

# Bango Interims for 6 months to 30<sup>th</sup> September 2008

The Bango logo is rendered in a bold, lowercase, sans-serif font. The letters are a vibrant orange color. A registered trademark symbol (®) is positioned at the top right of the letter 'o'.

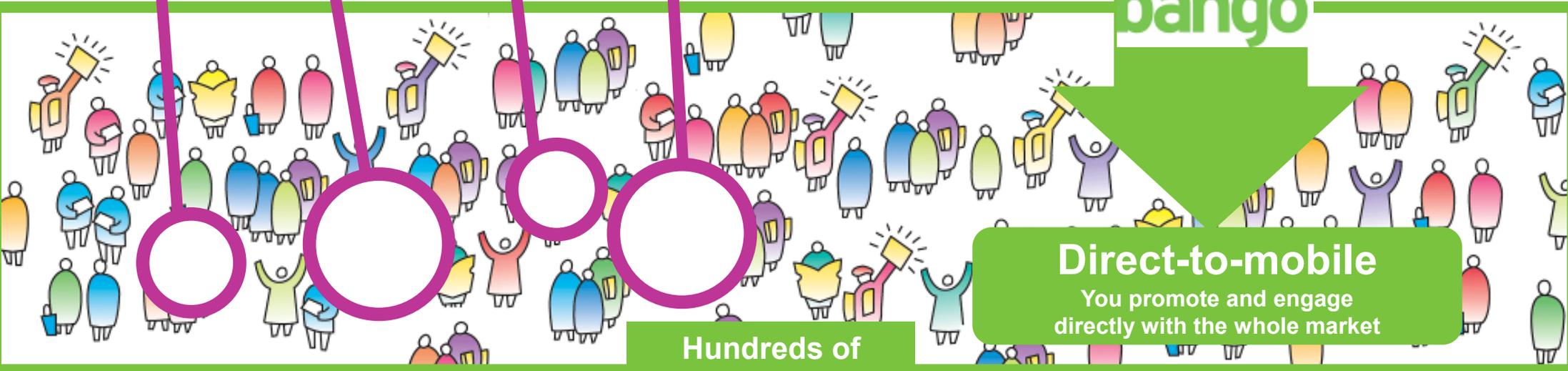
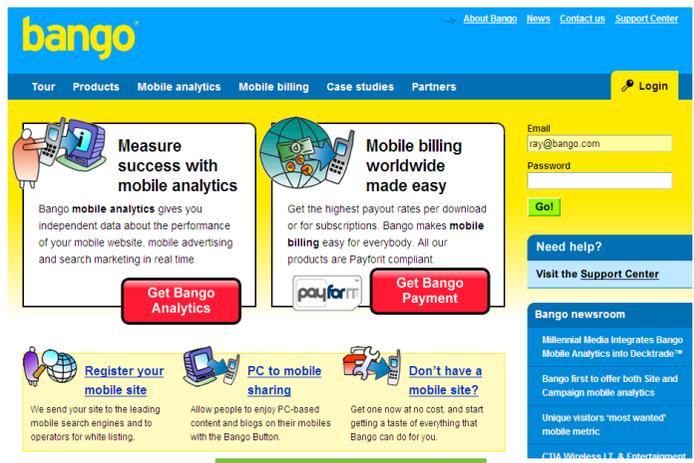
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November 25<sup>th</sup> 2008

