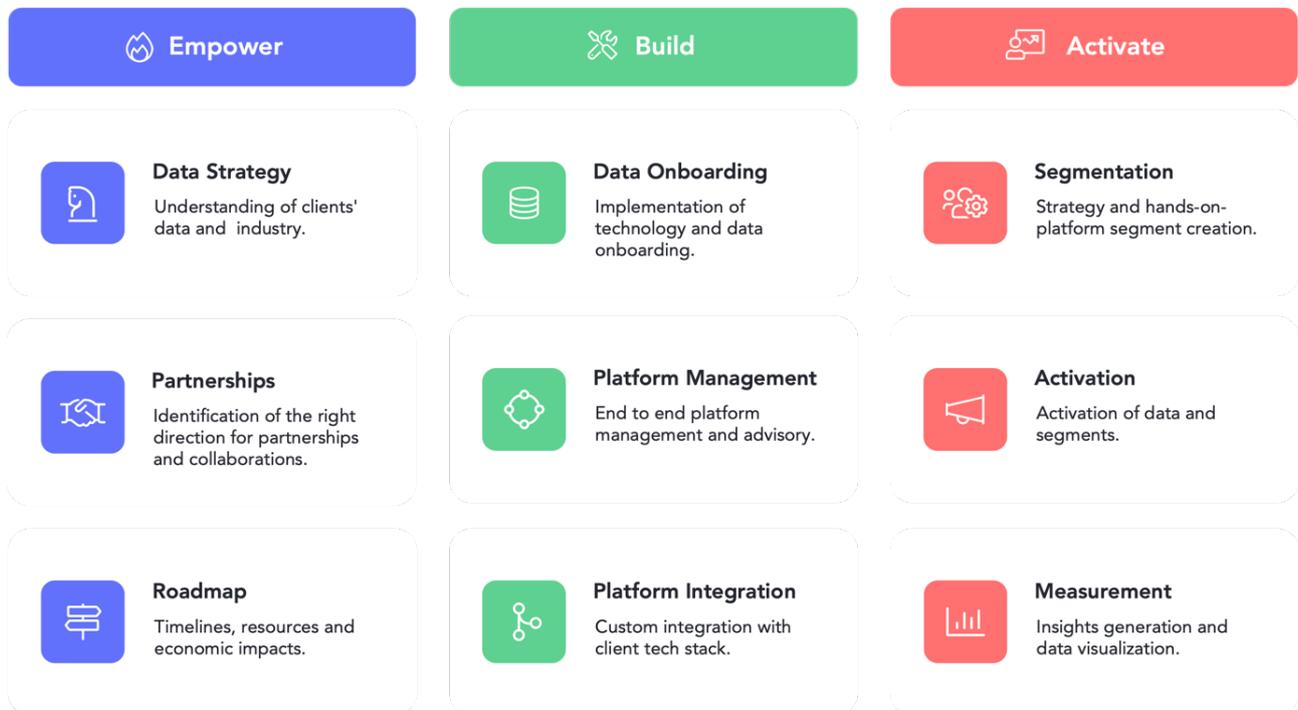
- *Silverbullet Marketing Services: (for a first-party data future)*
- *4D Product: Contextual Outcomes Engine (for the post-cookie era)*

Marketing Services.

Silverbullet Marketing Services delivers advisory, implementation and managed services for brands to unlock the value of their first-party data to improve marketing ROI. The Group works with over 50 global clients, including Heineken, ITV, Mars, Sony and Dolce&Gabanna. The Group also has deep partnership with key marketing technology platforms, including Salesforce, Treasure Data (owned by Softbank), and Google.

Silverbullet offer solutions to deliver the right message, to the right person, through the power of data. This is split into our three core areas:

- **Empower** - advisory services to clients on data-driven marketing enhancement.
- **Build** - technical services related to implementation and management of marketing and advertising technology
- **Achieve** – value realisation and delivering on-going marketing automation and personalisation services.



What makes Marketing Services different? Silverbullet's expertise originates from agencies, consultancies, system integrators, technology vendors and brand teams. This cross-over of professional backgrounds, expertise, and exposure to different areas of marketing, puts the company in a very unique position in the marketing industry. In a world of scaled generalist consultancies and

agencies, Silverbullet offers a unique blend of deep specialist expertise around the marketing data technology ecosystem, with agility across multiple geographical markets.

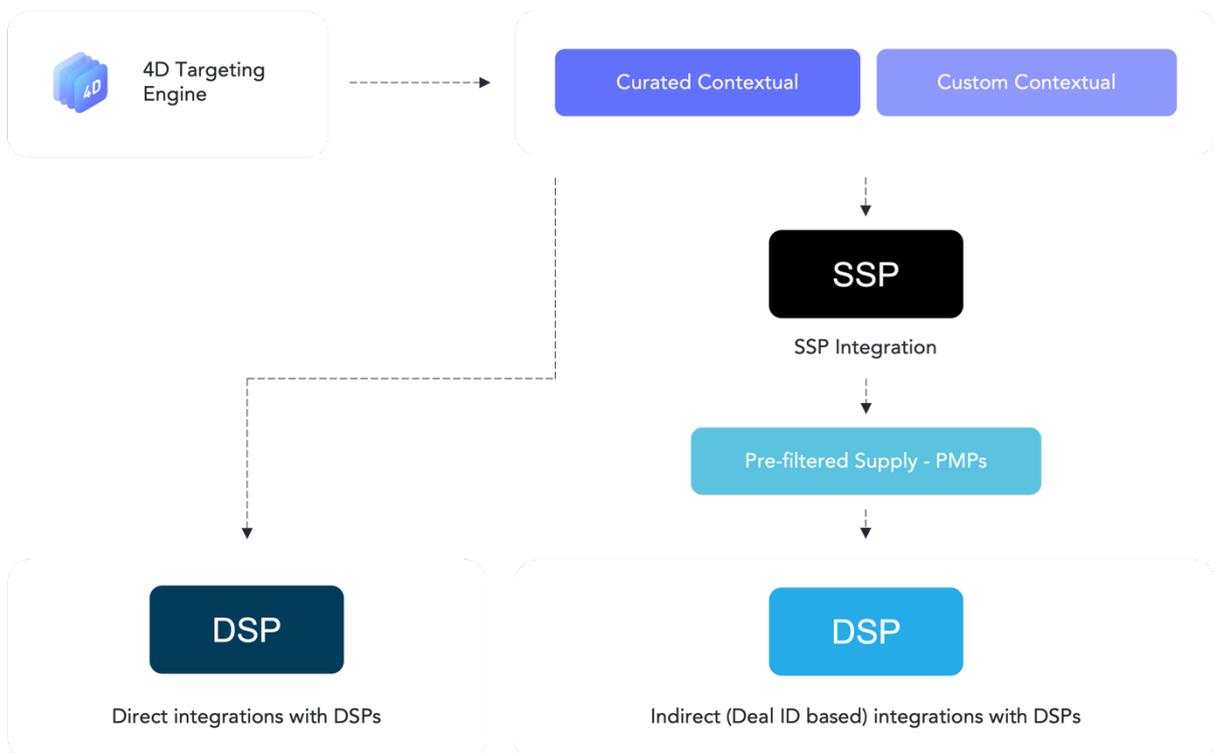
4D Context Outcomes Engine.

4D is a leading context outcomes engine that enables clients to step into the post-cookie and first-party data future with confidence. 4D utilises advanced machine learning and analytics to provide marketers with a tool geared to reaching the right customers at the right place and right time.

4D allows advertisers and agencies to define their ideal context for their ads to appear against, and to apply that context across supported addressable channels, including display and video. What’s more, 4D’s advanced computer vision video solution can identify objects, logos and nudity among various signals, allowing the platform to seamlessly offer sophisticated targeting and brand protection on this premium inventory.

There are a variety of ways in which advertisers can access the 4D platform and the technology is available to brands of all sizes across the globe: through our tech partners, such as IRIS.TV, Adform, mediagrid and Xandr; the strategic partnership with Local Planet across their independent agencies (Mediatrack, Equmedia, Infinity, Nunn, Pilot, Making Science and Local Planet international); and Direct Sales with agencies and clients, including Matterkind, Mediacom, Starcom, P&G One, OMD, Publicis Imagine, Canvas, Zentih, Forward PMX, Walk In Media, NEO and Heineken.

Where 4D sits within the ecosystem:



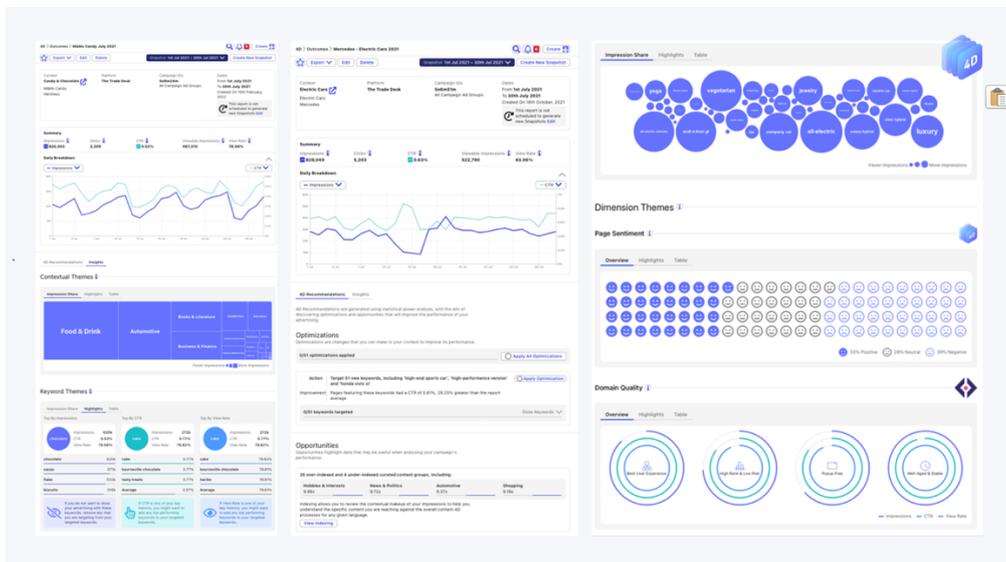
At the basic level, 4D delivers advanced contextual intelligence for advertisers to deliver relevant targeting in a 100% cookieless environment. 4D’s contextual optimisation tools provide marketers with full transparency across the various websites ads can appear on. This enables marketers to build

the perfect context in real-time, or run a health check on existing contexts to identify brand safety violations, and stay ahead of ever changing news cycles.

