Silverbullet

# A Privacy-First Marketing Era

## Driven by Data Led CX Transformation

**Silver Bullet Data Services PLC 2023 Annual Report**

| | |
|---|---|
| **Directors** | Mr Nigel Sharrocks, Non-Executive Chairman<br>Mr Ian James, Chief Executive Officer<br>Mr Chris Ellis, Chief Financial Officer (Appointed 8th April 2024)<br>Mr Darren Poynton, Chief Financial Officer (Resigned 8th April 2024)<br>Mr Umberto Torrielli, Chief Strategy Officer<br>Mr Keith Sadler, Non-Executive Director (Resigned 9th March 2023)<br>Mr Steven Clarke, Non-Executive Director<br>Mr Martyn Rattle, Non-Executive Director<br>Mrs AnnaMaria Khan-Rubalcaba, Non-Executive Director (Appointed 1st April 2024) |
| **Secretary** | Mr Chris Ellis, Chief Financial Officer (Appointed 8th April 2024)<br>Mr Darren Poynton, Chief Financial Officer (Resigned 8th April 2024) |
| **Company Number** | 08525481 |
| **Registered Office** | The Harley Building<br>77 New Cavendish Street<br>London<br>W1W 6XB |
| **Auditor** | Crowe UK LLP<br>4 Mount Ephraim Road<br>Tunbridge Wells<br>TN1 1EE<br>United Kingdom |
| **Legal Advisors** | Fladgate LLP<br>16 Great Queen Street<br>London<br>WC2B 5DG<br>United Kingdom |
| **Registrars** | Neville Registrars Limited<br>Neville House<br>Steelpark Road<br>Halesowen B62 8HD<br>United Kingdom |
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| **Joint Broker** | Oberon Capital<br>65 Curzon Street<br>London W1J 8PE<br>United Kingdom |
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# Part One:
# The Business

# Financial Highlights.

| YEAR ENDED DECEMBER 2023 | YEAR ENDED DECEMBER 2022 |
|---|---|
| **£8.36m** Revenue | £5.82m Revenue |
| **£6.36m** Gross Profit | £4.22m Gross Profit |
| **£3.23m** Headline Loss before tax* | £6.10m Headline Loss before tax* |
| **£3.45m** Reported Loss before tax | £7.54m Reported Loss before tax |
| **(£0.20)** Earnings per share | (£0.49) Earnings per share |

** Headline results are calculated before exceptional items and share option charges, reconciliation per note 5 of the consolidated financial statements*

## Operational Highlights

- Revenue increased 44% to £8.36m (2022: £5.82m)
- Customer Experience Services revenue increased 29% to £5.55m (2022: £4.30m)
- 4D Platform revenue increased 85% to £2.81m (2022: £1.52m) driven by US demand for the product
- US and globally operating clients now account for more than 50% of total Group revenues
- Losses significantly reduced due to revenue acceleration and cost reductions

# Silverbullet.

Silverbullet Data Services Group PLC ("Silverbullet", the "Company" or, together with its subsidiaries, the "Group") is a leading **Data-Driven Customer Experience** (CX) Company, that empowers the world's leading brands to better understand the data they collect, store, and activate to improve customer experiences.

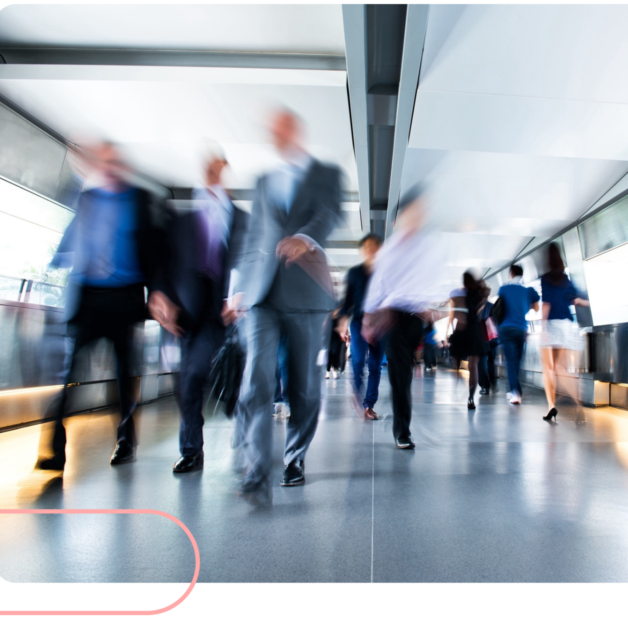
We're committed to delivering data driven marketing solutions that provide outcomes of value to our clients. We design and execute data-enriched customer experiences that drive performance at the individual and business level , through the highly-effective blend of human expertise, cutting edge technology and AI, and customer data.

**75+**
Global talent

**4**
Regional hubs

**25+**
Regions served

**1**
United org



## We enable leading global brands to step into the privacy-first era, **with confidence.**

The organisation is comprised of two core pillars, that are used cross-functionally to support the ever-changing demands of our global client base:

- Customer Experience (CX) Services Suite
- Customer Experience (CX) Product Studio

# Business Model

## CX Services Suite

### Strategic Consultancy and Managed Services:

Our strategic consultants combine key digital capabilities with industry expertise, bridging the gap between marketing data and technology in complex client environments.

### Empower Services
(consultancy and analysis):
- Data Intelligence
- Gap Analysis
- First-party Data Strategy Design
- Roadmap Design

### Build Services
(technical implementation)
- Technology Implementation & Data Integration

### Activation Services
(data activation)
- Customer Journey Orchestration
- Marketing Automation Delivery
- Contextual Intelligence and Data Enrichment
- Insights and Optimisation Tools and Services
- Use Case Design and Execution

### Measure Services
(measurement and ROI)
- Data driven Insights and Analysis
- Bespoke Insight Dashboards
- Investment ROI Modelling
- Campaign Reporting

## CX Product Studio

### Silverbullet Cloud:

Rooted in privacy and driven by powerful AI and the industry's most robust data, the Silverbullet Cloud is made up of a portfolio of data tools and platforms which empower global brands to personalize every single customer journey, driving better return-on-investment (ROI) for digital marketing spend.

### Proprietary Tech.

**4D AI Contextual Data Platform**
Delivering contextual data, insights, targeting and private marketplaces for privacy-first advertising.
- 4D Targeting
- 4D Insights
- 4D Optimization

**Data Enrichment & AI Measurement Solutions**
With an end-to-end view of clients marketing performance, Silverbullet unifies marketing results to the actions that drove them. across channels to deliver personalization at scale:
- Proprietary AI campaign Measurement
- Data Enrichment

### Enterprise Software Partners

Silverbullet collaborates with global enterprise technology platforms to implement, configure, integrate and maintain systems that drive digital marketing processes and results

| | | |
|---|---|---|
| Salesforce | InfoSum | And more… |
| Treasure Data | Open X | |
| Snowflake | PubMatic | |
| Braze | The Trade Desk | |
| Metarouter | Xandr | |

“

To rekindle customer loyalty, organizations must renew their focus on customer experience as a route to growth.

Accenture Life Trends 2024 Report

**What clients want.**
Global clients are seeking innovative solutions that empower and improve their connections with customers, consumers, and audiences in the right environments. They want to deliver the true meaning of ‘value’, through strategic consultancy, expert engineering, and advanced technology. And Silverbullet is positioned perfectly to make these ambitions become reality.

Meeting customer expectations – and delivering value in today's climate - requires understanding customers and their data intrinsically. Businesses need to ask themselves key questions: How can I grow connections with customers? How can I join the siloed data dots to deliver seamless, cross-functional customer experiences? How can I tap into AI to accelerate success, and improve business ROI?

**Delivering Solutions:**
Silverbullet supports clients to navigate the entire landscape. Our approach in providing a truly ‘bespoke’ and ‘agile’ solutions offering, means we can embed ourselves within our client’s business, to analyse, identify and execute solutions fit for their needs. Through our CX Solutions Suite and CX Product Studio, we offer tailor-made solutions for the privacy-first, post-cookie era.

# Why do clients choose Silverbullet?

## Strengths and Differentiators

### Strengths:

- Global reach with proven expertise with some of the World's biggest brands
- Deep capability in the specific vertical of data driven customer experience transformation offering clients a boutique option versus generalist service provider
- An AI driven product suite with a service model providing cutting edge tools with human expertise to accelerate client return on investment (ROI)

### Differentiators:

Silverbullet's collective expertise originates from the world of traditional consultancies, system integrators, enterprise technology vendors, advertising agencies and marketing teams. This blend of professional backgrounds, expertise, and exposure to different areas of marketing transformation puts the Company in a unique position in the marketing industry. A true example of "the whole being greater than the sum of its parts":

- **Data intelligence and engineering specialists:** The Silverbullet expert and highly skilled data capabilities include data management, data science, data engineering, customer data orchestration, insights and analytics, testing and optimization - and so much more.
- **Experts in strategy:** From designing a bespoke business strategy and organizational strategy, to undertaking gap analysis, road mapping, and campaign planning. Silverbullet takes care of every single detail for successful data driven marketing transformation.
- **Actionable and Measurable:** Silverbullet believes in the continuous ability to measure success and remain accountable at each stage of our journey together. The organisation's experts embed technology and AI measurement systems to track our success.

## Our Operating Model

### Our Value:

With our focus on data, tech and AI, we provide a market leading value proposition to clients who are looking to deliver highly functional, seamless data-driven CX initiatives whilst getting the best possible return on their investment.

Our data-driven bespoke approach coupled with our proprietary tools and measurement capabilities mean clients receive more effective and reliable results.

Further, our agile nature enables us to be flexible in every approach, acting as an extension of our clients' teams, versus an agency one-size-fits-all approach.

**Geography:** Our presence in our 4 major hubs (EMEA, N-AMER, LATAM and APAC) enables us to provide global coverage and local insight.

**Owned and Partnered-Products:** Technology underpins our business offering, whether that be our own proprietary tech, or working across our global technology partners. By blending both, we can support our clients in the delivery of bespoke, effective CX in the privacy-first, new marketing era.

**How we do it:**
**People:** 75 global experts
**Practices:** CX Transformational Solutions
**Principles:** Deep-rooted expertise, High-quality bespoke solutions, Agile and Flexible

## Apple Inc.

“Privacy is a fundamental human right. It’s also one of our core values. Which is why we design our products and services to protect it. That’s the kind of innovation we believe in.”

# CX Product Suite Update

Rooted in privacy and driven by powerful AI and the industry's most robust data, the Silverbullet Cloud is made up of a portfolio of data tools and platforms which empower global brands to personalize every single customer journey, driving better ROI for digital marketing spend in a privacy safe, compliant way.

## Our core proprietary AI platform is **4D AI**

4D AI is the privacy-first contextual targeting and insights platform that enables the delivery of display, video, and YouTube campaigns in environments consumer's trust. 4D brings together advanced machine learning and AI technologies to help brands reach customers at the right place, right time, and in the right moment- all the while respecting their privacy and rights as consumers.

### The 4D Benefits

**Privacy-safe advertising:** 4D has no IDs, cookie-based or otherwise, ensuring privacy and a consumer-centric experience.

**Contextual targeting evolved:** By combining text, image, and video analysis, 4D delivers in-depth categorization centred on a brands goals and objectives.