# Bango focus: Enabling mobile web

**Traditional: On-portal**  
Commercial relationship with each operator



**Hundreds of millions of users**

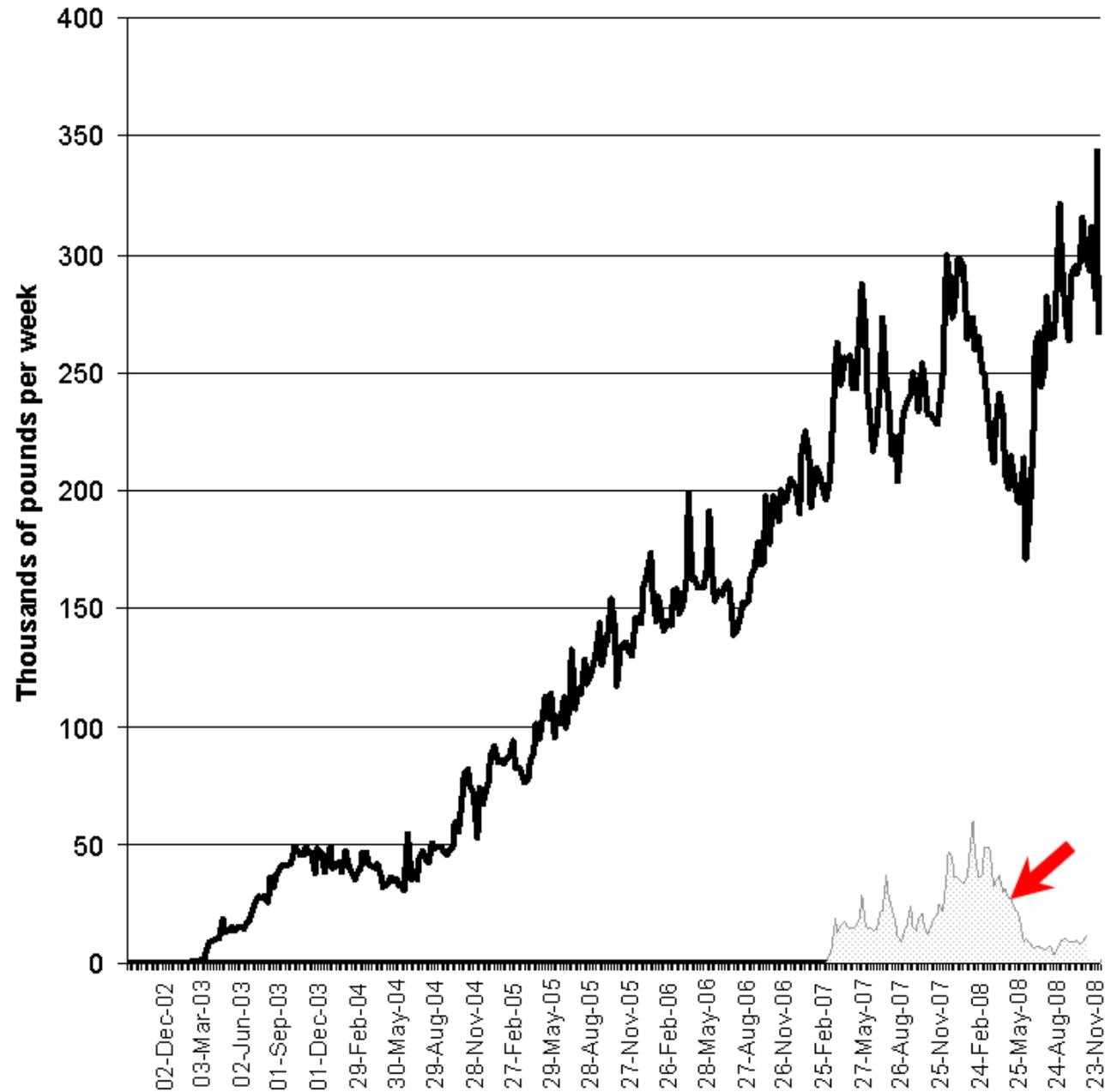
**Direct-to-mobile**  
You promote and engage directly with the whole market

# H1 FY2009 Operational Highlights

- Strong growth in revenue from USA & Canada
- Large content provider customers increasing use of platform
- UK summer slowdown was compounded by mobile search providers' teething problems in the UK
- Successful Analytics launch:
  - Over 350 active Analytics webmaster
  - Initial revenues
- Resumption in month-on-month growth in end-user spend
- Positive market outlook and upward sales momentum

# End user spend

- Strong growth in USA as that market starts to take off
- Problems arising from changes to UK operator search advertising added to summer “lull” during H1
- Expect operators to resolve these problems in next six months