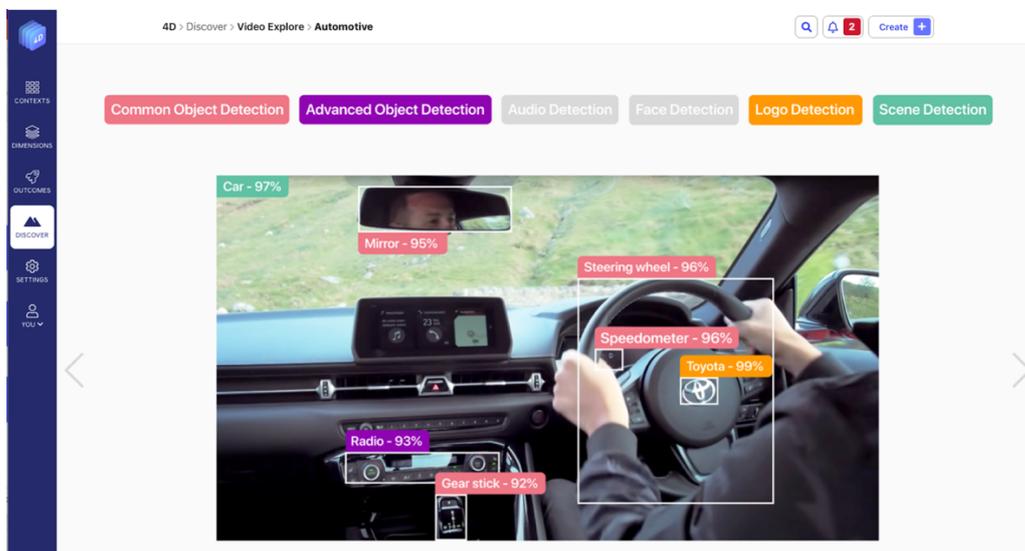
The 4D Features:

- 4D Outcomes
- 4D Video
- 4D YouTube
- 4D Dimensions Marketplace
- 4D CDP Integration

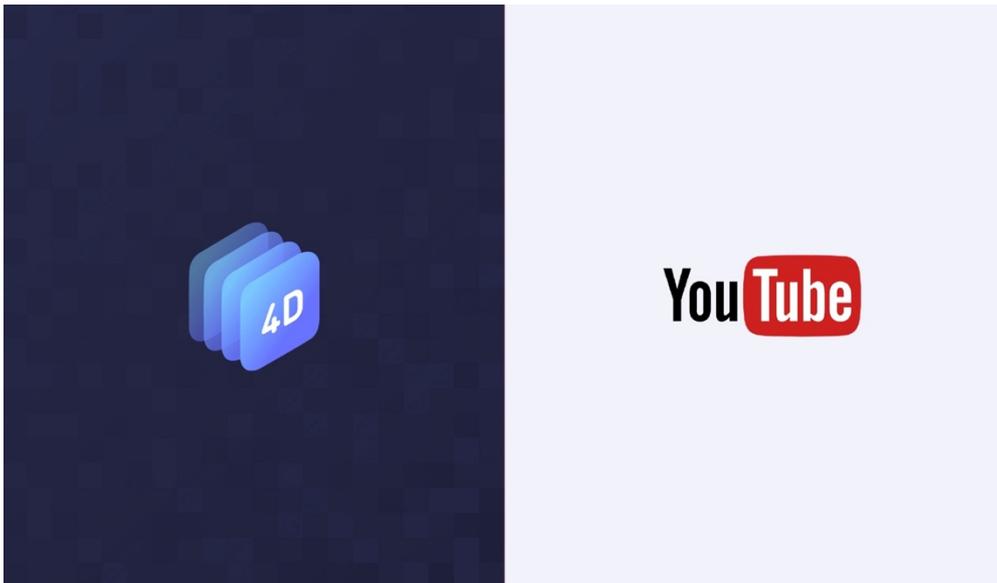
4D Outcomes: Performance-based optimisation to drive meaningful business outcomes through context across display and video.



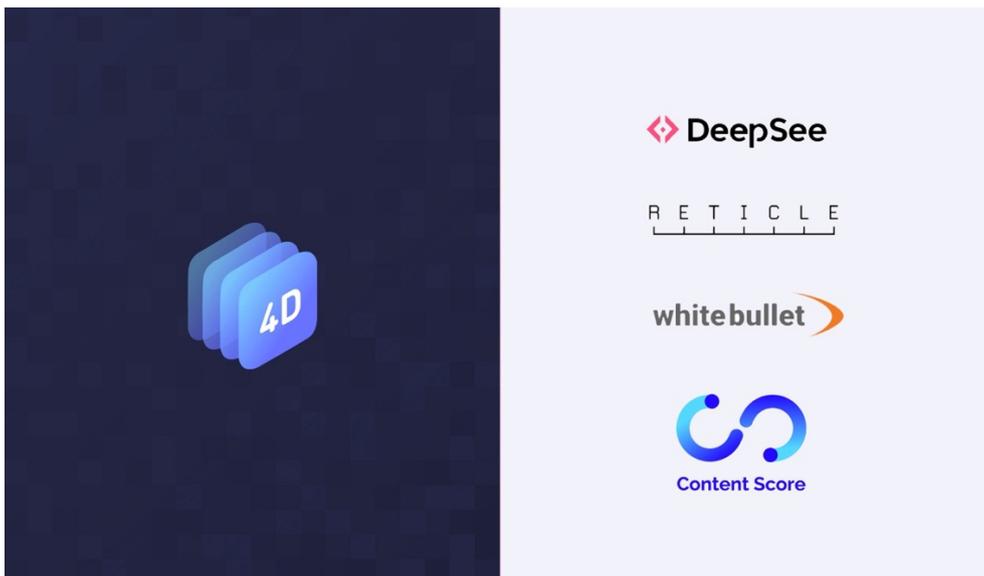
4D Video: Comprehensive video contextualisation featuring video image recognition and audio track analysis.



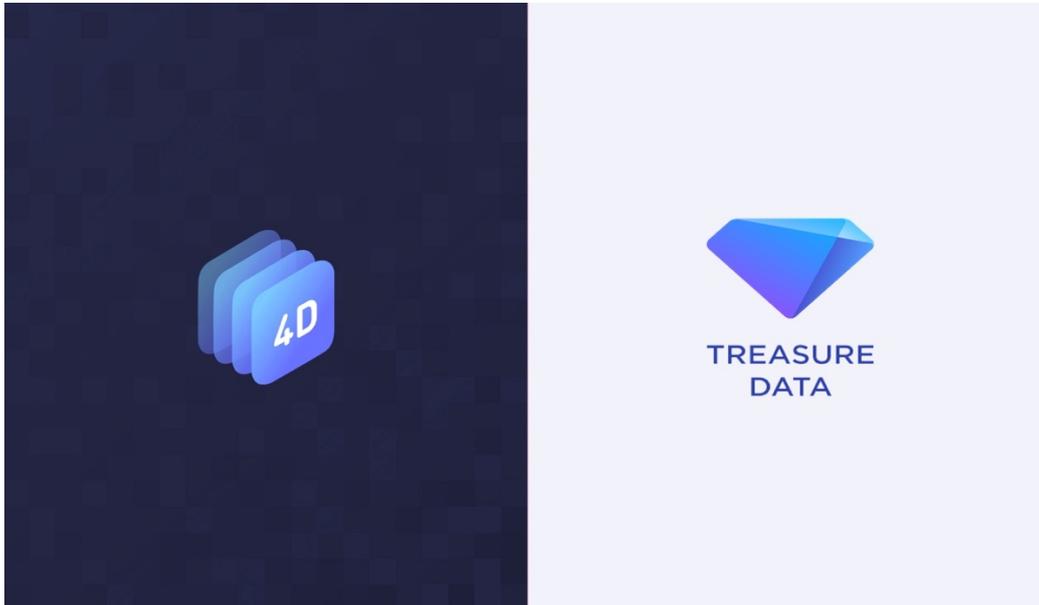
4D YouTube: Advanced and hyper-accurate video-level targeting leveraging 4D's computer vision technology allows brands to ensure their ads are seen in the most relevant content in YouTube, further ensuring a seamless contextual strategy across Programmatic and YouTube.



4D Dimension Marketplace: An industry-first marketplace comprised of external partners such as Brand Suitability Measures, Emotional Targeting Data, amongst others, to enrich targeting capabilities and protect brands.



4D CDP Integration – Industry-first bilateral integration that enables first-party data to inform contextual targeting and contextual enrichment of use profiles. Initial integration with our exclusive partner Treasure Data.



The collective offering.

Together, the Silverbullet Group delivers future-proofed services and products for marketers to step into the privacy-first, post-cookie era.

Our Competitive Advantages.

Product.

Silverbullet’s main competitors reside in within its product division, 4D. The three main competitors are Oracle’s Grapeshot, Peer39 and GumGum. Silverbullet believes 4D outperforms the competing technology across multiple key aspects, particularly in its video and analytics capabilities. Through the post-bid Outcomes engine, 4D can leverage deterministic data that it collects in real-time from campaigns to optimize the contextual targeting across both display and video channels. This results in increased performance across key metrics including CTR, VTR, and other relevant engagement metrics. 4D’s technology has enabled partners to see marked increased results when measured directly against competitors or third party data tactics.

Expertise.

Silverbullet has a highly capable team with significant first-party data focused expertise. Our collective expertise originates from agencies, consultancies, system integrators, technology vendors and brand teams. This crossover of professional backgrounds, expertise, and exposure to different areas of marketing puts us in a unique position in the marketing industry.

Relationships with technology players.

Silverbullet has strong partnerships with the leading tech players in the industry, and in some cases have secured significant partnership status, placing us as the chosen partner for data and digital transformation.

Relationships with clients.

Silverbullet has deep relationships with its clients across both divisions of the business. Silverbullet delivered Data and Strategic Services to 42 clients in 2021, many of whom are significant blue chip organisations.

Our Strategy.

Silverbullet’s focus is to deliver steady growth through current client data services retainers, upsell and cross sell across each division of the business, new logo wins, and fast high margin recurring revenue growth through the 4D product.

Strategic Pillars	Key objective
Land and expand current clients	Silverbullet has an established portfolio of global clients all of which have significant potential for geographical expansion and the ability to up and cross sell additional services and 4D. Its land and expand strategy has been proven with several global clients and we expect this trend to continue with significant new wins in addition to those already secured in 2022.
Established networks, partnerships, and joint ventures	Silverbullet has a steady pipeline of new client opportunities through its established network of technology partners and joint ventures. These new clients offer a fresh influx of business with over 20 clients won to date in 2022.
Cross-sell into product	Silverbullet is uniquely positioned to cross sell the high margin, globally scalable recurring revenue 4D product to all of its current client base, as well as its joint venture with Local Planet.

In Q2 2021, Silverbullet hired a key manager in Kristen Kelly a former President of Publicis Media to lead the scaling of current and new client opportunities, as Chief Client Officer and Chief Operating Officer of the Group. Kristen is responsible for all client growth initiatives and has 20 years of global client leadership experience including brands such as Samsung and Proctor and Gamble.

The Group has established an office in the flagship US market to focus on growth for 4D revenue. The team are focused on selling 4D to brand advertisers through the established media agency and AdTech ecosystem. Based in New York the US office has become the focus growth driver for 4D.

Key Performance Indicators.

We measure the performance of the company by assessing several key performance indicators, including:

- Revenue committed and delivered
- New client wins
- Utilisation of staff on servicing client work
- Net Cashflow management

Chief Executive's Statement.

Silverbullet's clear strategy of working with clients to accelerate their data-driven marketing transformation and providing a contextual product solution for digital advertising is driving strong growth and future opportunities for the business.

Marketing Data Transformation Services.

The services business has secured 26 new clients in 2021 and has extended contracts with several of its existing clients, underpinning our impressive growth in this area. As well as increasing the number of clients that we work with, we are also significantly increasing the size of the assignments (average contract value) and the efficiency of the resource required to deliver success (improved margins).

A significant proportion of this year's client wins and renewals are with global blue chip clients which have local operations in multiple geographies and which operate a broad portfolio of brands. This provides the business with strong forward-looking potential as we unlock these initial central master service agreements in multiple local operating companies and brand assignments.