**Brand Safe. Brand Suitable:** 4D ensures the protection of a brand within the environments it is placed in, across video and display.

**Optimization & Insights:** 4D analyses the context of where impressions have been seen and engaged with, to optimize the campaign in real-time, all the while providing actionable contextual insights.

**Customer-Centric Experiences:** 4D maximizes consumer attention with efficiency, whilst ensuring their interest is retained for longer.

### Channels & Features

**4D Insights & Optimisation:** By analysing the specific contextual environment where an ad was successfully placed and engaged, 4D can surface recommendations on context optimizations to drive better performance and scale. The platform is designed to help traders, plan for campaigns, create transparent contexts across display, and video to increase ROI.

**4D Video:** With 4D Video, brands can leverage advanced computer vision-driven signals to understand the holistic context of the video across Open Web and YouTube. This provides the truest contextual insights to target video advertisements.

**4D Display:** Advertisers can go beyond traditional targeting by identifying new contexts and keywords to target, expanding beyond endemic keyword targeting, without sacrificing performance and scale. 4D allows advertisers to gain understanding and intel about their campaigns without running a tag with us, making it easy and efficient to activate.

# Clients and their agencies work with 4D in a variety of ways:

**4D Insights Only**

Stand-alone contextual insights platform, no targeting required.

**4D Self-Serve**

Full access to the platform, account management launch support, targeting across any DSP and automatic DSP billing.

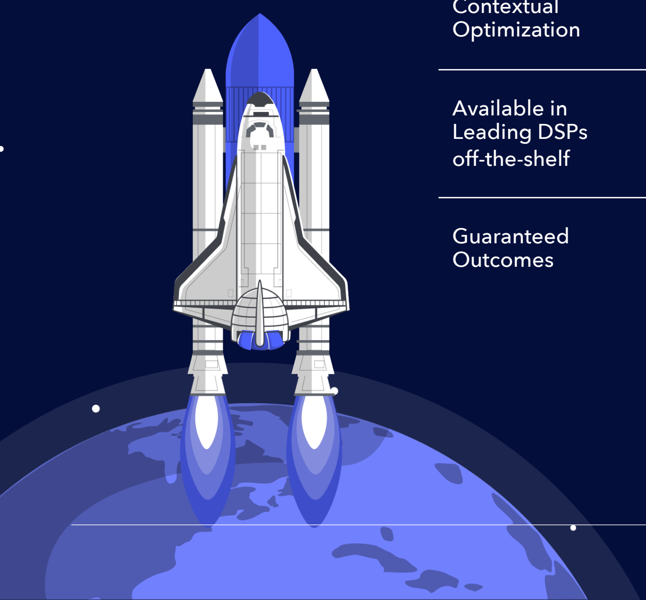
**4D Private Marketplace**

Bespoke, highly curated Private Marketplaces (PMPs) created by 4D and delivered to the client directly for activation within their DSP.

**4D Managed Service**

Guaranteed results, fully managed services, KPI structure, comprehensive insights, optimisation throughout, IO-based.

| | Insights | Self-serve | PMP | Managed Service |
|---|---|---|---|---|
| Comprehensive Contextual Insights | Y | Y | Y | Y |
| Advanced Targeting | | Y | Y | Y |
| Contextual Optimization | | Y | Y | Y |
| Available in Leading DSPs off-the-shelf | | | Y | Y |
| Guaranteed Outcomes | | | | Y |



# Part Two:

# Strategic Report

# Letter from the CEO

I am delighted to report our Annual Accounts for 2023. Our full year results show strong, sustained growth on the backdrop of a once in a generation shift to data and AI driven marketing transformation. The demise of a generation-old AdTech ecosystem which is based on non-compliant data sources (such as the third-party cookies), is being rapidly replaced by a first-party data driven, privacy-first marketing environment.

98 per cent. of marketers report they're concerned about the disappearance of the third-party cookie, as traditional ways of working are no longer fit for purpose. We have reached an inflection point in the industry where first-party data marketing methods, accelerated by AI, are radically transforming marketing insights targeting, measurement, and organisational efficiencies.

**This transformation requires clients and their agencies to seek new solutions driven by a combination of innovative new enterprise MarTech and AdTech platforms, and the guidance and support of specialist human expertise, to lead them through the data integrations and engineering required to evolve their organisational set-up to remain competitive.**

Silverbullet has continually evolved its offering to meet this global client demand for bespoke solutions rather than individual data products. By combining the proprietary data platforms of 4D AI and Silverbullet Cloud with specialist skillsets in data strategy, technology implementation, and data integration; Silverbullet provides a one-stop shop for data driven marketing transformation and is trusted by some of the world's biggest brands.

With its unique blend of products and services, Silverbullet is perfectly positioned to deliver this transformation, at global scale. 4D AI has grown significantly in the last 12 months, with the final demise of the third-party cookie and a continued tightening of global data regulations presenting a perfect backdrop to unlock new value for our global client base.

## Business Growth:

As more global clients shift towards adopting transformational strategies to adapt to the new marketing era, Silverbullet continues to grow. We have witnessed a rise in the employment of customer-experience led infrastructures with the core goal of unlocking data to improve marketing ROI and the overall customer experience.

Furthermore, as more businesses seek cookieless, privacy-first and brand-safe solutions to solve for the new digital advertising era, contextual insights and targeting continues to rise in importance. The Company's proprietary product, 4D AI, is positioned perfectly to support leading brands with scaled AI accelerated post-cookie digital advertising.

Total Group revenue increased by 44% to £8.36m (FY22: £5.82m) and revenue from 4D increased by 85% to £2.81m (FY22: £1.52m), with US and Global clients now accounting for more than 50% of total Group revenue. This growth can be attributed to the expanding number of global brands adopting 4D and other AI-driven marketing models to structure customer data in a way that improves direct customer experience and marketing ROI.

Silverbullet has strategically consolidated key global client relationships such as Mars and Heineken to position itself for accelerated growth and scalable cross-pollination of 4D AI in 2024. Clients worked with during the year include, Disney, Progressive, Thomson Reuters, Aramco, Heineken, ITV and Mars.

As a result of the significant increase in revenues and a reduced cost base, Silverbullet has significantly reduced losses for the year ended 31 December 2023, compared to the prior year.

## 4D Highlights:

4D AI is now available for brands and agencies to use in a variety of ways, from "self-service" and private data marketplaces for sophisticated media agencies, to a full managed service for those brands who would prefer to outsource the execution of full insights, targeting and measurement of campaigns.

Since inception, a key strategy for 4D AI is to embed its proprietary data and technology into partner platforms who have established market scale and client demand. In 2023, the Company successfully achieved several 4D AI technology integrations, including a leading contract with OpenX Technologies, Inc., and PubMatic, Inc., two of the world's leading independent supply-side platforms (SSPs) for audience, data and identity led digital advertising targeting.

In line with the final deprecation of the third-party cookie in the near future, Open X has recently launched its Cookieless Deal Library, allowing advertisers to easily test and scale campaigns against the full universe of cookieless targeting options and activate in their Demand-Side Platform (DSP) of choice. Contextual Deals in the Open X Cookieless Deal Library will be powered by 4D AI.

**These integrations have enhanced the technological capabilities of 4D AI, expanding its recurring revenue generating distribution. This in turn has set the foundations for continued partnership deals and 4D AI platform development moving forwards in line with market demand.**

## Geographical and Network Expansion:

During 2023, the Company successfully delivered on its goal to expand the business in the US and Latin America, predominantly driven by the expansion key global client relationships and the US growth of 4D. During FY23 we successfully launched a client delivery hub in Mexico City. The team of data specialists in Mexico City will enable continued growth in the US and LATAM in a cost-efficient scalable way.

The Company's strong enterprise technology partner relationships continue to grow, with key partners Salesforce and Treasure Data. In fact, the 2024 Gartner® Magic Quadrant™ for Customer Data Platforms sees Treasure Data recognized as a Leader within the MarTech ecosystem. Silverbullet has been certified with Gold Partnership status with Treasure Data, and has also seen further recognition with Salesforce, being awarded the Salesforce ANZ Innovation & Impact Partner of the Year in 2023.

## Information security management

During the year, the Company successfully achieved ISO 27001 certification. This ensures that the Company's information security management system and information security controls have been thoroughly reviewed and updated to the latest requirements and expectations. This ensures that the Company's information security needs are met and closely monitored on an ongoing basis.

## Outlook.

The business is perfectly aligned to the market's need for first-party data and privacy-first future.

In January 2024, Google announced the launch of its third-party cookie deprecation initiative to be completed in Q1 FY25. Meanwhile, Apple continues to tighten their regulation on the use of individuals data in their ecosystem, setting a high bar of consumer privacy expectation for the industry at large to meet. These radical changes in privacy regulation and approach accelerates the importance of alternative privacy-safe insight and targeting tools such as 4D AI and a brands first-party data enablement, making Silverbullet's position in the market stronger than ever.

This backdrop ultimately requires brands to transform their customer experience. 4D AI combined with first-party data transformation demand is already accelerating, with a strong start to 2024 in terms of committed revenue with has bookings of over £6.2m.

Clients are increasingly expecting their partners to offer more customised approaches to meet their specific business transformation needs. Silverbullet is well placed to adapt its proprietary products, partnerships, and core human capital to evolve data solutions which meet its clients' needs whilst maintaining a solid business model through an increase in the adoption of AI to enable organisational efficiency for repeatable tasks, ultimately reducing cost base and improving margins.

The business continues to manage its cost base tightly whilst investing in talent to secure and deliver outstanding work to our clients. This, together with the increase in revenues, allows the business to continue to move towards a position of profitability.

Ian James

**Ian James,**
Co-founder and CEO,
Silverbullet Data Services PLC

“Silverbullet is well placed to adapt its proprietary products, partnerships, and core human capital to evolve data solutions which delight its clients whilst maintaining a solid business model through an increase in the adoption of AI to enable organisational efficiency for repeatable tasks”

# ESG Update

Our environmental, social and governance strategy, comprised of four pillars:

1. **DE&I and Culture:** Focuses on taking care of ourselves, and increasingly with our clients.
2. **Low-Impact Workspaces:** Concentrated on flexible working, hybrid office models and environmentally friendly travel initiatives.
3. **Doing Good:** Aimed at providing business support to charitable clients, with a focus on pro-bono campaigns where applicable.
4. **Sustainability:** A new initiative focused on supporting our clients explore sustainable ways of working that lower carbon emissions and increase business efficiency.

We have set goals for each of our strategic pillars that collectively contribute to our overarching ambition: to build a sustainable and inclusive company that not only creates a positive culture internally, but also provides a positive impact on our global client base.

We understand we have a long way to go within each of these categories, and pledge to our investors, clients, and employees alike that our efforts will be increased each year. We believe that this ambition starts with increasing transparency. Part of this transparency is standardisation, to measure, compare and adjust. There are still many unknowns in our industry – and within our own organisation - that we need to tackle.

**DE&I and Culture:** Our people are at the heart of our business; the talent that fuels the engine that keeps our business going. Our people are more likely to feel comfortable and happy in an environment where inclusivity and equity are priority.