# H1 FY2009 Financial Highlights

	H1 FY09 £'000	H2 FY08 £'000	H1 FY08 £'000
<b>Net loss</b>	<b>592</b>	754	1,081
<b>Operating expenses</b>	<b>1,855</b>	2,147	2,521
<b>Gross revenue</b>	<b>6,746</b>	6,923	6,836
<b>Gross margin</b>	<b>18.6%</b>	19.8%	20.4%

- Reduced loss driven by reduction in opex and maintained revenue
- Close to breakeven at half year - September 08 trading loss £25k
- Gross margin reflects
  - lower priced packages to drive increased volume with lower selling costs
  - increasing proportion of end user spend in the mix, as expected
- £0.45m capital raised July 08 at market price (then 33.5p per share)

# Revenue by segment

- Revenue broadly stable, end-user spend proportion increasing

	H1 FY09 £'000	H2 FY08 £'000	H1 FY08 £'000
End user activity	<b>5,915</b>	5,935	5,789
<i>% of total</i>	<b>88%</b>	86%	85%
Content provider fees	<b>831</b>	921	1,047
<i>% of total</i>	<b>12%</b>	13%	15%
Services to MNOs & other revenue	<b>0</b>	67	0
<b>Total revenue</b>	<b>6,746</b>	6,923	6,836

# Revenue by geography

- UK is main region.
  - (i) seasonality
  - (ii) teething issues for search providers
- Strong growth in US
- Rest of EU growth not yet started

Revenue (£'000)	H1 FY09	H2 FY08	H1FY08	H1 FY09	
				End user	Content provider
United Kingdom	<b>3,785</b>	5,739	4,942	3,354	431
<i>% of total</i>	<i>56%</i>	<i>83%</i>	<i>72%</i>	<i>57%</i>	<i>52%</i>
USA & Canada	<b>2,363</b>	532	909	2,134	229
<i>% of total</i>	<i>35%</i>	<i>8%</i>	<i>13%</i>	<i>36%</i>	<i>28%</i>
Rest of EU	<b>365</b>	482	773	241	124
Rest of World	<b>233</b>	170	212	186	47
Total revenue	<b><u>6,746</u></b>	<u>6,923</u>	<u>6,836</u>	<u>5,915</u>	<u>831</u>