Over the course of the year, the business has reaped the benefit of having strong strategic partnerships in place with key MarTech vendors including Salesforce, where Silverbullet works as a preferred services partner, and Treasure Data (a Softbank company), which works with Silverbullet as its Gold Partner. This enhances Silverbullet's appeal to potential and current clients and has opened a significant pipeline of new combined prospects where Silverbullet and the MarTech vendor will collaborate on new business pitches. The credibility these partnerships bring underpin Silverbullet's strong position in the data-driven transformation space. Being an expert "plumber" of first-party data management technology gives Silverbullet a foundational role to offer multiple data services to clients for the long term.

During 2021, Silverbullet chose to focus on delivering transformation data services to the Broadcast sector. Broadcasters are undergoing significant transformation from analogue to digital. Silverbullet has been successful in winning data technology services contracts with ITV (UK), RTE (Ireland), and SBS (Australia). The Group is now working with six major broadcasters across the globe to assist them in transforming their advertising product from linear to programmatic. As television swiftly moves to be digitally traded and data enabled, we are proud to be a key partner at the centre of this change.

4D – Proprietary Contextual Data Product.

4D is Silverbullet's emerging proprietary contextual data product. After successful testing in 2021 4D is gaining traction in the market with multiple clients and agencies. Clients and agencies are using 4D in two key ways: insight generation on consumer online behaviour, and contextual targeting for video and display programmatic advertising, all executed in a consumer privacy first non-cookie based way.

Initial client advertising outcomes using 4D gives us great confidence that the product has stand-out competitive features and client benefit, however 4D revenue has had a slower start than previously anticipated. This is largely due to the fact that Google has delayed its final phasing out of third-party cookies by 12 months, which created confusion and uncertainty in the market. This phasing out is a key driver in the adoption of alternative insight and targeting platforms such as 4D. Google has now confirmed that this will occur in the second half of 2023. The use of cookies has already been discontinued by Apple and Firefox, so the shift to an alternative market approach is now firmly in play.

4D has established three key routes to market; 1) Technology Partners such as Demand-side and Supply-side platforms (DSPs and SSPs); 2) an entity with Local Planet a global independent media agency network of over 60 agencies; and 3) Direct Sales to global network media agencies and global clients. These channels to market provide a solid foundation for scaling what is now a multi-geography and multi-language product which solves the key problem of consumer insight and targeting in the privacy-first, post-cookie era.

Investment in Talent.

During the year, we have invested in our people, with a focus on expanding our 4D team, with new hires in key product, engineering, customer success and sales. Our data transformation services team has also expanded, with the addition of strategic and technical professionals. In 2022, we have launched our Graduate Scheme focused bringing through the next generation data and digital talent.

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

Outlook.

Revenues in Q1 2022 were £0.98m, up 23 per cent. on the previous year. We have also won five new contracts for our Martech Services business in 2022, including a significant contract with Mars Inc as its global data services partner. These new contract wins, together with our expanded client remits from 2021, is driving growth in 2022. This momentum in the Silverbullet services division, as well as strong partnerships with Salesforce and Treasure Data, gives management great confidence for 2022.

The investment in 4D during 2021 has yielded positive client testing results, and the routes to market that have been established give management confidence in 4D playing a significant role in the post-cookie advertising ecosystem. As explained above, 4D revenues are currently behind expectations, due largely to the delayed implementation of the phase out of third-party cookies by Google, however this does not change our view that the product will deliver excellent long-term shareholder value.

On 20 June 2022 the Company secured additional funding of £4.6m in order to bolster its balance sheet and support the growth of Silverbullet's 4D product sales during 2022.

Whilst we still have over half a year's trading to go and the macro-economic climate is volatile, we are confident of achieving our expectations for the current financial year.

Ian James
Chief Executive Officer

Financial review.

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

	Year ended	Year ended
	December 2021	December 2020
	£	£
Revenue	3,809,255	2,788,978
Cost of sales	(1,024,221)	(821,975)
Gross Profit	2,785,034	1,967,003
Other operating Income	38,328	108,737
Distribution costs	(522,306)	(431,027)
Administrative expenses	(9,988,875)	(6,576,740)
Exceptional Items	(861,085)	(416,615)
Operating Loss	(8,548,904)	(5,348,642)
Finance Expense	(18,928)	(25,319)
Loss before taxation	(8,567,832)	(5,373,961)
Tax	57,150	255,637
Loss after taxation	(8,510,682)	(5,118,324)
Currency translation differences	36,495	8,022
Total Comprehensive Loss for the year	(8,474,187)	(5,110,302)

Revenue and Gross Profit.

Overall revenue of £3.81m represents growth of 37 per cent. compared to 2020. During 2021, our marketing services division added 26 new clients and expanded or extended agreements with several existing clients. There was particular focus on data and strategic services, where revenue grew by 60 per cent. to £2.30m with strong growth in the UK and Australia. Activation services provides a key skillset and intelligence for the business, which is beneficial to both our 4D product and to our data and strategic services business. We continue to have a significant presence in Italy for activation services, but the continuing impact of Covid 19 on the local market resulted in activation services revenues reducing by 3 per cent. in the year.

Our 4D product has developed significantly in 2021. We commenced commercial trials in Q1 2021 and launched version 1.0 in Q2. In the second half of the year, we gained traction with agencies and clients in the UK and the US with further trials and initial bookings. We also provided contextual analysis and generated a new bookings with a number of Local Planet agencies coordinated from our joint venture Local Planet Data Services Limited. This generated revenues in the year of £0.2m. This is slightly slower than we anticipated, largely due to media agencies delaying testing as a result of Google's announcement delaying the cookie switch-off date and the impact of Covid 19 restrictions on the media agencies global workforce.

Gross profit of £2.79m represents growth of 42 per cent. compared to 2020. Gross profit margin has improved from 71 per cent. to 73 per cent.. This represents the improved gross margin generated from data and strategic services, which is predominately delivered by Silverbullet staff, although this is partly offset by increased 4D hosting costs.

Operating Expenditure.

Total Adjusted Operating Expenditure (Adjusted to exclude depreciation, amortisation, share option expenses, exceptional items) was £8.36m, which represents an increase of 36 per cent. from 2020 (£6.14m). Our talented employees are one of our greatest assets and key to delivering our services and developing and selling 4D. Staff costs continue to make up the majority of the operating expenses, with a cost £5.42m (excluding share option expenses).

Opening up our US operation and listing on the AIM market has significantly increased our costs in 2021. Total IPO and funding costs in 2021 were £1.36m, where £0.52m was included in operating expenses as an exceptional item and £0.84m has been allocated to the Share Premium account on the balance sheet.

In December 2021, we were the victim of a sophisticated cyber fraud which resulted in the company losing £0.36m. This is included within exceptional items. The bank's fraud team have managed to recover £0.02m and we are still pursuing options in trying to recover additional amounts. Whilst the Company has solid insurance policies in place around cyber, this crime was not covered. The Company immediately employed a third-party IT consultancy company to review procedures and implement additional controls and protocols, and we have also implemented further finance controls and systems.

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 £0.36m.

Balance Sheet and cashflow.

4D is a unique and valuable technical product. We have continued to recognise the development of 4D as an intangible asset, and during the year £1.44m has been added to 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 provision is required against these assets.

In preparation for the IPO, the Group's share structure was reorganised. In May 2021, in order to re-register as a PLC, the company issued a bonus issue of share capital and reduced the share premium account and resulting in a credit to retained earnings.

Net cash flow used in operating activities was £7.22m (2020: £3.39m). The increase versus the prior year relates to the development of the 4D commercial and operational team, investment in martech services talent and an increase in corporate costs largely as a result of listing on the AIM market.

The Group's cash balance increased by £3.03m to £3.69 million in 2021 (2020: £0.65m).

On 20th June 2022 the company secured additional funding of £4.6m in order to bolster its balance sheet and support the growth of Silverbullet's 4D product sales during 2022.

Darren Poynton
Chief Financial Officer

Our Principal Risks and Uncertainties.

Managing the risk in our business.

Effective risk management is key to all businesses. Silverbullet recognises that it is exposed to a mixture of risks that financial or operational impact on the business critical to achieving the Group's objectives.

Product

4D is a contextual outcomes product that continues to be developed with new features and functions. As a new product in a competitive space we face the risk of failing to deliver the required product on time to meet the client demand or that we are beaten to key features by competitors. We believe that we mitigate this risk by have talented experienced engineers and management who have completed successful product developments and created a unique video product.

Industry contextual demand

It has been well documented that with cookies being switched off moving to contextual solutions will occur. In 2021 the delay by Google in turning off cookies until 2023 reduced the pressure on advertisers to move to contextual solutions. Further delays or other alternatives to cookies could impact on the demand for a contextual solution.

Commercial execution

As a relatively new business we face competing with larger and more established businesses in both the marketing services and contextual solutions space. Whilst our targets are relatively modest compared to the total accessible market, we face the risk of not being able to effectively compete with these larger organisations.

Talent

The employees are one of the Group's greatest assets, and its future success is dependent upon recruiting and retaining key personnel. The industry that Silverbullet operates in is very competitive with and rival businesses frequently attempt to secure the services of its employees. We pride ourselves on our culture and commitment of staff and to date we have experienced relatively low levels of churn.

Economy

The business relies on demand for digital advertising and marketing service solutions. In an economic downturn both of these could be impacting which would ultimately impact on revenue and opportunities for the business. By having a diverse client base and focusing on established clients and agencies we mitigate the of a downturn to a particular industry and hopefully alleviate the impact of a widespread economic downturn.

The strategic report is approved by the Board of Directors and is signed on behalf of the Board.



Ian James
Chief Executive Officer
29 June 2022

GOVERNANCE REPORT

Board of Directors

Executive Directors

Ian James (Chief Executive Officer)

Ian James has over 25 years' digital data and technology experience and brings a wealth of industry knowledge to the business. Ian has held a number of leadership roles in Entertainment, FMCG, Media and Technology organisations, where he delivered transformation for businesses such as Chrysalis PLC, Bacardi Corporation, Aegis Group, Starcom MediaVest Group, Acxiom Limited and Verve Inc. Ian is currently a non-executive director at 4Global Consulting Limited and serves on the Board of Local Planet as a non-executive director and fulfils the role of Global Chief Data, Technology and Analytics Officer.

Ian co-founded Silverbullet in 2016 and continues to drive the leadership team and business, while extending into key partnerships and commercial opportunities.

Darren Poynton (Chief Financial Officer)

Darren Poynton is a highly experienced ACA Finance Executive with extensive knowledge of the advertising, media and entertainment industries. Having started his career at KPMG, Darren spent over 10 years with National Geographic Channels Europe and National Geographic Ventures International and was part of the successful management team that led the expansion of the TV channels business across Europe, the Middle East and Africa. Darren was UK CFO for MediaCom Group Limited, WPP Plc's largest media agency and was the UK Group CFO for Havas Media Group.

Darren is a qualified accountant and holds an honours degree in accountancy and financial management from the University of Sheffield.

Umberto Torrielli (Chief Strategy Officer)

Umberto Torrielli is an entrepreneur, thought leader and mentor, with extensive experience in the data and media technologies industry. Prior to co-founding Silverbullet in 2016, Umberto led varied technical and strategic teams and most recently at Bluekai Inc. and Oracle Corporation. Umberto brings a unique technical view of the customer data and technology landscape and helps shape the overall strategy for the Group's products and services division.