- **Diverse and Inclusivity Training:** Training sessions to date have focused on leadership specific training, as well as companywide courses.
- **Internal Analysis:** to explore our current cultural, ethnic and gender diversity across the business, so we can track and measure improvements each year.
- **Global Committee Groups:** to own and manage several sub-tasks within the DE&I strategy, whether that be unbiased language, broader recruitment, training and learning opportunities, mental health support, community days, and more.
- **Internal Sustainability:** Working with HR teams to identify employee initiatives and benefits such as 'Bike to work' schemes, 'Step Count Competitions' and more.

**Low Impact Workspaces:** As an international company experiencing continual growth around the globe, we need to mitigate our impact. We aim to create a climate neutral and environmentally conscious business through tangible efforts in our daily operations.

- **Hybrid Working Models**: Our headquarters in London is situated in Spaces Fitzrovia, and is shared with the Independent Agency Network, Local Planet. This hybrid model ensures the office is being always utilised, energy waste is limited, and general emissions are kept to a minimum. In addition, our Americas team work to a similar hybrid model of shared spaces, and our APAC employees work from home.
- **Environmentally Friendly Travel Options:** We encourage our employees to take part in eco-friendly travel initiatives such as our Bike to Work Scheme. In addition, we encourage team members to take part in health-focused initiatives, such as 'Step Count' competitions.
- **Reducing Our Waste Production And Increasing Our Recycling Percentages:** As tenants within the Spaces community, we align with their ethos to encourage all our staff to recycle and dispose of waste in the correct manner.

**Doing Good:** Our 'For Good Projects' are initiatives created with a purpose to deliver a specific positive impact and benefit on behalf of non-for-profit and charitable organisations, as well as educational 'making profit' companies who are doing good for the wider community. We have supported the British Heart Foundation with their customer data strategy and have taken part in various charitable workshops with the likes of Crisis and Shelter.

**Sustainability:** This is a new initiative focused on supporting our clients explore sustainable ways of working that lower carbon emissions and increase business efficiency. We're committed to eliminating unnecessary waste, conserving natural resources, and protecting our global ecosystems to support well-being, now and into the future. We are working to educate ourselves on how we can improve our ways of working – whilst provide advice to our global clients.

# Industry Outlook

The Digital AdTech (advertising technology) and MarTech (marketing technology) market opportunity is significant and growing. According to eMarketer[1], digital advertising spending worldwide is on track to reach $870.85 USD billion by 2027. Further, the global digital marketing software market[2] is expected to reach $286.93 USD billion by 2032.

## The Privacy-First Marketing era: Data Transformation Led

The AdTech and MarTech landscape is not averse to seismic evolution, and 2023 was no different. Some of the biggest trends to have caught wide interest throughout the year included:

- **An enforced focus on privacy** as regulators around the world increase the pressure on the advertising technology ecosystem to adopt measure to safeguard consumer data. As Google prepares to demise the third-party cookie for good, and Apple introduces its new Privacy Manifests aimed at restricting probabilistic attribution putting an end to fingerprinting, the importance on privacy is only getting stronger. The data privacy software market reached $1.99 billion in 2022 and is predicted to reach $30.32 billion by 2030[3].

- **The shifting trend towards identity solutions** that support the increased focus on privacy is growing. US marketers will have spent $10.4 billion on identity solutions in 2023, more than triple what they did in 2018, per the Winterberry Group[4].

- **Leading with first-party data is becoming increasingly important**, creating a rise in the adoption of data-focused technology centred around customer data and personalisation. The customer data platform market size reached $4.8 USD billion in 2022 and is predicted to rise to $19.7 USB billion by 2027[5].

- **The incredible advancements within AI** for marketing is changing the way organisations deliver CX strategies more efficiently and effectively. In fact, $107 billion is the global market revenue forecast for AI in marketing in 2028[6], with more than 80% of marketers worldwide looking to integrate some form of AI into their marketing activities[7].

- **The rise in use of Contextual Targeting** continues to grow, with contextual advertising spending reaching an estimated $227.38 billion U.S. dollars on the global level[8] in 2023. What's more, the global contextual advertising market is expected to reach $562.1 billion by 2030[9], as personalisation and relevant advertising evolves.

- **Amidst that challenging economic backdrop, consumers are increasingly concerned about brand trust**, pushing their loved brands to deliver 'good' customer experiences. 37% of people worldwide think that many companies are prioritizing higher profits over better customer experience[10]. Furthermore, companies that excel at personalization generate 40% more revenue from those activities than average players[11].

Source:
1) eMarketer Digital Ad Spend Report
2) Inkwood Research Report 2023-2032
3) Global News Wire Data Privacy Software Market Size
4) US Identity Solutions and Services Report, eMarketer
5) Markets and Markets CDP Forecast to 2027
6) Statista AI use in Marketing Statistics
7) Market Value of AI in Marketing
8) Research and Markets Contextual Advertising Report
9) Contextual Advertising Market Report 2023 Statista
10) Accenture Life Trends Report 2023
11) McKinsey Personalisation Report

# Let's explore the details:

| | |
|---|---|
| **The Privacy-First Era** | Global regulators are significantly increasing the pressure on the advertising technology ecosystem to adopt measure to safeguard consumer data. As Google prepares to demise the third-party cookie for good, and Apple introduces its new Privacy Manifests aimed at restricting probabilistic attribution putting an end to fingerprinting, the importance on privacy is only getting stronger. All of this combined is creating a huge shift in the market towards an increased focus on first-party data to deliver cross-functional, 1:1 customer experience.<br>Although there is not a definitive number on the number of global regulators focusing on the digital advertising arena, the rise in laws and regulatory news across the EU and US concludes to one core message: One way or another, the digital advertising industry is going to have to prioritize privacy. |
| **First-Party Data is King** | To capitalise on the first-party data, brands will need to transform or deploy new marketing data technologies to deliver better customer experiences. This will manifest into a new type of marketing data stack, with Customer Data Platforms (such as Salesforce Marketing Cloud and Treasure Data) and Marketing Automation tools (such as Braze), at the very core. |
| **The Advancements within Contextual.** | The technology advancements that underpin contextual intelligence are providing brands with the ability to reach customers in the right place, time, and moment, whilst keeping their brand safe and suitable. Hyper-granular targeting means that advertisers can use contextual models to target audiences at scale with minimal waste. Coupled with cookieless signals such as attention and engagement, these models mean advertisers can still spend at scale and generate ROI.<br>Furthermore, marketers will need to educate themselves and develop a more granular knowledge of contextual advertising. They'll be looking to understand the basic premises of the contextual platforms and how they're solving their problems – for example, whether it is at the data provider level, through partnerships, or through advancements of AI and machine learning. As contextual data gets more powerful from a digital buying perspective, the industry will soon be able to mesh the efficiencies of programmatic buying and digital, allowing advertisers to measure their business value. This is set to further grow as consumers continue to switch off tradition TV and CTV becomes the core of video advertising. |
| **The Rise of Generative AI** | Generative AI is upgrading the internet from information to intelligence, and in turn, the experience of using it from transactional to personal. Benefits are on both sides of a key relationship: customers will be more deeply understood than ever, while brands will use that understanding to shape hyper-relevant products, services, and experiences. Smart brands will see a huge opportunity for responsive brand development here, too.<br>AI's growing role in CX focuses on predictive and responsive services, enhancing customer satisfaction, efficiency, and personalization at scale, and can be used to streamline and optimize the customer experiences, allowing brands to remove the friction from the buyer journey, generate more leads, and boost sales and customer retention. |
| **The Economy & Consumer Demands** | Customer expectations for personalisation will fundamentally move towards empathetic content. Brands will need to deliver exponentially more content driven by more data points – and be able to make sense of it like never before. This in turn means more conversion and more precision which requires advanced technology and AI that will empower brands through this change while mitigating risks. Brands need a partner who can provide guidance on the opportunities available to them. |

## Industry Outlook Conclusion

In a world where experience and engagement are being driven by increasingly rapid cycles of disruption, old ways of working are no longer applicable for the new marketing era. Fundamentally, focus areas such as improving use of tools, technology and experimenting with new data-driven marketing strategies will be at the top of many organisations' priority list. Businesses are looking for customisable solutions, that combine data, technology, and human expertise to reach their goal.

As a leading data-driven CX company, Silverbullet work with its clients to ensure they are getting the most out of their marketing technology investment through new implementations and integrations, as well as optimising their existing MarTech stack and accelerating their future visions through AI.

# Strategic Pillars & Competitive Advantage

| Strategic Pillar | Objective | 2023 Goals Achieved |
|---|---|---|
| **Clients:** | • Win more clients<br>• Retain and grow existing partnerships | • 9 New Services Clients Won<br>• 227 new 4D AI Brands v 2022 (2023 520, 2022 293)<br>• Retained and grown CX transformation relationships with key global clients e.g. Heineken and Mars<br>• Retained and grown 4D AI contextual relationships with Global Media Agencies and clients direct |
| **Expertise:** | • Attract and retain the best talent in the industry | • 58 data transformation specialists |
| **Operated Technology:** | • Grow and nurture partnership with Salesforce, Treasure Data, and other key enterprise platforms<br>• Partner with new innovative partners within the (M)AdTech arena | • Awarded the Salesforce ANZ Innovation & Impact Partner of the Year in 2023<br>• Deepened our skillsets across the entire Salesforce suite of tools, with a focus on Data Cloud<br>• Trusted partnership with Treasure Data (Gold Partnership Status)<br>• Partnered and worked with innovative partners such as Metarouter, Snowflake, and Braze |
| **Owned Technology:** | • Advance our 4D AI contextual insights and targeting offering<br>• Expand our efforts across 4D AI video.<br>• Expand our Contextual Data Enrichment capabilities<br>• Build and develop proprietary AI Measurement Tools for clients | • 4D AI continues to grow and evolve, being the most advanced contextual solution available, globally<br>• 4D AI Insights has become a key driver for CX Transformation Projects, acting as a Data Enrichment tool for marketing clients<br>• Our Data Scientists continue to build proprietary technology to solve client's needs |

| Strategic Pillar | Objective | 2023 Goals Achieved |
|---|---|---|
| **Integrations** | • Drive recurring revenue through 4D AI data integrations with established and innovative technology platforms already operating in the MarTech/AdTech ecosystem | • Created a unified structure across our strategic services and proprietary product offerings.<br>• Integrations with PubMatic, Open X, The Trade Desk, Adform and more |
| **Culture:** | • Create a strong ESG framework building from the businesses DE&I strategy.<br>• Improve our Onboarding processes for all new employees. | • Internal taskforce created to build, evolve, and execute a solid ESG strategy focused on DE&I, Low Impact, Doing Good and Sustainability<br>• HR processes improved and rolled out to streamline all new employee onboarding |
| **Revenue Growth** | • See healthy growth year-on-year (y-o-y)<br>• Effectively manage cost | • Group revenue sees +44% growth v FY22<br>• 4D revenue increases by an impressive +85% v FY22<br>• CX Services revenue increases by 29% v FY22 |
| **Integrations** | • Drive recurring revenue through 4D AI data integrations with established and innovative technology platforms already operating in the MarTech/AdTech ecosystem | • Created a unified structure across our strategic services and proprietary product offerings.<br>• Integrations with PubMatic, Open X, The Trade Desk, Adform and more |

# Chairman's Statement

It is my pleasure to present the annual results of Silverbullet Data Services Group Group PLC ("Silverbullet", the "Company" or, together with its subsidiaries, the "Group"). I am very pleased with the development made in in 2023, yet again delivering impressive revenue growth but also significantly reducing our cost base. I am delighted with how the management team have grown the business and the tightly controlled costs in what remained a challenging global economic environment in 2023.