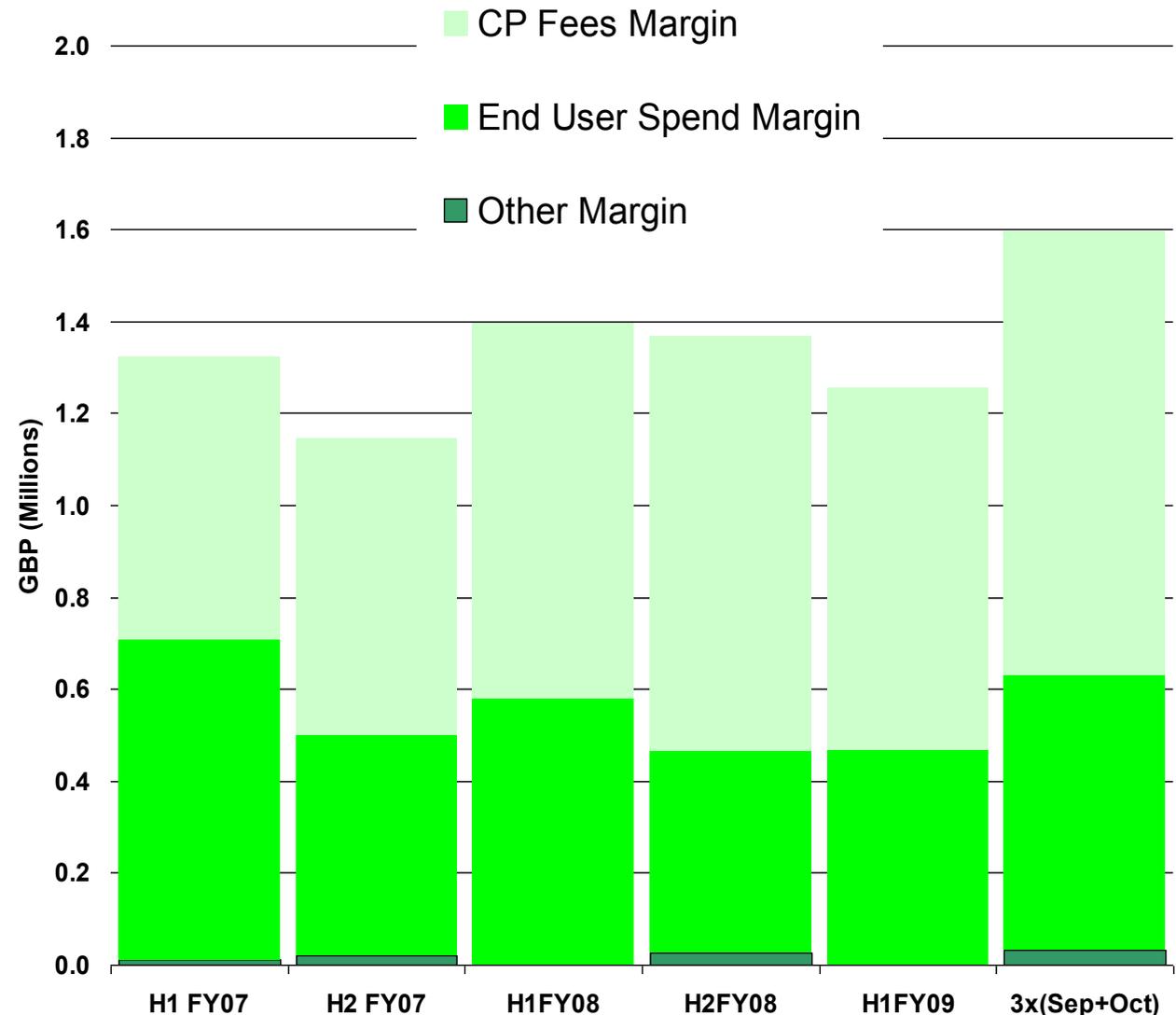
# Gross margin

<b>Gross margin</b>	<b>H1 FY09 £'000</b>	<b>H2 FY08 £'000</b>	<b>H1 FY08 £'000</b>
End user activity <i>% of total</i>	<b>466</b> <b>37%</b>	435 32%	581 42%
Content provider fees <i>% of total</i>	<b>789</b> <b>63%</b>	905 66%	816 58%
Other <sup>(1)</sup>	<b>0</b>	28	0
Total margin	<b>1,255</b>	1,368	1,397
<b><i>Margin %</i></b>			
<i>End user activity</i>	<b>7.9%</b>	7.3%	10.0%
<i>Content provider fees</i>	<b>94.9%</b>	98.3%	77.9%