Umberto holds a Cum Laude Bachelor of Arts degree from Sacred Heart University, a graduate MBA certificate from Sacred Heart University and an Executive MBA from the Quantic School of Business and Technology.

Non-Executive Directors

Nigel Sharrocks (Non-Executive Chairman)

Nigel Sharrocks has spent over 40 years in the global media industry and is currently chair of several international media companies, including Local Planet. In 2012, Nigel was a key member of the Executive Leadership team that sold Aegis Group, the media buying and digital marketing group, to Dentsu Group Inc. in a US\$3.16 billion cash deal. Nigel was previously the Managing Director for Warner Bros. Pictures, UK and, prior to this, Nigel founded MediaCom Group Limited, which is now a cornerstone of WPP plc.

Keith Sadler (Non-Executive Director)

Keith joined the Board on 29 October 2020. He is a non-executive director of Warpaint London PLC where he is chairman of the audit and remuneration committees and Hawkwing plc, for which he chairs the audit committee and Chairman of HR Dept. Limited, a professional services business, and 4GLOBAL PLC where he is CFO. Historically, Keith has been CEO or CFO of a number of quoted companies in the marketing services, telecoms and media industries. Keith is a chartered accountant and holds an honours degree in economics from the University of Kent.

Martyn Rattle (Independent Non-Executive Director)

Martyn Rattle is currently Chief Executive Officer and founder of Local Planet and has over 30 years' experience in global media companies. Martyn is also the founder and a director of Marmalade Consultants Limited, a global M&A consultancy company specialising in acquisitions & growth strategies in the independent digital marketing services sector. Prior to this, Martyn was CEO of Global Clients at Aegis Group. Martyn assists the Board to focus on scaling Silverbullet's client relationships and structuring long-term commercial contracts.

Steven Clarke (Independent Non-Executive Director)

Steven is a serial entrepreneur with significant experience in the digital media industry. He is currently Chief Executive Officer and co-founder of Withu Holdings Limited, an online business providing audio-based workout programmes, prior to which he co-founded Mobile5 Media Ltd, which was acquired by Omnicom Media Group in 2018, and served as managing director of Bluestar International Limited. Steven also previously served as Chief Executive Officer of Bluestar Mobile Group plc, which was admitted to AIM in 2005 and sold its trading business to Bluestar International Limited in 2008, and as director of Rivals Digital Media Ltd, a company formed by the merger of 365 PLC with the Internet division of Chrysalis Media Ltd. Steven also co-founded Property Jungle Limited in April 1999, which, at the time, became the largest online property portal in the UK within 12 months of inception, having sold Creative Catering Ltd earlier in 1999, a company he had founded in 1995.

Corporate governance report for the year ended 31 December 2021.

Chairman's Statement

As Chairman of the Board, it is my responsibility to ensure that the Board is performing its role effectively and has the capacity, ability, structure and support to enable it to continue to do so.

We believe that a sound and well understood governance structure is essential to maintain the integrity of the Group in all its actions, to enhance performance and to impact positively on our shareholders, staff, customers, suppliers and other stakeholders.

On admission to AIM in June 2021 the Company adopted the QCA Corporate Governance Code as the benchmark for measuring our adherence to good governance principles. These principles provide us with a clear framework for assessing our performance as a board and as a company, and the report below shows how we apply the Code's ten guiding principles in practice.

Nigel Sharrocks
Chairman

Disclosure of those principles recommended for the Annual Report and Accounts under the QCA Code

1. Establish a strategy and business model which promote long-term value for shareholders

The Company has a clear strategy to deliver future-proofed solutions for the privacy-first, post-cookie era for marketing and advertising purposes. As described in our strategic report this is focused on providing data-driven transformational services and 4D our proprietary contextual data product.

The Company has an annual operating plan and a rolling three-year detailed strategic plan that is reviewed and approved by the Board.

2. Seek to understand and meet shareholder needs and expectations

The Company provides regular updates to shareholders via the regulatory news services and marketing information via LinkedIn and industry publications. Institutional investor presentations and investor roadshows occur during the year allowing shareholders to meet and engage with management. We look forward to also meeting shareholders at our first Plc AGM.

3. Take into account wider stakeholder and social responsibilities and their implications for long term success

Our key stakeholder is our talented workforce who drive the business forwards and deliver our product and services. We have generated employee surveys to obtain employee feedback. The Board have engaged in an all company meeting in which all employees are encouraged to ask questions to the management.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Risks are considered by the senior management team and the Board a part of our annual planning process. These risks are assessed on a regular basis in monthly meetings.

The principal risks and uncertainties of the Group are summarised on page 17.

5. Maintain the Board as a well-functioning, balanced team led by the chairman

The Board comprises three executive directors, Ian James, Umberto Torrielli and Darren Poynton, supported by four experienced non-executive directors.

The Board has significant experience establishing, financing and growing businesses within the advertising and media sectors. It has a mix of technical expertise, industry knowledge and corporate development experience.

Directors are expected to attend monthly board meetings, committee meetings where required and ad hoc meetings with management when required.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

As noted above the Board has an appropriate mix of executive and non-executive members. Within the Board there is significant experience operating and supporting numerous listed and successful companies. The Board is satisfied that its Directors have an appropriate balance of skills and experience in order to carry out its duties and responsibilities effectively.

The Directors background and experience are described on pages 18 to 19.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Prior to the IPO the Board set clear objectives on its role to support and manage the company as entered the AIM market. The Chairman regularly consults with board members outside of the board meetings to ensure all matter or issues are considered.

8. Promote a corporate culture that is based on ethical values and behaviours

We are committed to supporting our employees not just in their day-to-day jobs and career progression but also as individuals. The Company has stated its clear objective around its culture and values. These are:

- Be Bold with Integrity
- Diversity of Thought, Equal in Passion
- Captivated by our Clients and each other
- Work hard and play hard together

The Company actively works on cultural and ethical initiatives driven by many members of the workforce.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is responsible for the overall management the Group. The Board meets monthly and where required to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progression.

The Company has established an Audit Committee and a Remuneration Committee, each with formally delegated duties and responsibilities and with written terms of reference. At this stage of the Company's development the Board does not consider it appropriate to establish a Nominations Committee. The merits of constituting a separate nominations committee will be kept under review.

Keith Sadler, a Non-Executive Director of the Company, takes responsibility for ensuring that the Group's procedures, resources and controls are in place with a view to ensuring the Company's compliance with the AIM Rules and MAR and that each meeting of the Board includes a discussion of AIM matters and assesses whether the Directors are aware of their AIM responsibilities from time to time and, if not, ensure that they are appropriately updated on their AIM responsibilities and obligations.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Through our AIM Admission Document, website disclosure and our annual report we communicate how the Company is governed. We will also communicate further information at our shareholder meetings.

Section 172(1) Statement

The Directors consider, both individually and collectively that they have taken decisions in a manner they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its stakeholders, having regard to the matters set out in s172(1) of the Companies Act 2006:

The likely consequences of any decision in the long term

The Group prepares plans on an annual basis, and this is reviewed regularly throughout the year, with a focus on a three-year period, with the long-term success of the Group a factor when assessing strategic decisions.

The interests of the company's employees

As a supplier of services, the employees are one of the Group's greatest assets, and its future success is dependent upon recruiting and retaining key personnel. The industry that Silverbullet operates in is very competitive with and rival businesses frequently attempt to secure the services of its employees. We take their wellbeing and development very seriously and direct engagement supports the responsive nature of the work we undertake. We pride ourselves on our culture and commitment of staff and to date we have experienced relatively low levels of churn.

The need to foster the company's business relationships with suppliers, customers and others

The Board recognises that the success of the Group is reliant upon all stakeholders in its business. The Group seeks to treat suppliers fairly and adhere to contractual payment terms and to develop a

working relationship which benefits all parties. The Group tries to maintain an effective relationship with our customers with regular contacts across organisations.

Shareholders are also an important stakeholder in the business. The Group provides regular updates to shareholders via the regulatory news services and marketing information via LinkedIn and industry publications. Institutional investor presentations and investor roadshows occur during the year allowing shareholders to meet and engage with management.

The impact of the company's operations on the community and environment

The Directors are aware of the impact of the Group's business on the environment and community but believe this to be negligible due to the nature of its operations

The desirability of the company maintaining a reputation for high standards of business conduct

The Group actively works on cultural and ethical initiatives driven by many members of the workforce. The Board believes corporate integrity and good governance is central to how the Group should behave and ensure that management operates in responsible manner, exercising a high level of personal leadership.

The need to act fairly as between members of the company

Through our listing document and our annual report we communicate how the company is governed. We will also communicate further information at our first AGM. Consequently, all members become privy to any price sensitive information at the same time and are treated equally in all respects and no single set of stakeholders is prioritised over another.

Audit Committee.

The Board has established the Audit Committee with formally delegated duties and responsibilities and with written terms of reference. The Audit Committee comprises two Non-Executive Directors: Keith Sadler (Chair) and Steven Clarke.

The Audit Committee receives and reviews reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

In December 2021 the Group was the victim of a sophisticated cyber fraud which resulted in the company losing a net amount of £0.34m. The audit committee and the board were provided with a detailed report on the circumstance of the fraud and oversaw the implementation of additional IT controls and protocols as recommended by a third-party consultancy company as well as reviewing and implementing further financial controls and systems.

They have met with the Auditors to formally to review the audit findings noted in the Auditors report, see page 31.

The key responsibilities of the Committee are to:

- Review the significant issues and judgements of management, and the methodology and assumptions used in relation to the Group's financial statements and formal announcements on the Group's financial performance;
- Review the Group's going concern assumptions;
- Assess the effectiveness of the Group's system of internal controls, including financial reporting and financial controls;
- Consider and make recommendations to the Board on the appointment, reappointment, dismissal or resignation and remuneration of the external auditor; and
- Assess the independence and objectivity of the external auditor and approve and monitor the application of the external auditor business standard.

External auditor

Crowe was appointed by the Board as the Company's external auditor on 16th March 2022 for the 2021 reporting period and it is their intention to put them forward at the AGM to stand as auditors for the next financial period. There are no contractual obligations that restrict the Committee's choice of external auditor.

The Group paid £60,000 to Crowe for audit services in 2021, relating to the statutory audit of the Group and Company financial statements, the audit of Group subsidiaries, and audit-related assurance services. In addition, the Group paid to Crowe in 2021, £2,500 for services relating to the half year review and £191,250 for services relating to the IPO. No accounting advice has been provided as part of these fees.

The Directors have considered the requirement for an internal audit function but due to the stage and size of the business it has been decided that this is not appropriate at this time.

Remuneration Committee

The Board has established the Remuneration Committee with formally delegated duties and responsibilities and with written terms of reference. The Remuneration Committee comprises two Non-Executive Directors: Keith Sadler (Chair) and Steven Clarke.

The Remuneration Committee is responsible for determining and agreeing with the Board the framework or broad policy for the remuneration of the Company's Executive Directors, and such other members of the executive and senior management as it is designated to consider.

The Remuneration Committee aim to ensure that there is an appropriate balance between fixed and variable pay for all staff including the Executives. It also aims to ensure whilst considering key risk factors that pay, conditions and services contracts are appropriate for all staff in all locations. The Executives entered into standard service agreements on 21 June 2021, which include appropriate terms and conditions and notice periods of between 3 and 6 months.