4D, our AI contextual data platform that sits within our CX Product Studio is showing true maturity and it is starting to generate the interest and activity that we anticipated when we decided to launch the product. Equally, our strategic managed services within our CX Solutions Suite continue to grow and develop delivery first-class results and service to significant blue chip client base.

## Results.

Revenue for the year was £8.36m (2022: £5.82m), 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 £3.45m (2022: £7.54m) leading to a loss per share of 20p (2022: 49p). Cash as at 31 December 2023 was £0.68m (2022: £1.35m).

## People.

I have the honour of leading an excellent Board of Directors for the Group.

With respect to our non-executive directors, Steven Clarke and Martyn Rattle both provide a raft of industry insights and experience, as well as relevant governance experience. Following the Keith Sadler's departure as an Non-Executive Director in 2023, AnnaMaria Khan-Rubalcaba joined the Board as an Independent NED in April 2024 (post period end). AnnaMaria brings further industry experience to the board, having served as Chief Executive of HYD, an Omnicom Group Digital Product Agency, for over five years. AnnaMaria has joined Steven Clarke on the audit and remuneration committee and will focus on Board governance in the privacy first era and on the adoption of AI into our own and client's organisations.

During 2023, our three executive directors, Ian James, Chief Executive Officer, Umberto Torrielli, Chief Strategy Officer and Darren Poynton, Chief Financial Officer showed true focus and commitment in leading the Group and driving growth and successfully executing the agreed strategy of business. On 9th April 2024, we announced that Darren Poynton would be stepping down as Group CFO and Company Secretary to move to a new role and opportunity. Darren has been an integral part of the business for the past five years, playing a crucial role in driving business growth. Under his financial leadership, the Group successfully navigated an IPO in June 2021 and maintained a trajectory of strong financial performance. I would like to thank Darren for his significant contribution and commitment to the Company.

On the 9th April 2024 we were delighted to announce that Chris Ellis joined the Group as Group CFO and Company Secretary. Chris Ellis is a qualified chartered accountant and an accomplished, target-driven senior executive with extensive experience gained from leading complex global private equity and publicly owned businesses. I would like to welcome Chris to the board at this exciting time for the Group.

I would like to thank all our employees across the world for their dedication, expertise, and commitment to generating significant growth and delivering excellent work for all of our clients.

## Overview.

In an environment where global clients are seeking innovative solutions to data driven customer experience challenges, I believe Silverbullet is perfectly placed to deliver truly bespoke and agile solutions. The success that the Group has achieved to date and the significant historic investment in product, people and processes put the Company in an ideal position to continue to be successful and grow in the future. The Board will continue to work with the executive and management teams in 2024 to develop and deliver on the strategy and to create value for our shareholders.

**Nigel Sharrocks,**
Non-Executive Chairman
Silverbullet Data Services PLC

> "I am delighted with how the management team have grown the business and the tightly controlled costs in what remained a challenging global economic environment in 2023"

# Financial Review

| | Year ended December 2023 £ | Year ended December 2022 £ |
|---|---|---|
| Revenue | 8,356,090 | 5,818,255 |
| Cost of sales | (1,994,497) | (1,598,973) |
| Gross Profit | 6,363,593 | 4,219,282 |
| | | |
| Personnel costs | (6,010,035) | (8,092,999) |
| Depreciation and amortisation | (836,403) | (790,274) |
| Other operating expenditure | (2,476,278) | (2,726,385) |
| Exceptional Items | - | 42,154 |
| Operating Loss | (2,959,123) | (7,348,222) |
| | | |
| Finance Expense | (488,653) | (188,551) |
| Loss before taxation | (3,447,776) | (7,536,773) |
| | | |
| Tax | 276,092 | 314,740 |
| Loss after taxation | (3,171,684) | (7,222,033) |
| | | |
| Currency translation differences | (48,874) | (84,236) |
| Total Comprehensive Loss for the year | (3,220,558) | (7,306,269) |

**Revenue and Gross Profit**

Overall revenue of £8.36m represents growth of 44 per cent. compared to 2022. During 2023, our customer experience services division continued to grow and expand with revenue increasing by 29 per cent to £5.55m. We added nine new clients during the year and expanded the remit with our most significant clients including Mars, Heineken and Sony. Our 4D division continues to show significant momentum and revenues have increased by 85 per cent in the year to £2.81m. The managed service 4D offering is the key element that is driving this growth, with strong demand in the US for this type of service.  The self-service 4D offering continues to gain traction, with increased take up from Global Media Agencies and direct client usage, and we expect this to provide increasing contribution to revenues going forward.

Gross profit of £6.36m represents growth of 51 per cent compared to 2022. Gross profit margin has improved from 73% to 76%. The growth in services revenue which has little cost of sales and the reductions that have been achieved in 4D hosting costs have helped to deliver this improvement.

**Operating Expenditure**

Total Adjusted Operating Expenditure (Adjusted to exclude depreciation, amortisation, share option expenses, exceptional items) was £8.27m, which represents a reduction of 11.5% compared to 2022 (£9.43m).

| | Year ended December 2023 £ | Year ended December 2022 £ |
|---|---|---|
| **Operating Expenses** | 9,322,716 | 11,567,504 |
| **Less** | | |
| **Depreciation** | (28,117) | (29,208) |
| **Amortisation** | (808,287) | (761,065) |
| **Share option Charge** | (217,921) | (1,476,183) |
| **Exceptional items** | - | 42,154 |
| **Adjusted Operating Expenses** | 8,268,391 | 9,343,202 |

Staff costs of £5.79m (excluding share option expenses) continue to make up most of the operating expenses, this is a reduction of 12.5 per cent. on 2022 (£6.62m). The reduction in staff cost is largely a result of reducing the 4D product, engineering and support team following the completion of the core product in 2022 and the product reaching development maturity. The core 4D engineering team continue to develop key enhancements to the product as well as working on specific AI and development work for our CX services client when requested. By the start of 2024, the Company has 75 employees world-wide.

Other operating expenses have fallen 9.2 per cent. to £2.48m from £2.73m in 2022, which reflects management tightly controlling costs in 2023 whilst delivering significant revenue growth.

**Taxation**
As a loss-making Group, we do not currently incur corporation tax. We do however benefit from a research and development tax relief related to the continued development of 4D. The total tax relief for the year was £0.28m.

**Balance Sheet and cashflow**
The development and investment in 4D AI, our privacy-first contextual targeting and insights platform, has significantly reduced in 2023 due to the product reaching development maturity. We have enhanced the product during 2023 and these costs £0.23m (2022 £1.10m) have been capitalised as an intangible asset in the year. Goodwill relates to the acquisition of Silver Bullet Data Services Limited and Videobeet Italia Srl. We have reviewed the carrying value of these investments and we are comfortable that no impairment is required against these assets.

- In November 2023, the Group announced it had successfully raised £1m through a placing of 1,428,571 new ordinary shares of 1 pence each in the Company.
- Net cash flow used in operating activities was £2.16m (2022: £5.14m). The decrease versus the prior year relates to the reduction in losses during the period.
- The Group's cash balance decreased by £0.67m to £0.68m at 31 December 2023 (2022: £1.35m).

**Chris Ellis**
**Chief Financial Officer**
**28th May 2024**

# 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 have the potential for financial or operational impacts on the business.

**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 having 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 phased out, moving to contextual solutions is and will occur. Whilst many platforms such as Safari, Firefox and Apple have deprecated or removed cookies, Google have delayed turning off cookies on their Chrome platform until early 2025. This has reduced the pressure on advertisers using Google to move to contextual solutions but given the move by other platforms and the commitment by Google we do not believe this will materially delay the industry-wide move to contextual solutions.

**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. We believe that our talented workforce and proven success with blue chip clients mitigates this risk.

**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 continues to be very competitive with rival businesses frequently attempting to secure the services of our employees. We pride ourselves on our culture and commitment of staff and to date we have experienced relatively low levels of staff turnover.

**Economy**
The business relies on demand for digital advertising and marketing service solutions. In an economic downturn both could be impacted 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 impact of a downturn to a particular industry and hopefully alleviate the impact of a widespread economic downturn.

**Working Capital**
The Company is currently experiencing fast growth, especially in the US and with 4D related revenues. This growth leads to an increase in working capital pressures, in particular driven by lengthening payments terms requested by some of our significant blue-chip clients. Management is taking steps to mitigate this challenge by seeking working capital funding solutions that provide flexibly and support during this period of growth.

**S172 Statement**
This can be found within the Corporate Governance Report on page 21 is the S172 Statement. The strategic report is approved by the Board of Directors and is signed on behalf of the Board.

Ian James

**Ian James**
**Chief Executive Officer**
28th May 2024

# Part Three:

# 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.

On 8th April 2024 Darren resigned from his position as Chief Financial Officer, Director and Company Secretary to move to a new role and opportunity.

**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.

**Chris Ellis (Chief Financial Officer) appointed 8th April 2024**
Chris Ellis is a qualified chartered accountant and an accomplished, target-driven senior executive with extensive experience gained from leading complex global private equity and publicly owned businesses. His industry expertise spans Financial Services, Healthcare, Technology/SAAS, and Oil & Gas sectors, ranging from enterprises with turnovers exceeding $1.5 billion and 2,500 employees to smaller businesses with turnovers less than $100 million and 50 employees. Chris has significant experience in both public market and private equity, investor relations and fund raising, capital markets and leveraged finance and business strategy execution.

## 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.

**Martyn Rattle (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 Clarke 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, a technology business in the health and fitness sector. Prior to this 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 YOC in 2008.

**AnnaMaria Khan-Rubalcaba (Independent Non-Executive Director) appointed 1st April 2024**
AnnaMaria Khan-Rubalcaba has extensive senior-level experience in marketing technology and AI services. AnnaMaria serves as Chief Executive of HYD, an Omnicom Group Digital Product Agency, for over five years, from January 2019 to the present. Prior to her role as Chief Executive, she held the position of Managing Director, where she contributed to the operational and managerial aspects of the agency.

**Corporate governance report for the year ended 31 December 2023.**

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.

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 as 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 15.

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

During 2023, the Board comprised 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 17 to 18.

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

The Board sets clear objectives on its role to support and manage the Company. 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.

Steve Clarke, 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:

### 1. 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.

### 2. 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.

### 3. 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 important stakeholders 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.

### 4. 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.

### 5. 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.

### 6. The need to act fairly between members of the company.

Through our listing document, website and our annual report we communicate how the company is governed. We will also communicate further information at our AGMs. 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. During the year the Audit Committee comprised of two Non-Executive Directors: Keith Sadler (Chair) and Steven Clarke. Keith Sadler resigned from his position on 9 March 2023 and the Company appointed AnnaMaria Khan Rubalcaba a new Independent Non-Executive Director in April 2024 who joins Steven Clarke on the Audit Committee.

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.

They have met with the Auditors to formally review the audit findings noted in the Auditors report, see page 30.