<sup>(1)</sup> Services to MNOs and advertising revenue

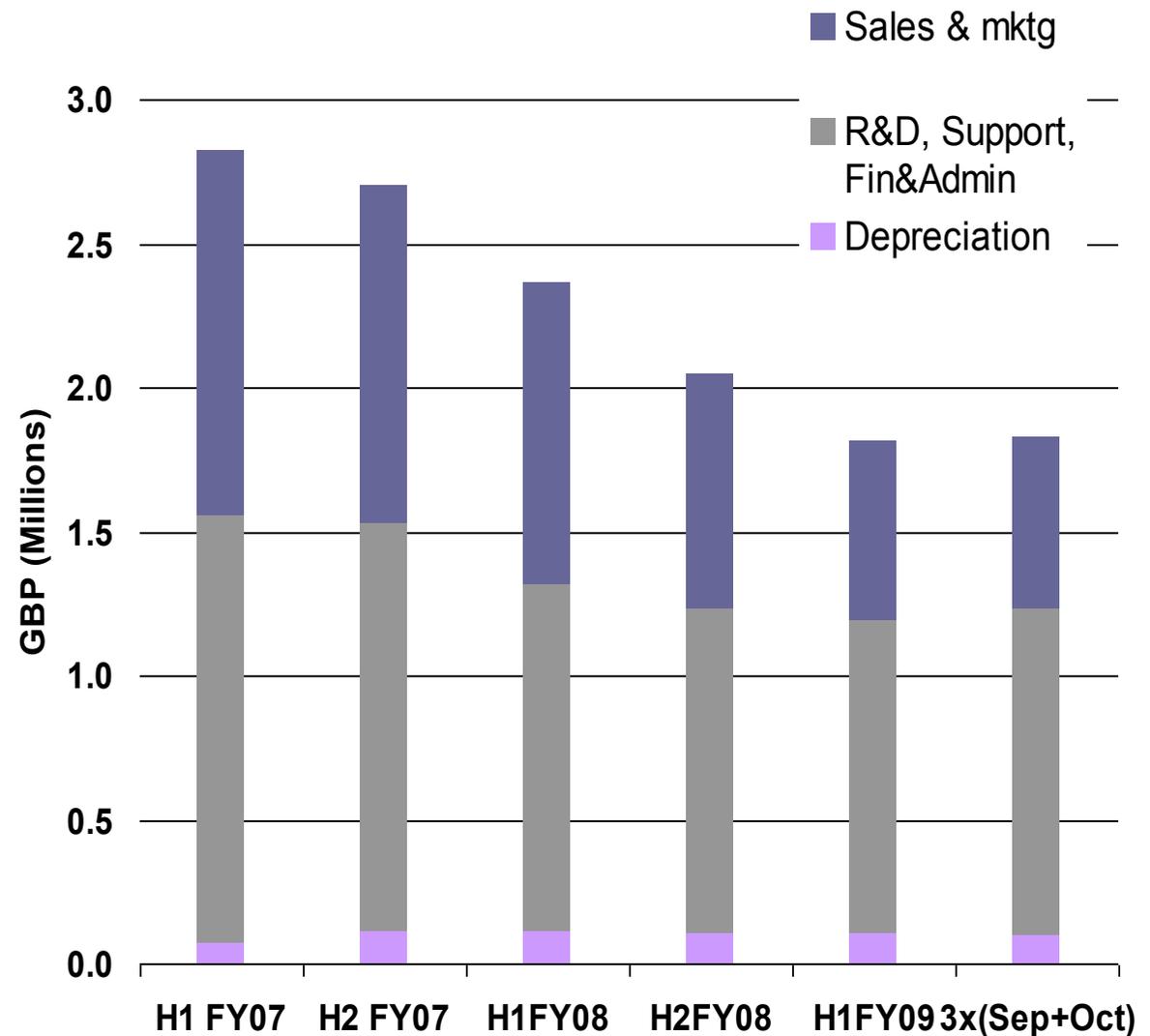
# Gross Margins

- % margin from end user spending stable, increasing part of revenue mix. Objective is to provide best payout rates to CP's
- Month-on-month package fee revenue now rising after UK search teething troubles
- Contribution from Analytics not yet significant
- Strong dollar helps gross margin



# Operating Expenses

- Expenses down 11% vs 2H FY08 and 24% down vs 1H FY08
- Expected to remain at present levels for rest of year and continue to be tightly managed
- System costs can handle 10X current transaction volumes
- Analytics business costs of £30-40K per month