Due to the size of the Group, the Directors have decided that issues concerning the nomination of Directors will be dealt with by the board rather than a committee but will regularly reconsider whether a Nominations Committee is required.

Report of the Directors for the year ended 31 December 2021

The Directors present their report and the audited financial statements for Silver Bullet Data Services Group PLC for the year ended 31 December 2021.

The preparation of financial statements is in accordance with UK adopted International Accounting Standards, interpretations issued by the International Financial Reporting Standards Interpretations Committee (“IFRIC”), and the Companies Act 2006

Business Review

The review of the period’s activities, operations, future developments and key risks is contained in the Strategic Report on pages 3 to 17.

Principal Activities

The principal activities of Silver Bullet Data Services Group PLC and its subsidiaries (together “the Group”) are the provision of data and digital transformation services and tools that seek to deliver future-proofed solutions for the privacy-first, post-cookie era for marketing and advertising purposes.

Dividends

The Directors do not recommend a final ordinary dividend for the period (2020: £nil).

Post Balance Sheet Events

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

Information relating to events since the end of the year is also disclosed in note 27 to the financial statements.

Going Concern

The Directors have prepared and reviewed detailed budgets and forecasts covering the period to 31 December 2024 which are based on the strategic business plan. These take into account 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. The assumptions applied are subjective and management applies judgement in estimating the probability, timing and value of underlying cash flows.

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

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.

Share Issues

The issued share capital of the Company is set out in Note 22 to the accounts.

Directors Interests

The Directors who held office during the period and their interest in the share capital of the Company were:

Name	Ordinary Shares	
	31 December 2021 (1)	31 December 2020 (2)
Nigel Sharrocks	11,905	11,905
Ian James	433,522	433,522
Umberto Torrielli	133,433	133,433
Darren Poynton (appointed 27 May 2021)	4,015	4,015
Keith Sadler	-	-
Martyn Rattle (appointed 27 May 2021)	-	-
Steven Clarke (appointed 27 May 2021)	20,525	20,525

(1) Ordinary shares of £0.01 each with full voting rights

(2) Class G and H Ordinary shares of £0.001 each with full voting rights

During the year there was an Equity Restructuring (see note 22 to the Financial Statements for further details)

The Directors' interests in share options in the company were:

Name	Number of Options	Exercise price	Date of Grant	Initial Vesting Date*	Final Vesting Date*	Date of Expiry
Nigel Sharrocks	25,510	0.01	25/06/2021	25/06/2021	25/06/2021	25/06/2028
Ian James	102,500	0.01	02/06/2021	01/03/2022	01/03/2024	02/06/2028
	200,000	2.57	25/06/2021	28/06/2022	28/06/2024	25/06/2028
Umberto Torrielli	102,500	0.01	02/06/2021	01/03/2022	01/03/2024	02/06/2028
	200,000	2.57	25/06/2021	28/06/2022	28/06/2024	25/06/2028
Darren Poynton	50,000	0.01	02/06/2021	01/03/2022	01/03/2024	02/06/2028
	80,000	2.57	25/06/2021	28/06/2022	28/06/2024	25/06/2028
Keith Sadler	25,510	0.01	25/06/2021	25/06/2021	25/06/2021	25/06/2028
Martyn Rattle	25,510	0.01	25/06/2021	25/06/2021	25/06/2021	25/06/2028

Share options are awarded to directors to align the interests of the directors with the achievement of the company's strategy.

The Executive share options vest over a three-year period. One third of the option vest with effect from the 1st anniversary of the grant date, one third of the option vest with effect from the 2nd anniversary of the grant date and the final third of the option vest with effect from the 3rd anniversary of the grant date.

The Non-Executive share options vested on the date of grant.

Directors Remuneration

	Salary and Fees £	Pension Contributions £	Bonus £	2021 Total £	2020 Total £
Executive Directors:					
Ian James	211,250	5,438	92,125	308,813	221,555
Umberto Torrielli	203,397	7,802	92,500	303,699	110,619
Darren Poynton	99,167	2,975	70,000	172,142	-
Non-executive Directors:					
Nigel Sharrocks	50,000	1,250	625	51,875	16,792
Keith Sadler	54,150	-	-	54,150	9,000
Martyn Rattle	29,167	-	-	29,167	-
Steven Clarke	29,167	-	-	29,167	-
Jeffrey Thomas	25,000	-	-	25,000	4,167
Total	701,298	17,465	255,250	974,013	362,133

Umberto Torrielli and Darren Poynton were full-time employees of the Group throughout 2020 and 2021. Umberto Torrielli was appointed to the Board on 29 October 2020 and Darren Poynton was appointed to the Board on 27 May 2021. Accordingly, the above amounts show amounts paid to them pro-rata for the periods they were directors of the Group.

The annual basic salary of Ian James, Umberto Torrielli and Darren Poynton are £225,000, US\$270,000 and £170,000 respectively.

Executive Directors are appointed on standard executive service agreements with notice periods between 3 and 6 months. In addition to the share options awards Executive Directors are eligible for discretionary annual bonuses subject to personal and corporate performance criteria. Standard other benefits include pension contributions, healthcare and life assurance schemes.

The bonuses awarded to the Executive Directors in 2021 were predominately related to achieving the successful IPO in June 2021.

Non-Executive Directors are appointed on standard non-executive service agreements with a notice period of 3 months.

Related Party Transactions

A number of related party transactions occurred between the Group and companies linked to Directors. See note 24 to the Financial Statements.

Financial Risk Management and Financial Instruments

Information relating to the financial risks of the Group have been included within note 21 to the financial statements.

Environment

The Group's environmental impact is relatively low as the company encourages working from home and uses leased offices in a limited number of locations. The Group continues to monitor its environmental footprint.

Substantial shareholdings

The Company has been advised of the following interests in more than 3% of its ordinary share capital as at 31 December 2021

Shareholder	Percentage
Mr Keith Morris	11.2%
Mr Neil Donovan	6.9%
BNY (OCS) Nominees Limited Des:UKREITS	6.6%
Nortrust Nominees Limited	4.9%
Barnard Nominees Limited Des:OBNOMEX	4.6%
Mr Nicholas Mason	4.5%
Pershing Nominees Limited Des:CCCLT	4.4%
Barnard Nominees Limited Des:OBNOMDIS	3.9%
Lynchwood Nominees Limited Des:2006420	3.3%
Mr Ian James	3.2%
Total	53.5%

Directors Indemnity Arrangements

During the year the Company purchased Directors' and Officers' liabilities insurance in respect of itself and its Directors.

Political Donations

There were no political and charitable donations made by the Group during the year (2020 - £nil).

Statement of Disclosure to the Auditor

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditor for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Auditor

The auditor, Crowe U.K. LLP, has indicated its willingness to continue in office and a resolution concerning re-appointment will be proposed at the AGM.

Statement of Directors Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards, interpretations issued by the International Financial Reporting Standards Interpretations Committee (“IFRIC”), and the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The report is approved by the Board of Directors and is signed on behalf of the Board.



Ian James
Chief Executive Officer
29 June 2022

Independent auditors report

To the shareholders of Silver Bullet Data Services Group Plc

Opinion

We have audited the financial statements of Silver Bullet Data Services Group Plc (the “Parent Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2021, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2021;
- the Group and parent company statements of financial position as at 31 December 2021;
- the Group and parent company statements of changes in equity for the year then ended;
- the Group and parent company statements of cash flows for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards, and as regards the parent company, as applied in accordance with the provision of then Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 December 2021 and of the Group’s loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the group and company’s ability to continue to adopt the going concern basis of accounting included:

- reviewing the cash flow model provided by management, agreeing the mathematical accuracy and challenging the assumptions made;
- reviewing management’s forecasts which show continued growth in both revenue and profitability. Our assessment therefore considered whether this was feasible in light of past losses and the recent economic conditions;

- considering the accuracy of past budgeting and trading history, as well as a review of the April management accounts compared to forecast; and
- considering the cash position of the business along together with the post year end fund raise as disclosed in note 27 along with current facilities available.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £300,000, based on the loss before tax for the business, exclusive of exceptional items. We believe this to be an appropriate benchmark for materiality as this is one of the ultimate key performance measures for the Group.

Overall company materiality was set at £150,000 based on the net assets of the business. The materiality was set based on using a guideline of 3% of net assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Our performance materiality was £210,000 for the group and £105,000 for the company.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £15,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The audit procedures have been carried out solely by Crowe U.K. LLP. We performed an audit of the complete financial information of Silver Bullet Data Services Group Plc. The trading subsidiaries were audited using a component materiality for the purposes of the consolidation only. No separate audit opinion will be issued on the subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed

risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We considered going concern to be a key audit matter. Our observations on this area are set out in the Conclusions relating to Going Concern section of the audit report.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
<p><i>Revenue recognition (note 2) and revenue (note 4).</i></p> <p>Fraud through manipulation of revenue recognition is presumed to be a significant audit risk in most cases and we saw no reason to rebut this presumption.</p>	<p>The accounting policies for each of the companies in respect of IFRS 15 (revenue) were considered in detail when the group adopted IFRS 15. This year we checked there were no changes in policy or revenue streams.</p> <p>We also ensured that revenue is recognised in the correct accounting period and that there were no material cut off errors. We tested this through testing a sample of pre and post year end transactions along with our audit work on deferred income where a sample of deferred income balances were tested to source documentation.</p> <p>We were informed by management that no identified instances of material fraud occurred during the year in respect of income recognition.</p>
<p><i>Intangible assets, as detailed in the accounting policy note (note 2) and the intangible assets note (note 12).</i></p> <p>The value of goodwill and intangible assets are significant and assessing the value and amortisation rates used to amortise the intangible assets is complex and involves a degree of subjectivity. Although any impairment would not impact on EBITDA, impairment charges would impact upon the profit for the year and distributable reserves. The impairment calculations are based upon discounted cash flows. The significant inputs into the model include the cashflows in the current period, and the discount rate applied.</p>	<p>We audited the model provided by management and challenged them on the assumptions used.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> • Auditing the cashflows used to ensure that only those cashflows relevant to the intangible assets acquired had been included and ensuring the cash generating units to which the intangible has been included is correct. • Challenging management over whether the forecast growth in income is achievable. • Ensuring that the period over which cashflows were assessed remained reasonable • Whether the assumptions used to calculate the discount rate were reasonable and supportable • Sensitising management’s key assumptions

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a

true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and the recognition of revenue. Our audit procedures to respond to these risks included:

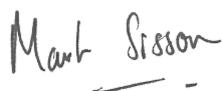
- enquiry of management regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the board meeting minutes;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- detailed testing of a sample of sales made during the year and around the year and agreeing these through to invoices and despatch records for hardware.
- testing the appropriateness of a sample of significant journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; and
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Sisson (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