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 re-appointed by the Board as the Company's external auditor on 10 August 2023 for the 2023 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 £79,200 to Crowe for audit services in 2023, relating to the statutory audit of the Group and Company financial statements. In addition, the Group paid to Crowe in 2023, £2,500 for services relating to the half year review. 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. During the year the Remuneration Committee comprised of two Non-Executive Directors: Keith Sadler (Chair) and Steven Clarke. Keith Sadler resigned from his position on 9 March 2023 and the Company appointed AnnaMaria Khan Rubalcaba a new Independent Non-Executive Director in April 2024 to the remuneration committee.

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 2023**

The Directors present their report and the audited financial statements for Silver Bullet Data Services Group PLC for the year ended 31 December 2023.

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 16.

## 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 ended 31 December 2023 (2022: £nil).

## Going Concern

The Directors have prepared and reviewed detailed budgets and forecasts covering the period to 31 December 2026 which are based on the strategic business plan. These consider 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.

Management is in the process of completing a working capital facility. The directors are confident that the Group will be able to raise any required funds to meet their strategic objectives however there is an uncertainty over how much funding may be raised when required. However as securing new funding cannot be assured, a material uncertainty exists related to the Group or Company's ability to continue as a going concern.

Based on their enquiries and the information available to them and considering the other risks and uncertainties set out herein, the Directors have a reasonable expectation that the Company and the Group has or will be able to secure adequate resources to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.
Share Issues

## 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:

| | Ordinary shares of £0.01 each with full voting rights | |
|---|---|---|
| **Name** | **31 December 2023** | **31 December 2022** |
| Nigel Sharrocks | 36,128 | 26,905 |
| Ian James | 458,522 | 458,522 |
| Umberto Torrielli | 143,433 | 143,433 |
| Darren Poynton | 14,015 | 14,015 |
| Martyn Rattle | 10,000 | 10,000 |
| Steven Clarke | 39,747 | 30,525 |

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 e Expiry |
|---|---|---|---|---|---|---|
| Nigel Sharrocks | 25,510 | 0.01 | 25/06/2021 | 25/06/2021 | 25/06/2021 | 25/06/2028 |
| Ian James | 102,500<br>200,000 | 0.01<br>2.57 | 02/06/2021<br>25/06/2021 | 01/03/2022<br>28/06/2022 | 01/03/2024<br>28/06/2024 | 02/06/2028<br>25/06/2028 |
| Umberto Torrielli | 105,000<br>200,000 | 0.01<br>2.57 | 02/06/2021<br>25/06/2021 | 01/03/2022<br>28/06/2022 | 01/03/2024<br>28/06/2024 | 02/06/2028<br>25/06/2028 |
| Darren Poynton | 50,000<br>80,000 | 0.01<br>2.57 | 02/06/2021<br>25/06/2021 | 01/03/2022<br>28/06/2022 | 01/03/2024<br>28/06/2024 | 02/06/2028<br>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 £ | **2023 Total £** | 2022 Total £ |
|---|---|---|---|---|---|
| **Executive Directors:** | | | | | |
| Ian James | 225,000 | 6,750 | - | **231,750** | 231,750 |
| Umberto Torrielli | 217,080 | 8,683 | - | **225,763** | 226,966 |
| Darren Poynton | 170,000 | 5,100 | - | **175,100** | 175,047 |
| **Non-executive Directors:** | | | | | |
| Nigel Sharrocks | 25,000 | - | - | **25,000** | 37,500 |
| Keith Sadler | 4,647 | - | - | **4,647** | 37,500 |
| Martyn Rattle | 25,000 | - | - | **25,000** | 55,420 |
| Steven Clarke | 25,000 | - | - | **25,000** | 37,500 |
| **Total** | 691,727 | 20,533 | - | **712,260** | 801,683 |

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.

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 24to the Financial Statements.

### Financial Risk Management and Financial Instruments

Information relating to the financial risks of the Group have been included within note 20 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 of 31 December 2023

| Shareholder | Number of ordinary shares held | % of issued share capital |
|---|---|---|
| Gresham House | | 11.7% |
| Mr Keith Morris | | 9.8% |
| Spreadex Limited | | 8.3% |
| Mr Neil Donovan | | 5.3% |
| Chelverton Asset Management | | 4.5% |
| Mr Nicholas Mason | | 3.9% |
| **Total** | | **43.5%** |

## 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 (2022 - £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 Strategic Report, 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 Group and Company and of the profit or loss of the Group 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
28th May 2024

## 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 2023, which comprise:

- the Consolidated statement of comprehensive income for the year ended 31 December 2023;
- the Consolidated and parent company statements of financial position as at 31 December 2023;
- the Group and parent company statements of cash flows for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including material 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 2023 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.

### Material uncertainty relating to going concern

We draw attention to the section headed Going Concern on note 1 of the financial statements, which details the factors the Company and Group has considered when assessing the going concern position. As detailed in note 1, the uncertainty surrounding the availability of funds indicates the existence of a material uncertainty that may cast significant doubt on the Company's and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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:

- Discussions with management in relation to the future plans of the Company and Group.
- Reviewing activity after the year end to the date of singing the financial statements.
- Reviewing the directors' going concern assessment including the cash flow model, agreeing the mathematical accuracy and challenging the assumptions made.
- Assessing the cash flow requirements of the Company and Group based on forecast income and administrative expenditure for the period to 31 December 2025.
- 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 Q1 management accounts compared to forecast; and
- Understanding what forecast expenditure is committed and what could be considered discretionary.
- Considering the options available to management for further fundraising, or additional sources of finance.
- Considering potential downside scenarios and the resultant impact on funding requirements and the Company and Groups ability to raise such funds.

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 £200,000 (2022 : £275,000), based on the loss before tax for the business, exclusive of exceptional items.  This represents 6% (2022 : 4%) of the loss before tax. 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 £100,000 (2022 : £150,000) based on the net assets of the business. The materiality was set based on using a guideline of 3% (2022 : 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 £140,000 (2022 : £192,500) for the group and £70,000 (2022 : £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. UK subsidiaries claimed a subsidiary audit exemption and therefore were audited for the purposes of the consolidation only. Overseas subsidiaries were audited using component materiality for the purposes of the consolidation. No component auditors were utilised.

## 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 Material uncertainty 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* |
|---|---|
| *Intangible assets, as detailed in the accounting policy note (note 2) and the intangible assets note (note 11).*<br><br>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 reported loss for the year.<br><br>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. | We audited the model provided by management and challenged them on the assumptions used.<br><br>**Our procedures included:**<br>• 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.<br>• Challenging management over whether the forecast growth in income is achievable.<br>• Ensuring that the period over which cashflows were assessed remained reasonable.<br>• Assessing whether the assumptions used to calculate the discount rate were reasonable and supportable<br>• Sensitising management's key assumptions<br>• Reviewing the disclosures in the accounts including the calculated headroom |

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 42, 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

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

28th May 2024

# Part Four:

# Financial Statements

## Consolidated statement of comprehensive income
## As at 31 December 2023

| | | Group | |
|---|---|---|---|
| | Note | **2023** | **2022** |
| Continuing operations | | **£** | **£** |
| Revenue | 3, 4 | 8,358,090 | 5,818,255 |
| Cost of sales | | (1,994,497) | (1,598,973) |
| **Gross profit** | | **6,363,593** | **4,219,282** |
| Personnel costs | | (6,010,035) | (8,092,999) |
| Depreciation and amortisation | | (836,403) | (790,274) |
| Other operating expenditure | | (2,476,278) | (2,726,385) |
| Exceptional items | 5 | - | 42,154 |
| **Operating (loss)** | 6 | **(2,959,123)** | **(7,348,222)** |
| Finance expense | 9 | (488,653) | (188,551) |
| **(Loss) before taxation** | | **(3,447,776)** | **(7,536,773)** |
| Taxation | 10 | 276,092 | 314,740 |
| **(Loss) after taxation** | | **(3,171,684)** | **(7,222,033)** |
| **Other comprehensive income / (loss) net of taxation** | | | |
| Currency translation differences | | (48,874) | (84,236) |
| **Total comprehensive (loss) for the year** | | **(3,220,558)** | **(7,306,269)** |
| **Total comprehensive (loss) attributable to:** | | | |
| Equity shareholders of the company | | (3,218,024) | (7,307,215) |
| Non-controlling interest | | (2,534) | 946 |
| | | **(3,220,558)** | **(7,306,269)** |
| **(Loss) after taxation attributable to:** | | | |
| Equity shareholders of the company | | (3,169,150) | (7,222,979) |
| Non-controlling interest | | (2,534) | 946 |
| | | **(3,171,684)** | **(7,222,033)** |
| Earnings per share | | | |
| Basic earnings | 25 | **(0.20)** | **(0.49)** |
| Diluted earnings | 25 | **(0.20)** | **(0.49)** |

## Consolidated and company statement of financial position
## Year ended 31 December 2023

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | Note | £ | £ | £ | £ |
| **Non-current assets** | | | | | |
| Goodwill | 11 | 4,349,662 | 4,349,662 | - | - |
| Intangible assets | 11 | 1,963,343 | 2,544,739 | - | - |
| Investments | 12 | 4,999 | 4,999 | 8,572,015 | 8,354,094 |
| Tangible assets | 13 | 35,269 | 53,809 | - | - |
| **Total non-current assets** | | **6,353,273** | **6,953,209** | **8,572,015** | **8,354,094** |
| Current assets | | | | | |
| Trade and other receivables | 15 | 3,333,562 | 2,487,844 | 298,222 | 285,574 |
| Cash and cash equivalents | 16 | 677,855 | 1,352,221 | 152,477 | 8,572 |
| **Total current assets** | | **4,011,417** | **3,840,065** | **450,699** | **294,146** |
| **Total Assets** | | **10,364,690** | **10,793,274** | **9,022,714** | **8,648,240** |
| **Current liabilities** | | | | | |
| Trade and other payables | 17 | 2,833,856 | 2,311,754 | 4,174,316 | 3,827,085 |
| Loans and other borrowings | 18 | 425,002 | 41,227 | 233,862 | - |
| **Total current liabilities** | | **3,258,858** | **2,352,981** | **4,408,178** | **3,827,085** |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 18 | 2,621,472 | 1,797,992 | 2,554,673 | 1,687,697 |
| Deferred tax liability | 19 | 487,991 | 632,190 | - | - |
| **Total non-current liabilities** | | **3,109,463** | **2,430,182** | **2,554,673** | **1,687,697** |
| **Total liabilities** | | **6,368,321** | **4,783,163** | **6,962,851** | **5,514,782** |
| **Net assets** | | **3,996,369** | **6,010,111** | **2,059,863** | **3,133,454** |
| **Equity** | | | | | |
| Share capital | 21 | 173,908 | 159,367 | 173,908 | 159,367 |
| Share premium | | 11,742,897 | 10,821,021 | 11,742,897 | 10,821,021 |
| Share option reserve | 22 | 2,433,195 | 2,396,396 | 2,433,195 | 2,396,396 |
| Other reserves | 23 | 451,432 | 398,954 | 451,432 | 398,954 |
| Retained earnings | | (10,667,211) | (7,679,183) | (12,741,619) | (10,642,334) |
| Capital redemption reserve | | 50 | 50 | 50 | 50 |
| Foreign exchange reserve | | (141,615) | (92,741) | - | - |
| **Equity attributable to the equity shareholders of the company** | | **3,992,656** | **6,003,864** | **2,059,863** | **3,133,454** |
| Non-controlling interest | | 3,713 | 6,247 | - | - |
| **Total equity** | | **3,996,369** | **6,010,111** | **2,059,863** | **3,133,454** |

The loss for the company for the year was £2,280,407 (2022: £5,850,480). The financial statement were approved by the Board for issue on 28th May 2024.