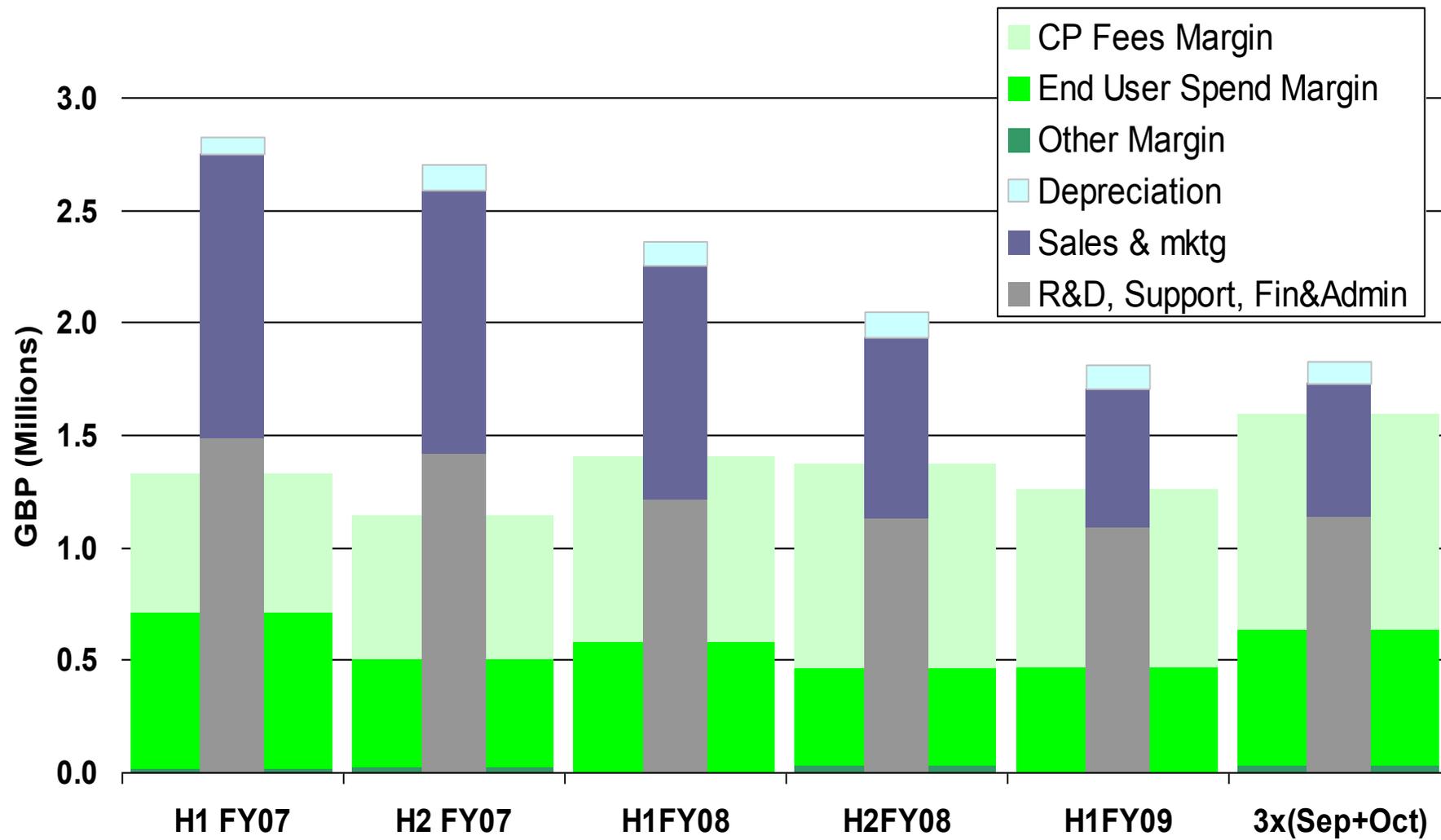


# Opex and P&L

- October 08  
less than £20K  
EBITDA loss

	H1 FY09	H2 FY08	H1 FY08
	£'000	£'000	£'000
<b>Opex</b>			
Operating expenses	<b>1,708</b>	1,927	2,262
Depreciation	<b>104</b>	109	112
	<b>1,812</b>	2,036	2,374
Share based payments	<b>43</b>	111	147
	<b>1,855</b>	2,147	2,521
<b>Income statement</b>			
Revenue	<b>6,746</b>	6,923	6,836
Cost of sales	<b>5,491</b>	5,554	5,439
Gross profit	<b>1,255</b>	1,369	1,397
Administrative expenses	<b>1,812</b>	2,036	2,374
Share based payments	<b>43</b>	111	147
Operating loss	<b>(600)</b>	(778)	(1,124)
Investment income	<b>7</b>	24	43
Loss before taxation	<b>(593)</b>	(754)	(1,081)