40-46 High Street

Maidstone

Kent

ME14 1JH, UK

30 June 2022

Consolidated statement of comprehensive income

	Note	Group 2021 £	2020 £
Continuing operations			
Revenue	3, 4	3,809,255	2,788,978
Cost of sales		(1,024,221)	(821,975)
Gross profit		2,785,034	1,967,003
Other operating income	5	38,328	108,737
Distribution costs		(522,306)	(431,027)
Administrative expenses		(9,988,875)	(6,576,740)
Exceptional items	6	(861,085)	(416,615)
Operating (loss)	7	(8,548,904)	(5,348,642)
Finance expense	10	(18,928)	(25,319)
(Loss) before taxation		(8,567,832)	(5,373,961)
Taxation	11	57,150	255,637
(Loss) after taxation attributable to the equity shareholders of the company		(8,510,682)	(5,118,324)
Other comprehensive income / (loss) net of taxation			
Currency translation differences		36,495	8,022
Total comprehensive (loss) for the year		(8,474,187)	(5,110,302)
Total comprehensive (loss) attributable to:			
Equity shareholders of the company		(8,479,438)	(5,110,302)
Non-controlling interest		5,251	-
		(8,474,187)	(5,110,302)
Earnings per share			
Basic earnings	25	(0.73)	(0.75)
Diluted earnings	25	(0.73)	(0.75)

Consolidated and Company statements of financial position

	Note	Group		Company	
		2021	2020	2021	2020
		£	£	£	£
Non-current assets					
Goodwill	12	4,349,662	4,330,222	-	-
Intangible assets	12	2,206,742	1,242,717	-	-
Investments	13	-	-	6,872,911	5,270,836
Tangible assets	14	42,115	36,940	-	-
Total non-current assets		6,598,519	5,609,879	6,872,911	5,270,836
Current assets					
Trade and other receivables	16	2,264,972	1,723,280	78,522	-
Cash and cash equivalents	17	3,687,809	654,792	60	-
Total current assets		5,952,781	2,378,072	78,582	-
Total Assets		12,551,300	7,987,951	6,951,493	5,270,836
Current liabilities					
Trade and other payables	18	2,609,028	3,272,101	2,049,262	1,719,420
Loans and other borrowings	19	16,061	-	-	-
Total current liabilities		2,625,089	3,272,101	2,049,262	1,719,420
Non-current liabilities					
Loans and borrowings	19	143,644	188,570	-	-
Deferred tax liability	20	547,892	223,921	-	-
Total non-current liabilities		691,536	412,491	-	-
Total liabilities		3,316,625	3,684,592	2,049,262	1,719,420
Net assets		9,234,675	4,303,359	4,902,231	3,551,416
Equity					
Share capital	22	134,227	8,256	134,227	8,256
Share premium	22	8,639,593	35,387,853	8,639,592	35,387,855
Share option reserve	23	1,275,363	1,192,653	1,275,363	1,192,653
Retained Earnings		(811,354)	(32,240,404)	(5,147,001)	(33,037,348)
Capital redemption reserve		50	-	50	-
Foreign exchange reserve		(8,505)	(44,999)	-	-
Equity attributable to the equity shareholders of the company		9,229,374	4,303,359	4,902,231	3,551,416
Non-controlling interest		5,301	-	-	-
Total equity		9,234,675	4,303,359	4,902,231	3,551,416

The total comprehensive loss for the company for the year was £12,054,638 (2020 : £7,261,201)

The financial statements were approved by the Board for issue on 29 June 2022.



Ian James
Chief Executive Officer

Company number - 08525481

Consolidated and Company statements of cash flows

	Note	Group		Company	
		2021 £	2020 £	2021 £	2020 £
Cash flows from operating activities					
(Loss) after tax from continuing operations		(8,510,682)	(5,118,324)	(12,054,638)	(7,261,201)
<i>Adjustments for:</i>					
Depreciation	14	36,255	16,704	-	-
Amortisation	12	475,809	363,225	-	-
Impairments	12	-	417,625	11,815,479	7,261,201
Foreign exchange		36,495	8,022	-	-
Net finance expense	10	18,928	25,319	-	-
Taxation expense	11	(57,150)	(255,637)	-	-
(Increase) in trade and other receivables	16	(541,692)	(413,022)	(78,522)	-
(Decrease) / increase in trade and other payables	18	(841,335)	812,042	317,741	-
Share option charge	23	1,602,025	376,921	-	-
Increase in deferred tax liability	20	323,971	122,580	-	-
Cash used in operations		(7,457,376)	(3,644,545)	60	-
Taxation (paid) / refunded		235,412	256,548	-	-
Net cash used in operating activities		(7,221,964)	(3,387,997)	60	-
Cash flows from investing activities					
Purchase of tangible assets	14	(41,430)	(25,473)	-	-
Purchase of intangible assets	12	(1,459,274)	(1,057,416)	-	-
Acquisition of non-controlling interest		50	-	-	-
Net cash used in investing activities		(1,500,654)	(1,082,889)	-	-
Cash flows from financing activities					
Proceeds from borrowings	19	-	111,459	-	-
Repayment of borrowings	19	(28,865)	-	-	-
Loans to directors		-	(150,000)	-	-
New equity issued (net of transaction costs)		11,803,428	4,932,593	-	-
Interest paid		(18,928)	(25,319)	-	-
Net cash from / (used in) financing activities		11,755,635	4,868,733	-	-
Net increase in cash and cash equivalents		3,033,017	397,847	60	-
Cash and cash equivalents at beginning of period		654,792	256,945	-	-
Cash and cash equivalents at end of period		3,687,809	654,792	60	-

Consolidated statement of changes in equity attributable to the shareholders

Group

	Share Capital	Share premium	Share Option Reserve	Retained earnings	Capital redemption reserve	Foreign exchange reserve	Total equity attributable to shareholders	Non- controlling interest	Total equity
	£	£	£	£	£	£	£	£	£
As at 1 January 2020	4,507	28,581,634	815,732	(27,122,080)	-	(53,021)	2,226,772	-	2,226,772
Total comprehensive loss for the year	-	-	-	(5,118,324)	-	8,022	(5,110,302)	-	(5,110,302)
Shares issued during the year	3,749	6,806,219	-	-	-	-	6,809,968	-	6,809,968
Share option charge	-	-	376,921	-	-	-	376,921	-	376,921
As at 31 December 2020	8,256	35,387,853	1,192,653	(32,240,404)	-	(44,999)	4,303,359	-	4,303,359
Total comprehensive loss for the year	-	-	-	(8,515,932)	-	36,494	(8,479,438)	5,251	(8,474,187)
Non-controlling interest in subsidiary share capital	-	-	-	-	-	-	-	50	50
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	-	-	-	1,602,025	-	1,602,025
Share options exercised	312	19,111	(469,533)	469,533	-	-	19,423	-	19,423
Share options forfeited/lapsed	-	-	(1,049,782)	1,049,782	-	-	-	-	-
Shares issued during period (net of transaction costs)	38,454	11,745,551	-	-	-	-	11,784,005	-	11,784,005
As at 31 December 2021	134,227	8,639,593	1,275,363	(811,354)	50	(8,505)	9,229,374	5,301	9,234,675

Company statement of changes in equity attributable to the shareholders

	Called up Share Capital	Share premium	Share Option Reserve	Retained earnings	Capital redemption reserve	Total equity
	£	£	£	£	£	£
As at 1 January 2020	4,507	28,577,139	815,732	(25,776,147)	-	3,621,231
Total comprehensive loss for the year	-	-	-	(7,261,201)	-	(7,261,201)
Shares issued during the year	3,749	6,810,716	-	-	-	6,814,465
Share option charge	-	-	376,921	-	-	376,921
As at 31 December 2020	8,256	35,387,855	1,192,653	(33,037,348)	-	3,551,416
Total comprehensive loss for the year	-	-	-	(12,054,638)	-	(12,054,638)
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	-	-	1,602,025
Share options exercised	312	19,111	(469,533)	469,533	-	19,423
Share options forfeited/lapsed	-	-	(1,049,782)	1,049,782	-	-
Shares issued during period (net of transaction costs)	38,454	11,745,551	-	-	-	11,784,005
As at 31 December 2021	134,227	8,639,595	1,275,363	(5,147,004)	50	4,902,231

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 Company is limited by shares. The address of the registered office is Studio 44 The Finsbury Business Centre, 40 Bowling Green Lane, London, EC1R 0NE.

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 2024 which are based on the strategic business plan. These take into account all reasonably foreseeable circumstances and include consideration of trading results, cash flows and the level of facilities the group requires on a month-by-month basis.

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

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:

Data and strategic services

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

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

Activation channels and brand intelligence

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

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.

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:

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

PROPERTY PLANT AND EQUIPMENT

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

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

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

IMPAIRMENT OF NON-CURRENT ASSETS

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

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

RESEARCH AND DEVELOPMENT EXPENDITURE

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

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

FINANCIAL INSTRUMENTS

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

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

Trade and other receivables and trade and other payables

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

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
- Interest rate benchmark reform – IFRSs 7,9 and 16

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:

Depreciation and amortisation

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

Capitalised development costs

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

Critical accounting judgements:

Impairment of trade receivables

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

Impairment of intangible and tangible fixed assets

Impairment tests have been undertaken in respect of goodwill, intangible and tangible fixed assets using an assessment of the value in use of the respective cash generating units (CGUs). This assessment requires a number of assumptions and estimates to be made including the allocation of assets of CGUs, the expected future cash flows from each CGU and also the selection of a suitable discount rate in order to calculate the present value of those cash flows. Impairments of intangible assets are explained in more detail at note 12.

Going concern

As discussed more fully in the Directors' Report and on page 42 these financial statements have been prepared on the going concern basis. This treatment is based on management's judgement that cashflow requirements for the continued development can be achieved through operating activities and through additional fundraising if required.

3. Operating segments

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

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.

In order to provide better clarity to the underlying performance the Group uses EBITDA and headline losses before taxation as alternative performance measures. These measures are not defined under IFRS. These non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance, but have been included as the Directors consider EBITDA and headline losses before taxation to be key measures used within the business for assessing the underlying performance of the Group's ongoing business across periods. Headline losses before taxation excludes the following items from loss before tax: share option charges and non-recurring exceptional items. See note 6.

	2021		2020	
	Revenue	Gross profit	Revenue	Gross profit
	£	£	£	£
Data and Strategic services	2,298,352	2,277,430	1,439,559	1,465,320
Activation services	1,304,153	618,220	1,337,589	529,173
4D outcomes engine	206,750	(110,616)	11,830	(27,490)
Total	3,809,255	2,785,034	2,788,978	1,967,003
EBITDA from continuing operations				
Operating (loss)		(8,548,904)		(5,348,642)
Depreciation and amortisation		512,065		379,929
Total		(8,036,839)		(4,968,713)

4. Geographical analysis

Revenue analysed by geographical market:

	2021	2020
	£	£
United Kingdom	1,078,128	826,365
Rest of Europe	1,901,162	1,611,819
Rest of the world	829,965	350,794
Total	3,809,255	2,788,978

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.

One major customer is included within data strategic services revenues totalling £497,717 (2020: £338,879).