Ian James
Chief Executive Officer

Company Number: 08525481

## Consolidated statement of cash flows
## Year ended 31 December 2023

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2023** | **2022** | **2023** | **2022** |
| | Note | **£** | **£** | **£** | **£** |
| **Cash flows from operating activities** | | | | | |
| (Loss) after tax from continuing operations | | (3,171,684) | (7,222,033) | (2,280,410) | (5,850,480) |
| Adjustments for: | | | | | |
| Depreciation | 13 | 28,117 | 29,209 | - | - |
| Amortisation | 11 | 808,287 | 761,065 | - | - |
| Impairments | 24 | - | - | 1,156,223 | 5,450,737 |
| Finance expense | 9 | 488,653 | 188,551 | 450,033 | 166,650 |
| Share option charge | 22 | 217,921 | 1,476,183 | - | - |
| Taxation credit | 10 | (276,092) | (314,740) | - | - |
| (Increase) in trade and other receivables | 15 | (863,438) | (80,151) | (30,368) | (64,332) |
| (Decrease) / increase in trade and other payables | 17 | 397,385 | (467,779) | 269,897 | (195,363) |
| Increase / (decrease) in deferred tax liability | 19 | (144,199) | 84,298 | - | - |
| **Cash used in operations** | | **(2,515,050)** | **(5,545,397)** | **(434,625)** | **(492,788)** |
| Taxation refunded | | 351,936 | 401,008 | - | - |
| **Net cash used in operating activities** | | **(2,163,114)** | **(5,144,389)** | **(434,625)** | **(492,788)** |
| | | | | | |
| **Cash flows from investing activities** | | | | | |
| Purchase of tangible assets | 13 | (9,577) | (40,903) | - | - |
| Purchase of intangible assets | 11 | (226,891) | (1,099,062) | - | - |
| Purchase of investments | 12 | - | (4,999) | - | (4,999) |
| **Net cash used in investing activities** | | **(236,468)** | **(1,144,964)** | **-** | **(4,999)** |
| | | | | | |
| **Cash flows from financing activities** | | | | | |
| Proceeds from borrowings | 18 | 1,334,595 | 1,516,126 | 1,133,861 | - |
| Repayment of borrowings | 18 | (546,795) | (3,263) | (452,478) | - |
| Equity in convertible loan notes issued | 23 | 52,478 | 398,954 | 52,478 | - |
| New equity issued (net of transaction costs) | 21 | 954,137 | 2,063,848 | 954,137 | - |
| Intercompany transactions | | - | - | (1,078,889) | 506,299 |
| Interest paid | | (69,199) | (21,900) | (30,579) | - |
| **Net cash from financing activities** | | **1,725,216** | **3,953,765** | **578,530** | **506,299** |
| | | | | | |
| **Net increase / (decrease) in cash and cash equivalents** | | (674,366) | (2,335,588) | 143,905 | 8,512 |
| Cash and cash equivalents at beginning of period | | 1,352,221 | 3,687,809 | 8,572 | 60 |
| **Cash and cash equivalents at end of period** | | **677,855** | **1,352,221** | **152,477** | **8,572** |

## Consolidated statement of changes in equity attributable to the shareholders
## Year ended 31 December 2023

Group

| | Share Capital | Share premium | Share Option Reserve | Other reserves | Retained earnings | Capital redemption reserve | Foreign exchange reserve | Total equity attributable to shareholders | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| **As at 1 January 2022** | 134,227 | 8,639,593 | 1,275,363 | - | (811,354) | 50 | (8,505) | 9,229,374 | 5,301 | 9,234,675 |
| Total comprehensive loss for the year | - | - | - | - | (7,222,979) | - | (84,236) | (7,307,215) | 946 | (7,306,269) |
| Convertible loan notes issued | - | - | - | 398,954 | - | - | - | 398,954 | - | 398,954 |
| Share option charge | - | - | 1,476,183 | - | - | - | - | 1,476,183 | - | 1,476,183 |
| Share option exercised | 200 | - | (46,739) | - | 46,739 | - | - | 200 | - | 200 |
| Share options lapsed | - | - | (308,411) | - | 308,411 | - | - | - | - | - |
| Shares issued during period (net of transaction costs) | 24,940 | 2,181,428 | - | - | - | - | - | 2,206,368 | - | 2,206,368 |
| **As at 31 December 2022** | **159,367** | **10,821,021** | **2,396,396** | **398,954** | **(7,679,183)** | **50** | **(92,741)** | **6,003,864** | **6,247** | **6,010,111** |
| Total comprehensive loss for the year | - | - | - | - | (3,169,150) | - | (48,874) | (3,218,024) | (2,534) | (3,220,558) |
| Convertible loan notes issued | - | - | - | 52,478 | - | - | - | 52,478 | - | 52,478 |
| Share option charge | - | - | 217,921 | - | - | - | - | 217,921 | - | 217,921 |
| Share option exercised | 255 | - | (65,316) | - | 65,316 | - | - | 255 | - | 255 |
| Share options lapsed | - | - | (115,806) | - | 115,806 | - | - | - | - | - |
| Shares issued during period (net of transaction costs) | 14,286 | 921,876 | - | - | - | - | - | 936,162 | - | 936,162 |
| **As at 31 December 2023** | **173,908** | **11,742,897** | **2,433,195** | **451,432** | **(10,667,211)** | **50** | **(141,615)** | **3,992,656** | **3,713** | **3,996,369** |

## Company

| | Share Capital | Share premium | Share Option Reserve | Other reserves | Retained earnings | Capital redemption reserve | Total equity |
|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ |
| As at 1 January 2022 | 134,227 | 8,639,593 | 1,275,363 | - | (5,147,004) | 50 | **4,902,229** |
| Total comprehensive loss for the year | - | - | - | - | (5,850,480) | - | **(5,850,480)** |
| Convertible loan notes issued | - | - | - | 398,954 | - | - | **398,954** |
| Share option charge | - | - | 1,476,183 | - | - | - | **1,476,183** |
| Share options exercised | 200 | - | (46,739) | - | 46,739 | - | **200** |
| Share options lapsed | - | - | (308,411) | - | 308,411 | - | **-** |
| Shares issued during period (net of transaction costs) | 24,940 | 2,181,428 | - | - | - | - | **2,206,368** |
| As at 31 December 2022 | **159,367** | **10,821,021** | **2,396,396** | **398,954** | **(10,642,334)** | **50** | **3,133,454** |
| | | | | | | | |
| Total comprehensive loss for the year | - | - | - | - | (2,280,407) | - | **(2,280,407)** |
| Convertible loan notes issued | - | - | - | 52,478 | - | - | **52,478** |
| Share option charge | - | - | 217,921 | - | - | - | **217,921** |
| Share options exercised | 255 | - | (65,316) | - | 65,316 | - | **255** |
| Share options lapsed | - | - | (115,806) | - | 115,806 | - | **-** |
| Shares issued during period (net of transaction costs) | 14,286 | 921,876 | - | - | - | - | **936,162** |
| As at 31 December 2023 | **173,908** | **11,742,897** | **2,433,195** | **451,432** | **(12,741,619)** | **50** | **2,059,863** |

## Notes to the financial statements

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

#### GENERAL INFORMATION

Silver Bullet Data Services Group PLC ("SBDS") was incorporated on 13 May 2013. SBDS is a public limited company incorporated in England and Wales and domiciled in the UK. The address of the registered office is The Harley Building, 77 New Cavendish Street, London, England, W1W 6XB.

SBDS is the ultimate parent company to the subsidiaries listed at Note 14, 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 14 being GBP, EUR, AUD, and USD.

#### GOING CONCERN

The directors have prepared detailed budgets and forecasts covering the period to 31 December 2026 which are based on the strategic business plan. These take into account all reasonably foreseeable circumstances and include consideration of trading results, cash flows and the level of facilities the group requires on a month-by-month basis.

Whilst the directors have plans in place to manage any reasonably foreseeable circumstances, there will be the need for additional funding in the short-term. The directors are confident that the Group will be able to raise any required funds to meet their strategic objectives. However there remains a material uncertainty over the group's ability to raise the required funds when needed in order to continue trading.

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.

The financial statements do not include adjustments that would arise in the event the group is not a going concern.

## 2. Material accounting policies

### REVENUE RECOGNITION

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

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

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

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

**4D contextual targeting and insights platform**
Amounts received or receivable for campaigns, typically invoiced on a monthly basis, recognise revenue in proportion to the quantum of advertising units delivered according to the contracted service. Units and metrics deliverable under each contracted services will vary on a case-by-case basis.

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

**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.

## BUSINESS COMBINATIONS

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

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

## TAXES

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

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

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

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

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

## FOREIGN CURRENCY TRANSLATION

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

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.

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

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

## INTANGIBLE ASSETS AND GOODWILL

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

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

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

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

| | | |
|---|---|---|
| Development costs | - | Straight line basis over 5 years |
| Customer lists | - | Straight line basis over 4 years |

## PROPERTY PLANT AND EQUIPMENT

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

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

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

## INVESTMENTS

All investments are accounted for at cost and reviewed for impairment at each reporting period end date. Where share options are issued to employees of subsidiary companies this is treated as a capital contribution in the subsidiary with a corresponding increase in the cost of investment in the parent company.

## IMPAIRMENT OF NON-CURRENT ASSETS

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

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

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

## RESEARCH AND DEVELOPMENT EXPENDITURE

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

Development costs relate to the 4D Platform developed internally by the group which are continuing to generate revenue streams.

## FINANCIAL INSTRUMENTS

Silver Bullet Data Services Group PLC classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on the date when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not a fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are derecognised on the settlement date when the Group is no longer a party to the contractual provisions of the instrument.

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

Trade and other receivables and trade and other payables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any expected credit losses in the case of trade receivables. Impairments of the trade receivable balances are based on a review of individual receivable balances, their ageing and management's assessment of realisation.

If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

**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.

## 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 in the corresponding subsidiary company. The Group recognises a corresponding increase in subsidiary investment value and equity to recognise the capital contribution made for share option charges.

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 recognised in the statement of comprehensive income using the effective interest method.

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

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:**

**Impairment of intangible fixed assets**
Impairment tests have been undertaken in respect of goodwill and intangible fixed assets using an assessment of the value in use of the respective cash generating units (CGUs). This assessment requires a number of assumptions and estimates to be made including the allocation of assets to 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 11.

**Critical accounting judgements:**

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

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

**Convertible loan notes**
The equity portion of the convertible loan notes have been valued using the Black-Scholes model. This gives equivalent discount rates on the liability components ranging from 14% to 21%. The directors consider this rate to be an approximation of the rate on a similar loan without the conversion feature. The directors consider this method is used as a practical measure to estimate the value of the debt.

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

## 3. Operating segments

IFRS 8 requires that operating segments be identified on the basis of internal reporting and decision-making. The Board of Directors is the chief operating decision maker for the Group.