# Nearing Profitability



# Cashflow & balance sheet

- £400k extra cash used in operations due to shorter “cash hold” time in USA vs UK
- Extra working capital from equity issue May 08
- £500K RBS facility established post balance sheet: opportunity to generate extra margin through revenue acceleration or provides contingency source

## Cashflow

	H1 FY09	H2 FY08	H1 FY08
Net cash used by operations	(1,043)	(706)	(167)
Cash from investing activities	(8)	13	32
	<b>(1,051)</b>	<b>(693)</b>	<b>(135)</b>
Cash from financing activities	<b>451</b>	0	23
Net decrease in cash	<b>(600)</b>	<b>(693)</b>	<b>(112)</b>

## Balance Sheet

Non-current assets	<b>234</b>	323	421
Trade and other receivables	<b>3,182</b>	2,506	2,394
Cash and cash equivalents	<b>526</b>	1,126	1,819
Total assets	<b>3,942</b>	<b>3,955</b>	<b>4,634</b>
Equity and reserves	<b>13,287</b>	12,793	12,683
Accumulated losses	<b>(12,500)</b>	(11,908)	(11,154)
	<b>787</b>	885	1,529
Trade and other payables	<b>3,155</b>	3,070	3,105
Total equity and liabilities	<b>3,942</b>	<b>3,955</b>	<b>4,634</b>

# Bango Payments

- Steady stream of product enhancements
- Credit card problems in USA resolved in May 2008
- Added Virgin Mobile to Sprint and AT&T in USA
- Major overhaul of self-care systems, live in September 08
- Several major US content aggregators signed late summer and wins include major global software company
- Expecting UK changes in two UK operators to be completed by Xmas – enabling more effective marketing



**Best transaction  
network 2008**

# Bango Analytics Progress

- Bango Analytics Launched Feb/March 2008
- Now more than 350 mobile websites integrated
- Partnerships:  
Decktrade, Admoda, MetaTXT, Adversitement, etc.
- 3.0 release in September – Unique Visitor data
- Developing new 4.0 release in Jan/Feb 09
- Favourable reviews and industry press coverage
- Signs of first competitors emerging

# Summary

- Focus on driving to profitability and cash generation
- Market opportunity expanding
- Google, Yahoo and other internet companies driving the opening up of the mobile web
- Large customer sign ups with lower cost of sales
- Analytics product is very complementary and starting to gain revenues
- Strong technology & market position gives management confidence of significant value as mobile web takes off

# Supplementary

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# Bango has key role in enabling mobile web growth

## Share of internet traffic through MNO's to mobile devices is growing fast:

- Mobile broadband becoming reliable and cheap
- Mobile devices getting more capable
- Already 1 billion mobiles can browse websites