Non-current assets analysed by geographical market:

	2021	2020
	£	£
United Kingdom	6,586,473	5,590,452
Rest of Europe	4,104	16,233
Rest of the world	7,942	3,194
	<u>6,598,519</u>	<u>5,609,879</u>

5. Other operating income

	Group	
	2021	2020
	£	£
Grant income	38,328	108,737
	<u>38,328</u>	<u>108,737</u>

6. Exceptional items

	Group	
	2021	2020
	£	£
Professional fees on initial public offering	520,180	-
Losses incurred as a result of fraud	340,905	-
Goodwill and asset impairment	-	398,186
Business combination expenses	-	18,429
	<u>861,085</u>	<u>416,615</u>

Headline losses before taxation exclude expectational items and share option charges as reconciled below

	2021	2020
	£	£
Loss before taxation	(8,567,832)	(5,373,961)
Exceptional items	861,085	416,615
Share option charge	1,602,025	376,921
Headline loss before taxation	<u>(6,104,722)</u>	<u>(4,580,425)</u>

7. Operating (loss)

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

	Group	
	2021	2020
	£	£
Depreciation of property plant and equipment	36,255	16,704
Amortisation of intangible assets	475,809	363,225
Impairment of intangible assets	-	417,625
Transaction costs on acquisition	-	18,429
Short term leases	214,972	321,619
Foreign exchange losses / (gains)	80,005	(8,023)
Auditor's remuneration in respect of:		
- audit of the consolidated financial statements	60,000	-
- other audit related assurance services	193,750	-

8. Staff costs

	Group	
	2021	2020
	£	£
Wages and salaries	4,523,434	3,275,550
Share-based payments	1,602,025	376,921
Social security costs	715,282	480,589
Pension costs – defined contribution	129,079	69,486
Termination payments	56,272	-
	7,026,092	4,202,546

Average number of staff

	Group		Company	
	2021	2020	2021	2020
Platforms	34	13	-	-
Services	23	20	-	-
Central	12	8	-	-
	69	41	-	-

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	
	2021	2020
	£	£
Directors' remuneration	957,855	505,233
Share-based payments	376,994	-
Social security costs	97,494	46,585
Pension costs – defined contribution	19,589	7,711
Invoiced services	71,650	183,167
	1,523,582	742,696

The directors are remunerated, in respect of their services to the Group, through subsidiary companies. During the year four directors (2020: three) were accruing benefits under the company defined contribution pension scheme.

The above table shows the remuneration received by the key management personnel of the Group during the year and prior period, these include amounts for periods when some of the directors were not statutory directors of the Group for the whole period. The amounts paid while serving as statutory directors can be found on page 28 to the Financial Statements.

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

	Group	
	2021	2020
	£	£
Directors' remuneration	273,375	268,303
Share-based payments	104,901	-
Social security costs	36,507	16,707
Pension costs – defined contribution	5,438	985
Invoiced services	30,000	-

10. Finance expenses

	Group	
	2021	2020
	£	£
On bank overdrafts and loans	16,926	12,591
On other credit arrangements	2,002	12,728
	18,928	25,319

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	
	2021	2020
	£	£
Current tax		
UK corporation tax relief on losses from prior years	(21,121)	(212,773)
UK corporation tax relief on losses for current year	(360,000)	(165,536)
Foreign taxation	-	92
Total current tax	(381,121)	(378,217)
Deferred tax	323,971	122,580
Total tax (credit) / charge	(57,150)	(255,637)

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% (2020: 19%).

	Group	
	2021	2020
	£	£
Loss on ordinary activities before taxation	(8,567,832)	(5,373,961)
Loss on ordinary activities by rate of tax	(1,627,888)	(1,021,053)
Non-allowable expenses	139,632	3,174
Enhanced R&D expenditure	(360,000)	(165,536)
Impairments not deductible for tax purposes	-	70,988
Change in deferred tax rate applied	131,494	-
Deferred tax movement on intangible assets	323,971	122,580
Movement in deferred tax not recognised	1,356,762	946,891
Adjustments in respect of prior periods	(21,121)	(212,773)
Foreign taxation	-	92
Tax on loss	(57,150)	(255,637)

12. Goodwill and intangible assets

	Customer lists £	Development Costs £	Brand Names £	Goodwill £	Total £
COST					
At 1 January 2020	595,708	754	84,999	4,703,843	5,385,304
Additions	-	1,057,416	-	-	1,057,416
Write off	-	-	(84,999)	(373,621)	(458,620)
At 31 December 2020	595,708	1,058,170	-	4,330,222	5,984,100
At 1 January 2021	595,708	1,058,170	-	4,330,222	5,984,100
Additions	-	1,439,834	-	19,440	1,459,274
At 31 December 2021	595,708	2,498,004	-	4,349,662	7,443,374
AMORTISATION					
At 1 January 2020	64,936	-	23,995	-	88,931
Amortisation charge	148,927	197,298	17,000	-	363,225
Write off	-	-	(40,995)	-	(40,995)
At 31 December 2020	213,863	197,298	-	-	411,161
At 1 January 2021	213,863	197,298	-	-	411,161
Amortisation charge	148,927	326,882	-	-	475,809
At 31 December 2021	362,790	524,180	-	-	886,970
NET BOOK VALUE					
At 31 December 2020	381,845	860,872	-	4,330,222	5,572,939
At 31 December 2021	232,918	1,973,824	-	4,349,662	6,556,404

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

Impairment review of intangible assets with indefinite useful lives

Following initial recognition, goodwill is subject to impairment reviews at least annually and measured at cost less accumulated impairment losses. Any impairment is recognised immediately in the consolidated statement of comprehensive income.

There are three steps to performing an impairment review:

1. Allocating the goodwill to the relevant cash generating unit (CGU) or multiple CGUs.
2. Determining the recoverable amount of the CGU to which the goodwill belongs.
3. Recognising any impairment losses after performing an impairment review of the CGU or CGUs.

Goodwill acquired in a business combination represents future economic benefits arising from assets that are not capable of being individually identified and separately recognised. Goodwill does not generate cash flows independently from other assets or groups of assets and so the recoverable amount of goodwill as an individual asset cannot be determined. Therefore, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer's CGUs or Groups of CGUs that are expected to benefit from the synergies of the business combination.

The definition of a CGU is "the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Groups of assets" (per IAS 36).

In accordance with IAS 36, a CGU to which goodwill has been allocated shall be tested for impairment annually and whenever there is indication of impairment by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit.

If the recoverable amount of the unit exceeds the carrying amount of the unit, the unit and the goodwill allocated to that unit shall be regarded as not impaired. If the carrying amount of the unit exceeds the recoverable amount of the unit, the entity shall recognise an impairment loss.

The recoverable amount is the higher of a CGU's fair value less costs to sell and its value in use. In brief the fair value less costs to sell is likely to involve a valuation of the CGU if sold at an arm's length and deducting the costs of disposal.

The value in use will involve a discounted cash flow ('DCF') calculation estimating the future cash inflows and outflows to be derived from the continuing use of the CDU. The DCF calculation would include the estimated net cash flows, if any, to be received for the disposal of the CGU at the end of its useful life.

The key assumptions for the value in use calculation are considered separately below.

Number of years of cash flows used and budgeted growth rate

The recoverable amount of each CGU is based on a value in use calculation using specific cash flow projections over a five-year period and a terminal growth rate thereafter. The five-year forecast is prepared considering the directors' expectations based on market knowledge, numbers of new engagements and the pipeline of opportunities.

Discount rate

The Group's pre-tax weighted average cost of capital has been used to calculate a discount rate, which reflects current market assessments of the time value of money for the period under review and the risks specific to the Group. A discount rate of 20% was applied for each of the periods under review.

Terminal growth rate

An appropriate terminal growth rate is selected, based on the directors' expectations of growth beyond the five-year period. The terminal growth rate used for the period following the detailed forecast period is 2%, which is within the expected growth for the industry.

The discounted cashflows expected from the CGUs compare to the carrying value as follows:

	Net Book Value	Recoverable Amount	Impairment Headroom
	£	£	£
As at 31 December 2020			
Services	3,076,826	3,333,143	256,317
Activation	1,253,396	2,491,612	1,238,216
	4,330,222	5,824,755	1,494,533
As at 31 December 2021			
Services	3,076,826	4,492,398	1,415,572
Activation	1,272,836	2,425,574	1,152,738
	4,349,662	6,917,972	2,568,310

Sensitivity analysis has been conducted on each of management's key assumptions to assess the volatility of the impairment head room against each of the Group's Cash Generating Units.

A discount factor of 20% has been applied by management in order to calculate the net present value of each CGUs recoverable amount. For the Impairment Headroom to reduce to £nil this discount factor would need to increase to 25% (2020: 21%) for Services and 34% (2020: 34%) for Activation. This

discount factor is an estimate of the Group's cost of capital based on the capital asset pricing model using similar listed businesses for benchmarking.

Management have applied a medium-term sales growth rate at 20% for two financial years with a terminal growth rate forecast at 2%. Sensitivity analysis on these estimates show that the estimated recoverable amount does not reduce below the carrying value with either estimate reducing to 0%.

For the purposes of reviewing goodwill valuations, the tangible fixed assets acquired in business combinations are not considered to be material.

Impairment review of amortised intangible assets

Amortisation rates applied to intangibles acquired and internally generated are assessed according to management's best estimates of their useful economic lives, at rates disclosed in the accounting policies Note 2.

Intangible assets are reviewed annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The net present value of cash flows for each CGU is reviewed against the carrying value at the balance sheet date.

At the period end the net present value of future cash flows of CGUs were compared to their carrying value and no impairment charges (2020: impairment charge of £44,004) were recorded.

The carrying value of amortised intangible assets and the key assumptions used in performing the annual impairment assessment and sensitivities are disclosed below:

	Net Book Value	Recoverable Amount	Impairment Headroom
	£	£	£
Customer lists	232,918	346,937	114,019
Development costs	1,973,824	27,515,235	25,541,411

Customer lists form part of the services cash generating unit.

The key assumptions applied by management in assessing these recoverable amounts are:

- a discount rate of 20% to calculate the present value of future cashflows;
- revenue growth assumptions used in the customer list valuation assessed by customer ranging from 10% to 30%; and
- revenue growth assumptions used in development costs averaging 29% per month over the first three years from launch.

Sensitivity analysis has been conducted on these management assumptions to show that an increase of 5% to discount rate applied would not result in any additional impairments being recognised.

The valuation of future cashflows is also not significantly sensitive to fluctuations in management estimates of revenue growth. Decreasing the future expected cashflows by 25% would not give rise to any additional impairments being recognised.

Cashflow forecasts used in this analysis have been prepared by management based on best estimates of future activity and expected profit margins.

13. Investments

	Investments in subsidiary companies	Total
	£	£
COST		
At 1 January 2020	4,727,913	4,727,913
Additions	542,923	542,923
At 31 December 2020	5,270,836	5,270,836
At 1 January 2021	5,270,836	5,270,836
Additions	1,602,075	1,602,075
At 31 December 2021	6,872,911	6,872,911

Impairment review of investments

Using the assumptions applied in reviewing intangible assets for impairment (see Note 12) the Company's investments in subsidiaries have also been compared to the discounted future cashflows expected from the subsidiary CGUs.

At the period end no impairment charges (2020: £nil) were necessary given the headroom below:

	Net Book Value	Recoverable Amount	Impairment Headroom
	£	£	£
As at 31 December 2020			
Investments in subsidiaries	5,270,836	11,917,340	6,646,504
	5,270,836	11,917,340	6,646,504
As at 31 December 2021			
Investments in subsidiaries	6,872,911	30,380,747	23,507,836
	6,872,911	30,380,747	23,507,836

14. Tangible assets

	Fixtures, fittings and equipment £	Computer equipment £	Total £
COST			
At 1 January 2020	10,066	81,197	91,263
Additions	3,606	21,868	25,474
At 31 December 2020	13,672	103,065	116,737
At 1 January 2021	13,672	103,065	116,737
Additions	1,770	39,660	41,430
Disposals	(7,145)	-	(7,145)
At 1 December 2021	8,297	142,725	151,022
DEPRECIATION			
At 1 January 2020	7,726	55,367	63,093
Charge for the period	2,958	13,746	16,704
At 31 December 2020	10,684	69,113	79,797
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 1 December 2021	4,973	103,934	108,907
NET BOOK VALUE			
At 31 December 2020	2,988	33,952	36,940
At 31 December 2021	3,324	38,791	42,115

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

15. Investments in subsidiaries

As at 31 December 2021 Silver Bullet Data Services Group PLC owned a controlling interest in the ordinary share capital of the companies below.