The Group has two business segments outlined below. The business analyses these streams by revenue and gross profit. Overheads, assets and liabilities are not separately allocated across the business streams.

The business monitors operating segments using gross profit as the key measurement. Group profitability is measured using earnings before interest, tax, depreciation and amortisation (EBITDA) which is used to represent operating cashflow generated by the business.

| | **2023** | | **2022** | |
|---|---|---|---|---|
| | **Revenue** | **Gross profit** | **Revenue** | **Gross profit** |
| | **£** | **£** | **£** | **£** |
| Customer Experience Services | 5,551,586 | 5,314,225 | 4,302,431 | 4,011,972 |
| 4D Platform | 2,806,504 | 1,049,368 | 1,515,824 | 207,310 |
| **Total** | **8,358,090** | **6,363,593** | **5,818,255** | **4,219,282** |
| | | | | |
| **EBITDA from continuing operations** | | | | |
| Operating (loss) | | (2,959,124) | | (7,348,222) |
| Depreciation and amortisation | | 836,403 | | 790,274 |
| **Total** | | **(2,122,721)** | | **(6,557,948)** |

## 4. Geographical analysis

### Revenue analysed by geographical market:

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| United Kingdom | 2,126,778 | 1,066,801 |
| Rest of Europe | 1,158,692 | 1,553,243 |
| Rest of the world | 5,072,620 | 3,198,211 |
| | **8,358,090** | **5,818,255** |

The timing of all revenue recognised by the Group during the reporting period was satisfied over time in accordance with IFRS 15 recognition criteria. None of the Group's activities result in the transfer of control of a product at a point in time for revenue recognition purposes.

Three major customers are included within revenue totalling £3,805,304 representing 13%, 16%, and 17% of total group revenue respectively (2022: two major customer totalling £1,512,875, each representing 13%).

### Non-current assets analysed by geographical market:

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| United Kingdom | 6,341,362 | 6,934,199 |
| Rest of Europe | - | 4,506 |
| Rest of the world | 11,911 | 14,504 |
| | **6,353,273** | **6,953,209** |

## 5. Exceptional items

| | Group | |
|---|---|---|
| | 2023 | 2022 |
| | £ | £ |
| Amounts recovered relating to a historic fraud | - | (42,154) |
| | **-** | **(42,154)** |

Reported loss before tax for the group is reconciled to the headline loss before tax below. This figure is a non-GAAP measure used for internal purposes and may not be comparable to other non-GAAP measures.

| | Group 2023 £ | Group 2022 £ |
|---|---|---|
| Reported (loss) before tax | (3,447,776) | (7,536,773) |
| Share option charges | 217,921 | 1,476,183 |
| Amounts recovered relating to a historic fraud | - | (42,154) |
| Headline (loss) before tax | **(3,229,855)** | **(6,102,744)** |

## 6. Operating (loss)

The operating loss is arrived at after charging:

| | Group 2023 £ | Group 2022 £ |
|---|---|---|
| Depreciation of property plant and equipment | 28,117 | 29,209 |
| Amortisation of intangible assets | 808,287 | 761,065 |
| Short-term leases | 259,330 | 237,388 |
| Foreign exchange losses | 83,763 | 24,334 |
| Auditor's remuneration in respect of: | | |
| - audit of the consolidated financial statements | 79,200 | 72,000 |
| - other audit related assurance services | 2,500 | 5,000 |

## 7. Staff costs

| | Group 2023 £ | Group 2022 £ |
|---|---|---|
| Wages and salaries | 5,006,201 | 5,594,877 |
| Share-based payments | 217,921 | 1,476,183 |
| Social security costs | 497,419 | 786,795 |
| Pension costs – defined contribution | 260,639 | 215,546 |
| Termination payments | 27,855 | 19,598 |
| | **6,010,035** | **8,092,999** |

Average number of staff

| | Group 2023 | Group 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| Customer Experience Services | 36 | 36 | - | - |
| 4D Platform | 23 | 32 | - | - |
| Central | 9 | 12 | - | - |
| | **68** | **80** | **-** | **-** |

## 8. 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 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Directors’ remuneration | 691,728 | 763,237 |
| Share-based payments | 175,773 | 637,430 |
| Social security costs | 67,520 | 79,133 |
| Pension costs – defined contribution | 20,533 | 20,526 |
| Invoiced services | - | 17,920 |
| | **955,554** | **1,518,246** |

The directors are remunerated, in respect of their services to the Group, through subsidiary companies. During the year three directors (2022: three) were accruing benefits under the company defined contribution pension scheme.

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

| | Group 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Directors’ remuneration | 225,000 | 225,000 |
| Share-based payments | 71,552 | 229,757 |
| Social security costs | 28,243 | 29,744 |
| Pension costs – defined contribution | 6,750 | 6,750 |

## 9. Finance expenses

| | Group 2023 | 2022 |
|---|---|---|
| | £ | £ |
| On convertible loan notes | 419,455 | 166,651 |
| On bank loans | 69,198 | 21,900 |
| | 488,653 | **188,551** |

## 10. 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 | |
|---|---|---|
| | **2023** | **2022** |
| **Current tax** | **£** | **£** |
| UK corporation tax charge from prior periods | 698 | - |
| UK corporation tax charge/(credit) for R&D from prior years | 8,064 | (41,009) |
| UK corporation tax credits for R&D for current year | (143,676) | (360,000) |
| Foreign taxation | 3,021 | 1,971 |
| **Total current tax** | **(131,893)** | **(399,038)** |
| **Deferred tax** | **(144,199)** | **84,298** |
| **Total tax credit** | **(276,092)** | **(314,740)** |

### 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% (2022: 19%).

| | Group | |
|---|---|---|
| | **2023** | **2022** |
| | **£** | **£** |
| Loss on ordinary activities before taxation | (3,447,777) | (7,512,440) |
| Loss on ordinary activities by rate of tax | (655,077) | (1,427,364) |
| Non-allowable expenses | 158,917 | 150,152 |
| Enhanced R&D expenditure | (143,676) | (360,000) |
| Deferred tax movement on intangible assets | (144,199) | 84,298 |
| Movement in deferred tax not recognised | 496,160 | 1,277,212 |
| Adjustments in respect of prior periods | 8,762 | (41,009) |
| Foreign taxation | 3,021 | 1,971 |
| **Tax on loss** | **(276,092)** | **(314,740)** |

Deferred tax assets have not been recognised on cumulative losses for the group totalling £43,151,563 (2022: £40,012,779).

## 11. Goodwill and intangible assets

| | Customer lists | Development Costs | Goodwill | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **COST** | | | | |
| **At 1 January 2022** | 595,708 | 2,498,004 | 4,349,662 | **7,443,374** |
| Additions | - | 1,099,062 | - | **1,099,062** |
| **At 31 December 2022** | **595,708** | **3,597,066** | **4,349,662** | **8,542,436** |
| **At 1 January 2023** | 595,708 | 3,597,066 | 4,349,662 | **8,542,436** |
| Additions | - | 226,891 | - | **226,891** |
| **At 31 December 2023** | **595,708** | **3,823,957** | **4,349,662** | **8,769,327** |
| **AMORTISATION** | | | | |
| **At 1 January 2022** | 362,790 | 524,180 | - | **886,970** |
| Amortisation charge | 148,927 | 612,138 | - | **761,065** |
| **At 31 December 2022** | **511,717** | **1,136,318** | **-** | **1,648,035** |
| **At 1 January 2023** | 511,717 | 1,136,318 | - | **1,648,035** |
| Amortisation charge | 83,991 | 724,296 | - | **808,287** |
| **At 31 December 2023** | **595,708** | **1,860,614** | **-** | **2,456,322** |
| **NET BOOK VALUE** | | | | |
| At 31 December 2022 | 83,991 | 2,460,748 | 4,349,662 | **6,894,401** |
| At 31 December 2023 | - | 1,963,343 | 4,349,662 | **6,313,005** |

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

### Cash Generating Unit (CGU) impairment reviews

The Group has identified two CGUs: Customer Experience Services and 4D Platform (as reported in Note 3). The intangible assets are allocated to these CGUs as follows:

| | Goodwill | Development costs | Total |
|---|---|---|---|
| Customer Experience Services | 3,076,826 | - | 3,076,826 |
| 4D Platform | 1,272,836 | 1,963,343 | 3,236,179 |
| | 4,349,662 | 1,963,343 | 6,313,005 |

### 1. Customer Experience Services

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 is based on a value in use calculation using specific cash flow projections over a five-year period with a growth rate of 2% for a further 3 years. 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 19% was applied for each of the periods under review.

***Future growth rate***
An appropriate growth rate is selected, based on the directors' expectations of growth beyond the budgeted period. The 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 compares to the carrying value as follows:

| | Net Book Value | Recoverable Amount | Impairment Headroom |
|---|---|---|---|
| As at 31 December 2022 | 3,160,817 | 13,788,238 | 10,627,421 |
| As at 31 December 2023 | 3,076,826 | 8,732,408 | 5,655,582 |

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

A discount factor of 19% 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 74%. This discount factor is an estimate of the Group's cost of capital based on the capital asset pricing model using the beta value from similar listed businesses.

Management have used a sales pipeline to assess likely revenue for the proceeding three years, with a medium-term sales growth rate at 5% for three financial years with a growth rate forecast at 2% for years 2029 to 2031. Sensitivity analysis on these revenue estimates show that a reduction in forecast revenue of 17% would not result in any impairment.

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

## 2. 4D Platform

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 |
|---|---|---|---|
| | £ | £ | £ |
| As at 31 December 2022 | 3,733,584 | 4,557,679 | 824,095 |
| As at 31 December 2023 | 3,236,179 | 4,066,574 | 830,395 |

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

- a discount rate of 19% to calculate the present value of future cashflows;
- revenue growth assumptions used in development costs averaging 50% per year over the first two years to 31 December 2025.

Sensitivity analysis has been conducted on these management assumptions to show that an increased discount rate of 24% would not result in any 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. Reduction of future revenue streams by a factor of 6% would not result in any impairment without considering any cost control measures.