## MNO can bring value beyond fixed ISP:

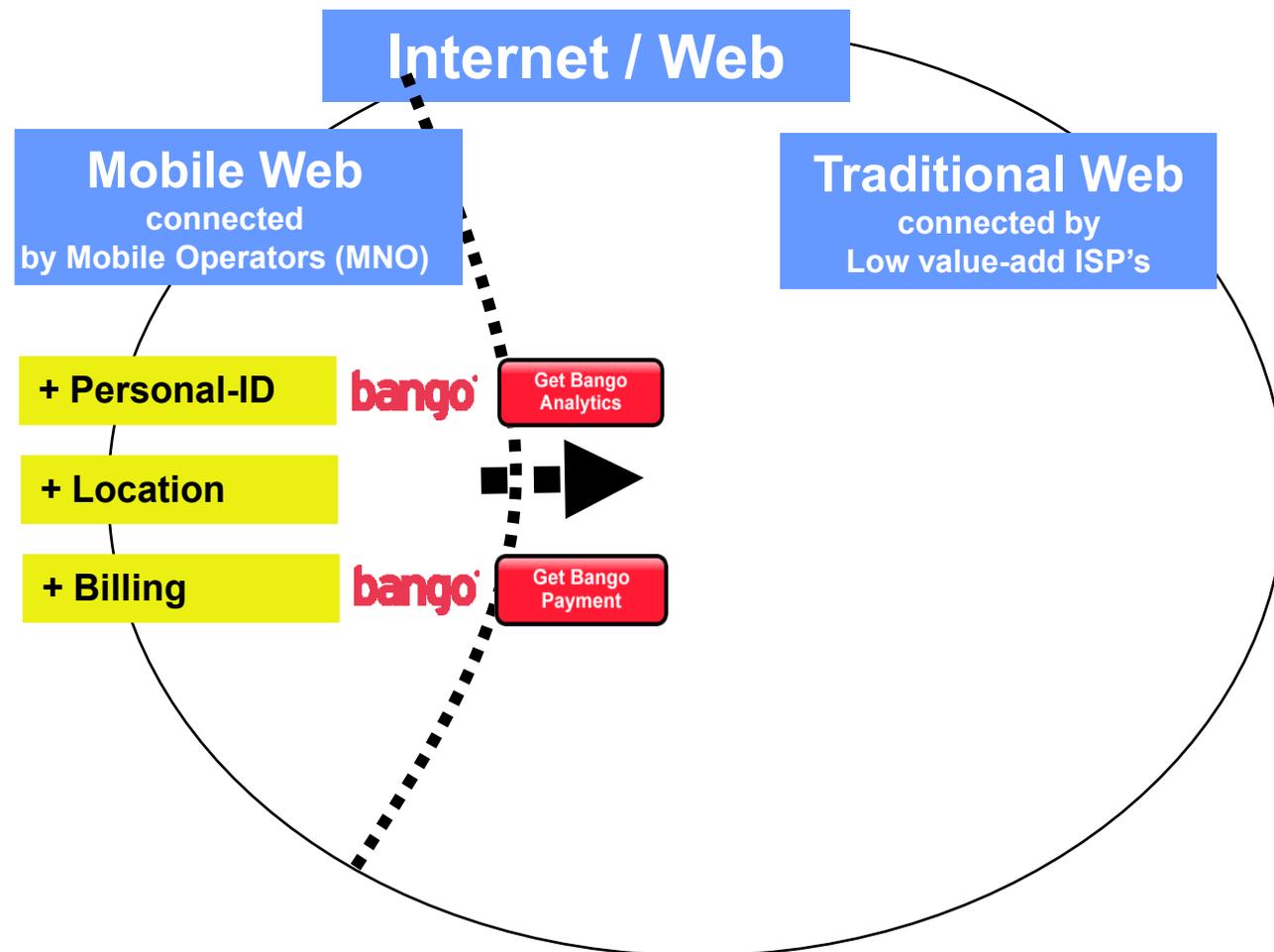
- Personal identity integral to connection
- Billing pre-integrated into the service
- User location through mobile network

## Complexity has slowed exploitation:

- There are hundreds of different MNO's
- There are multiple technologies and API's for integration
- MNO's want to limit their commercial relationships
- Interfaces and options are complex and evolving rapidly

**Bango provides the common Payment and Analytics platform that makes these valuable services quick and easy to integrate into any website targeted at mobile users.**

**Bango opens up the mobile web to hundreds of thousands of website owners, advertisers and content providers.**



# Payment Choices on Mobile Web

## MNO billing

## Non-MNO billing

- + All age ranges
- + Broad reach
- + Ideal for small amounts
- + Single click spending

- + Familiar to PC users
- + Good cash-flow and low costs
- + Relatively hassle free
- + 95% Credit Card, new entrants (PayPal etc.)

Ringtones  
 Music Tracks  
 Mobile Games  
 Adult (Europe)  
 Alerts  
 Chat & Flirt

Sideloaded (iTunes)  
 Music Tracks (Nokia Music Store)  
 Gambling  
 Adult  
 Chat and Dating



- Restricted use (genres, countries)
- Slow cashflow
- Can be expensive
- MNO rules vary
- 10% of users have disabled

- Not available to under 18's
- Clumsy user interface (passwords etc.)
- Expensive for small transactions
- Complex for global users (currency)

- MNO billing is generally the best option where it is available, but availability is limited, can be expensive, and has many restrictions

- Alternative billing methods can be used to “fill in” where MNO billing is not available