All subsidiaries are 100% subsidiaries with the sole exception of Local Planet Data Services Ltd which is 51% owned by the Group.

<i>Subsidiary undertaking</i>	<i>Country of incorporation</i>	<i>of Registered office</i>	<i>Principal activity</i>
Silver Bullet Media Services Limited	England and Wales	Studio 44 The Finsbury Business Centre, 40 Bowling Green Lane, London, EC1R 0NE	Marketing services and data technologies
IOTEC Native Limited	England and Wales	Studio 44 The Finsbury Business Centre, 40 Bowling Green Lane, London, EC1R 0NE	Dormant
Silver Bullet Data Services Limited	England and Wales	Studio 44 The Finsbury Business Centre, 40 Bowling Green Lane, London, EC1R 0NE	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	Studio 44 The Finsbury Business Centre, 40 Bowling Green Lane, London, EC1R 0NE	Marketing services and data technologies

16. Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade receivables	1,333,272	1,153,570	-	-
Other receivables	202,623	179,716	75,965	-
Prepayments	151,749	110,781	2,557	-
Contract assets	217,328	113,677	-	-
Corporation tax receivable	360,000	165,536	-	-
	2,264,972	1,723,280	78,522	-

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	
	2021	2020	2021	2020
	£	£	£	£
Cash at bank	3,687,809	654,792	60	-
	3,687,809	654,792	60	-

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

18. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade payables	525,267	900,809	35,129	-
Tax and social security	558,799	884,844	20,613	-
Other payables	317,018	472,773	50	18,517
Accruals	1,007,845	570,357	10,467	-
Contract liabilities	200,099	443,318	-	-
Amounts owed to group undertakings	-	-	1,983,003	1,700,903
	2,609,028	3,272,101	2,049,262	1,719,420

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	
	2021	2020	2021	2020
	£	£	£	£
Current liabilities				
Bank loans	16,061	-	-	-
	16,061	-	-	-
	2021	2020	2021	2020
	£	£	£	£
Non-current liabilities				
Bank loans	143,644	188,570	-	-
	143,644	188,570	-	-

As at 31 December 2021 the Group had debt finance of £177,104 accruing interest at 1.95% repayable over six years to 2026, with repayments due from 31st August 2022.

20. Deferred tax liability

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Movements in the year:				
Liability brought forward	223,921	101,341	-	-
Charge / (credit) to profit or loss	323,971	122,580	-	-
Liability carried forward	547,892	223,921	-	-

All deferred tax liabilities are recognised in respect of intangible 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	
	2021	2020	2021	2020
	£	£	£	£
Financial assets measured at amortised cost				
Cash and cash equivalents	3,687,809	654,792	60	-
Trade receivables	1,333,272	1,153,570	-	-
Other receivables	202,623	293,393	75,965	-
	5,223,704	2,101,755	76,025	-
Financial liabilities measured at amortised cost				
Trade payables	525,267	900,809	35,129	-
Accruals	1,007,845	570,357	10,468	-
Other payables	875,812	1,014,217	2,014,133	1,719,420
Bank Loans	159,705	188,570	-	-
	2,568,629	2,673,953	2,059,730	1,719,420

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, other payables and lease liabilities.

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.

The company has provided for amounts due from subsidiary undertakings as these are not deemed recoverable. The amount provided for during the year was £11,815,479.

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 18. 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:

	2021			2020		
	AUD	USD	EUR	AUD	USD	EUR
Assets and liabilities*	(504,607)	(2,018,873)	(1,368,563)	(360,564)	38,985	(600,283)

*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	
	2021 £	2020 £	2021 £	2020 £
10% weakening of functional currency	(248,739)	(64,520)	-	-
10% strengthening of functional currency	522,352	135,493	-	-

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

During the reporting periods a number of investment rounds have been completed raising a total of £11,784,005 in equity finance (net of transaction costs). Movements in issued share capital and share premium accounts during these periods are summarised below:

Ordinary share capital Issued and fully paid	Ordinary No.	Ordinary A No.	Ordinary B No.	Ordinary C No.
As at 1 Jan 2021	-	1,546,797	35,448	10
Shares issued	3,727,656	-	-	-
Change of designation	9,695,031	(1,546,797)	(35,448)	-
Purchase of own shares	-	-	-	(10)
Bonus share issue	87,255,279	-	-	-
Share consolidation	(87,255,279)	-	-	-
As at 31 Dec 2021	13,422,687	-	-	-

continued...	Ordinary D No.	Ordinary G No.	Ordinary H No.	Total No.
As at 1 Jan 2021	464,689	5,379,104	780,093	8,206,141
Shares issued	-	1,488,900	-	5,216,556
Change of designation	(464,689)	(6,868,004)	(780,093)	-
Purchase of own shares	-	-	-	(10)
Bonus share issue	-	-	-	87,255,279
Share consolidation	-	-	-	(87,255,279)
As at 31 Dec 2021	-	-	-	13,422,687

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

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

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

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

Prior to the Group's capital restructure above, all classes of share in issue carried equal rights of participation in dividends. Voting rights were attributed equally to qualifying shareholders, defined as below:

- a) each holder of H Ordinary Shares; and
- b) each Shareholder holding Voting Shares (other than H Ordinary Shares) equal to or greater than 1% of all of the Voting Shares in issue.

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:

	2021		2020	
	Weighted average exercise price	Share options	Weighted average exercise price	Share options
	£	#	£	#
Outstanding at start of period	3.05	250,153	3.35	220,499
Forfeited/expired during period	(1.27)	(244,767)	-	-
Granted during period	1.27	1,705,682	0.79	29,654
Exercised during period	(0.30)	(31,461)	-	-
Outstanding at end of period	1.56	1,679,607	3.05	250,153

Share options have been valued at grant date based on the Black Scholes valuation model using an estimated volatility of 40%. As the options were granted prior to the company listing the volatility rate is based upon a comparison to similar businesses. Sensitivity analysis on this assumption shows that an increase in volatility to 60% increases the option pool valuation by 6.9%, and a decrease to 20% reduces this valuation by 7.1%.

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 focused on capital growth through this period. Risk-free rates have been applied ranging from 0.26% to 1.28% 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 No.	Share price £	Average exercise price £
01 October 2014	1,325	22.21	0.001
12 January 2015	94	22.21	0.001
15 July 2015	281	24.633	0.001
18 July 2016	2,703	24.633	0.001
12 October 2016	10,000	24.633	24.032
26 January 2018	9,099	8.55	12.901
21 May 2020	24,624	3.64	0.810
06 July 2020	4,360	1.96	0.810
09 July 2020	625	1.96	0.810
17 July 2020	1,500	1.96	0.810
24 July 2020	5,000	1.96	0.799
01 October 2020	2,500	1.96	0.810
02 June 2021	850,966	2.57	0.421
25 June 2021	766,530	2.57	2.314
	1,679,607		

The movement in option valuation during the year ended 31 December 2021 resulted in a staffing cost being recognised by the Group of £1,602,025 (2020: £376,921), with a corresponding increase in the Group's equity.

The valuation of options exercised, lapsed, and forfeited during the year totalled £1,519,315 (2020: £nil) which has been transferred to Retained Earnings.

The weighted average remaining contractual life for outstanding options is 6 years and 4 months.

The total number of exercisable options at the period end was 526,230 (2020: nil), with an average exercise price of £1.73 (2020: £nil).

24. 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 £107,131 (2020: £12,389) are included in revenue for the year ended 31 December 2021. Amounts outstanding at the year end included in trade receivables totals £37,758 (2020: £2,949).

Recharges for direct costs incurred were processed during the year ended 31 December 2021 totalling £56,000 (2020: £548). Amounts outstanding at 31 December 2021 totalled £5,574 (2020: £657).

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 2021 totalling £90,000 (2020: £110,000). Amounts outstanding at 31 December 2021 totalled £nil (2020: £12,000). All of these services were provided prior to listing in June 2021.

Marmalade Consultants Limited: is a related party to the group by virtue of having Directors in common. Martyn Rattle is a director of both companies. Consultancy services were provided during the year ended 31 December 2021 totalling £56,673 (2020: £11,667). Amounts outstanding at 31 December 2021 totalled £nil (2020: £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 2021 totalling £13,800 (2020: £nil). Amounts outstanding at 31 December 2021 totalled £16,560 (2020: £nil) and are included within trade receivables.

Made by Brittan Limited: is a related party to the group by virtue of having Directors in common, this relationship ceased in April 2021 following the related Director resignation from Silver Bullet Data Services Group Plc. Consultancy services were provided during the year ended 31 December 2021 totalling £nil (2020: £75,289). Amounts outstanding at 31 December 2021 totalled £nil (2020: £30,346).

Purple Lime Accountancy Limited: is a related party to the group by virtue of having Directors closely related to Key Management Personnel of the Group. This relationship ceased in April 2021 following the related Director resignation from Silver Bullet Data Services Group Plc. Accountancy and finance services were provided during the period ended April 2021 totalling £50,846 (year ended 2020: £104,203). Amounts outstanding at 31 December 2021 totalled £5,582 (2020: £20,271).

Hartham Group Limited: is a related party to the group by virtue of having a common Director. This relationship ceased in April 2021 following the related Director resignation from Silver Bullet Data

Services Group Plc. Consultancy services were provided during the year ended 31 December 2021 totalling £nil (2020: £4,167).

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 (2020: £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	2021	2020
	£	£
Silver Bullet Media Services Limited	1,180,872	1,180,921
Iotec Native Limited	802,131	519,982
	<u>1,983,003</u>	<u>1,700,903</u>

25. 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.

	2021	2020
	£	£
Loss after taxation	(8,510,681)	(5,118,324)
Number of shares		
Weighted average number of ordinary shares in issue	11,684,142	6,855,439
Dilutive effect of in-the-money share options	792,028	213,030
Diluted weighted average number of shares	12,476,170	7,068,469
Earnings per share		
Basic earnings per share	(0.73)	(0.75)
Diluted earnings per share	(0.73)	(0.75)

As options are not antidilutive, the diluted EPS is the same as the basic EPS in this situation.

26. 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 (08235870)
IOTEC Native Limited (08286180)
Silver Bullet Data Services Limited (10081847)
Local Planet Data Services Ltd (13123941)

27. Subsequent events

On 20th June 2022 the company secured additional funding of £4.6m in order to bolster its balance sheet and support the growth of Silverbullet's 4D product sales during 2022. The funding was comprised of £2,494,000 of equity at a price of £1 per share and £2,106,000 of convertible loan notes with an interest rate of 12%. £606,000 of the convertible loan notes are committed but with deferred settlement terms and not due to be paid until September 2022.

28. Ultimate controlling party

Management consider there is no ultimate controlling part of the Group as no individual shareholder owns more than 15% of the issued share capital.