## 12. Investments

All investments held by the group relate to investments in trading companies as detailed in Note 14.

| COST | Group | Company |
|---|---|---|
| **At 1 January 2022** | - | 6,872,911 |
| Additions | 4,999 | 1,481,183 |
| **At 31 December 2022** | **4,999** | **8,354,094** |
| | | |
| **At 1 January 2023** | 4,999 | 8,354,094 |
| Additions | - | 217,921 |
| **At 31 December 2023** | **4,999** | **8,572,015** |

### Impairment review of investments

Using the assumptions applied in reviewing intangible assets for impairment (see Note 11) 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 (2022: £nil) were necessary given the headroom below:

| | Net Book Value | Recoverable Amount | Impairment Headroom |
|---|---|---|---|
| **As at 31 December 2022** | **£** | **£** | **£** |
| Investments in subsidiaries | 8,354,094 | 18,345,917 | 9,991,823 |
| | **8,354,094** | **18,345,917** | **9,991,823** |
| | | | |
| **As at 31 December 2023** | | | |
| Investments in subsidiaries | 8,572,015 | 12,798,982 | 4,226,967 |
| | **8,572,015** | **12,798,982** | **4,226,967** |

## 13. Tangible assets

| | Fixtures, fittings and equipment | Computer equipment | Total |
|---|---|---|---|
| | £ | £ | £ |
| **COST** | | | |
| **At 1 January 2022** | 8,297 | 142,725 | 151,022 |
| Additions | 11,814 | 29,089 | 40,903 |
| **At 31 December 2022** | 20,111 | 171,814 | 191,925 |
| **At 1 January 2023** | 20,111 | 171,814 | 191,925 |
| Additions | 471 | 9,106 | 9,577 |
| **At 31 December 2023** | 20,582 | 180,920 | 201,502 |
| **DEPRECIATION** | | | |
| **At 1 January 2022** | 4,973 | 103,934 | 108,907 |
| Charge for the period | 4,237 | 24,972 | 29,209 |
| **At 31 December 2022** | 9,210 | 128,906 | 138,116 |
| **At 1 January 2023** | 9,210 | 128,906 | 138,116 |
| Charge for the period | 4,868 | 23,249 | 28,117 |
| **At 31 December 2023** | 14,078 | 152,155 | 166,233 |
| **NET BOOK VALUE** | | | |
| At 31 December 2022 | 10,901 | 42,908 | 53,809 |
| **At 31 December 2023** | 6,504 | 28,765 | 35,269 |

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

## 14. Investments in subsidiaries

As at 31 December 2023 Silver Bullet Data Services Group PLC owned an interest in the ordinary share capital of the companies below.

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

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

During the period steps were taken to close and liquidate the German-registered subsidiary Silver Bullet Data Services GmbH which is expected to be completed during 2024.

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

## 15. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| **Trade receivables** | 2,202,850 | 1,307,790 | - | - |
| **Other receivables** | 440,560 | 448,798 | 177,827 | 227,439 |
| **Prepayments** | 249,292 | 225,537 | 120,395 | 58,135 |
| **Contract assets** | 297,184 | 170,855 | - | - |
| **Corporation tax receivable** | 143,676 | 334,864 | - | - |
| | 3,333,562 | 2,487,844 | 298,222 | **285,574** |

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.

## 16. Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Cash at bank | 677,855 | 1,352,221 | 152,477 | 8,572 |
| | **677,855** | **1,352,221** | **152,477** | **8,572** |

Cash at bank earns interest at floating rates based on daily bank deposit rates. Bank interest received is not material.

## 17. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Trade payables | 1,221,776 | 530,257 | 166,823 | 34,448 |
| Tax and social security | 551,163 | 497,631 | 21,027 | 20,613 |
| Other payables | 339,670 | 345,496 | 10,051 | 5,050 |
| Accruals | 516,847 | 647,382 | 1,464 | 4,607 |
| Contract liabilities | 204,400 | 290,988 | - | - |
| Amounts owed to group undertakings | - | - | 3,974,951 | 3,762,367 |
| | **2,833,856** | **2,311,754** | **4,174,316** | **3,827,085** |

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 payments that have been received in advance 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.

## 18. Loans and borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **£** | **£** | **£** | **£** |
| **Current liabilities** | | | | |
| Bank loans | 75,002 | 41,227 | 33,862 | - |
| Term loans | 350,000 | - | 200,000 | - |
| | 425,002 | 41,227 | 233,862 | - |

| | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Non-current liabilities** | | | | |
| Convertible loan notes | 2,554,672 | 1,687,697 | 2,554,673 | 1,687,697 |
| Bank loans | 66,800 | 110,295 | - | - |
| | 2,621,472 | 1,797,992 | 2,554,673 | **1,687,697** |

As at 31 December 2023 the Group had two bank loans of £141,801 (2022: £151,522). One loan accrues interest at 1.95% repayable over six years to 2026. Other loan balances are payable in equal instalments over a period of six months accruing annual interest rate of 11.2%.

As at 31 December 2023 the group had two short-term loan facilities totalling £350,000 (2022: £nil). The loans were lent without security and accrue interest at rates of 8.5% and 12%.

Convertible loan notes are in issue which are convertible by the option holder into new ordinary shares at any point during the three-year term of the loan, the latest of which expires 31 May 2026. Conversion prices are fixed at £1.10 for the June 2022 convertible loan note instruments and £0.50 for the May 2023 convertible loan note instrument.

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

i) at the Company's option of 8% per annum paid monthly plus 4% payable via the issue of additional Convertible Loan Notes as payment in kind.
ii) 12% payable via the issue of additional Convertible Loan Notes as payment in kind.

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

The equity element of the convertible loan note is recognised within other reserves (see Note 23). Market interest rates of between 14% and 21% have been applied to calculate the residual equity value of the financial instrument.

## 19. Deferred tax liability

| | Group | | Company | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Movements in the year: | | | | |
| Liability brought forward | 632,190 | 547,892 | - | - |
| Charge / (credit) to profit or loss | (144,199) | 84,298 | - | - |
| Liability carried forward | 487,991 | 632,190 | - | - |

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

## 20. FINANCIAL INSTRUMENTS

### Financial instruments and risk management

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

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **£** | **£** | **£** | **£** |
| **Financial assets measured at amortised cost** | | | | |
| Cash and cash equivalents | 677,855 | 1,352,221 | 152,477 | 8,571 |
| Trade receivables | 2,202,850 | 1,307,790 | - | - |
| Contract assets | 297,184 | 170,855 | - | - |
| Other receivables | 440,560 | 448,798 | 177,827 | 227,439 |
| | **3,618,450** | **3,279,664** | **330,304** | **236,010** |
| **Financial liabilities measured at amortised cost** | | | | |
| Trade payables | 1,221,776 | 530,257 | 166,823 | 34,448 |
| Accruals | 516,847 | 647,382 | 1,467 | 4,609 |
| Other payables | 339,670 | 345,496 | 3,985,002 | 3,767,417 |
| Loans | 3,046,474 | 1,839,219 | 2,554,673 | 1,687,697 |
| | **5,145,794** | **3,362,354** | **6,707,964** | **5,494,171** |

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

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

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

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

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

***Credit risk***

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

Credit default risk is the financial risk to the Group if a counter party to a financial instrument fails to meet its contractual obligation. The nature of the Group's receivable balances, the time taken for payment by entities and the associated credit risk are dependent on the type of engagement.

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

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

***Liquidity risk***

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

The group's financial liabilities mature to the following profile:

| | **2024** | **2025** | **2026** | **Total** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| Trade payables | 1,221,776 | - | - | **1,221,776** |
| Accruals | 516,847 | - | - | **516,847** |
| Other payables | 339,670 | - | - | **339,670** |
| Loans | 425,001 | 2,102,482 | 518,990 | **3,046,474** |
| | 2,503,294 | 2,102,482 | 518,990 | **5,124,767** |

### *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:

| | **2023** | | | **2022** | | |
|---|---|---|---|---|---|---|
| | AUD | USD | EUR | AUD | USD | EUR |
| Assets and liabilities | 172,852 | 1,681,089 | (537,629) | 299,236 | 244,995 | (515,938) |

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** | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **£** | **£** | **£** | **£** |
| 10% strengthening of functional currency | 85,952 | (7,876) | - | - |
| 10% weakening of functional currency | (180,498) | 16,539 | - | - |

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.

## 21. Share capital and premium

| **Ordinary share capital**<br>**Issued and fully paid** | **No.** | **£** |
|---|---|---|
| As at 1 Jan 2023 | 15,936,687 | **159,367** |
| Shares issued | 1,454,081 | **14,541** |
| **As at 31 Dec 2023** | **17,390,768** | **173,908** |

In December 2023 investment funding was raised for 1,428,571 new shares issued at £0.70. At the reporting date deferred share subscriptions were outstanding of £125,000 (2022: £142,720) and are held within other receivables.

## 22. 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:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Weighted average exercise price | Share options | Weighted average exercise price | Share options |
| | £ | No. | £ | No. |
| Outstanding at start of period | 1.49 | 1,569,620 | 1.56 | 1,679,607 |
| Forfeited/expired during period | 1.01 | (196,626) | 1.50 | (198,987) |
| Granted during period | 0.04 | 111,000 | 0.27 | 109,000 |
| Exercised during period | 0.01 | (25,510) | 0.01 | (20,000) |
| **Outstanding at end of period** | 1.47 | 1,458,484 | 1.49 | 1,569,620 |

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

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

The movement in option valuation during the year ended 31 December 2023 resulted in a staffing cost being recognised by the Group of £217,921 (2022: £1,476,183), with a corresponding increase in the Group's equity.

The valuation of options exercised, lapsed, and forfeited during the year totalled £181,122 (2022: £355,150) which has been transferred to Retained Earnings.

The contractual life for outstanding options runs for a number of periods, the latest of which being to 26th October 2030.

## 23. Other reserves

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Convertible loan notes | 451,432 | 398,954 |
| | 451,432 | 398,954 |

Loan notes are in issue which are convertible into new ordinary shares at prices ranging from £0.50 to £1.10 per new ordinary share at any point during the three-year term of the loan.

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

## 24. Related party transactions

Key management personnel and directors' remuneration is detailed at note 8.

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 £124,668 (2022: £146,293) are included in revenue for the year ended 31 December 2023. Amounts outstanding at the year end included in trade receivables totals £9,857 (2022: £29,611).

Recharges for direct costs incurred were processed during the year ended 31 December 2023 totalling £100,100 (2022: £114,009). Amounts outstanding at 31 December 2023 totalled £37,800 (2022: £32,400).

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 2023 totalling £nil (2022: £17,920).

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. Costs of £nil (2022: £3,462) were recognised in respect of a profit share agreement.

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 £151,969 which is held within other debtors at the end of the reporting period (2022: £150,000). The loan is repayable within 12 months and attracts interest at the Bank of England interest rate.

### Transactions with group companies

As a holding company for the subsidiaries listed at Note 14, 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** | **2023** | **2022** |
|---|---|---|
| | **£** | £ |
| Silver Bullet Media Services Limited | **2,921,809** | 2,960,236 |
| Iotec Native Limited | **802,131** | 802,131 |
| Silver Bullet Data Services Limited | **196,011** | - |
| Local Planet Data Services Ltd | **55,000** | - |
| | **3,974,951** | 3,762,367 |

## 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.

| | **2023** | **2022** |
|---|---|---|
| | **£** | **£** |
| Loss after taxation | (3,171,684) | (7,222,033) |
| Non-controlling interest | (2,534) | 946 |
| **Loss after taxation attributable to shareholders** | (3,169,150) | (7,222,979) |
| **Number of shares** | | |
| Weighted average number of ordinary shares in issue | 16,057,860 | 14,889,187 |
| Dilutive effect of in-the-money share options | 656,832 | 589,590 |
| Diluted weighted average number of shares | 16,714,692 | 15,478,777 |
| **Earnings per share** | | |
| Basic earnings per share | (0.20) | (0.49) |
| Diluted earnings per share | (0.20) | (0.49) |

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

## 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 (06216702)
IOTEC Native Limited (08286180)
Silver Bullet Data Services Limited (10081847)
Local Planet Data Services Ltd (13123941)

## 27. Subsequent events

No other significant events have occurred between the end of the reporting period and the date of signature of the Annual Report and Accounts.

## 28. Ultimate controlling party

Management consider there is no ultimate controlling party of the Group

Silverbullet

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