

18 March 2014

Embargoed until 07:00

BANGO PLC

("Bango")

Final Results

Bango (AIM: BGO), the mobile payments company, today announces its Final Results for the year ended 31 December 2013.

FY2013 Financial highlights

- End user spend increased to £15.6m (9m2012: £6.2m)
 - Increased 150% from December 2012 to December 2013 driven by app store activity
- End user gross profit* grew to £0.4m (9m2012: £0.2m), with gross profit margin within the 2-5% medium term target range
- Platform fee revenue including fees for connecting Mobile Network Operators (MNOs) and analytics £1.7m (9m2012: £1.4m)
- Total gross profit including gross profit on end user spend and platform fees stable at £2.1m on a pro-rated basis (9m2012: £1.6m)
- Loss before tax increased to £4.9m (9m2012: £2.6m) due to expansion of operational teams and datacenters to meet expectations of major new customers and increase of depreciation, amortization and share based payment charges
- Adjusted LBITDA** £3.0m (9m2012: £1.7m)
- Cash balance of £5.1m (£2.3m at 31 December 2012)
 - £6.5m oversubscribed placing in February 2013

** End user gross profit is total end user activity less amounts due to app stores, digital merchants and payment providers.*

*** Adjusted LBITDA is operating loss before depreciation, amortization and share based payments*

FY2013 Operational highlights

- Significant progress integrating industry leading app stores with MNOs during the year:
 - Google Play: 3 integrations live at year end (1 live at year end 2012)
 - Firefox Marketplace: 4 integrations live at year end (0 live at year end 2012)
 - Windows Phone Store: 3 MNO integrations implemented and live at year end (0 live at year end 2012)
 - Pipeline of 40 integrations, most being Google Play
- Country expansion continued:
 - Bango has now completed more than 120 direct MNO integrations, including operators in Mexico, Colombia, Singapore, Indonesia, Malaysia, Thailand, Philippines, UAE, KSA, Kuwait, Poland and Czech Republic
 - Established Singapore presence to support Asia rollout and app store activity
- Mean monthly analytics transaction volume grew to 1.8bn/month in FY2013 from 1.0bn/month in 9m2012
- 24/7 global platform operations center built and now fully operational
- Activity with Amazon continues

Ray Anderson, Chief Executive Officer of Bango, commented: "I am delighted with the strong progress in 2013. It has been a year in which Bango has invested in its infrastructure and operational capability in preparation for an expected surge in transaction volumes, driven by app store partners 'plugging in' to more MNO connections.

In the second half of the year we saw evidence of the beginning of this anticipated growth both through a ramping-up of end user spend, which increased 150% in December 2013 over December 2012, and acceleration of MNO integrations going live with our major app store partners, particularly Google Play, which continues to grow.

“Bango is now building on its base of over 120 MNO integrations with new MNOs in additional countries. Approximately two-thirds of this base have been integrated for BlackBerry World, and we are now accelerating the use of this significant asset for Google Play and the other app stores, which themselves have significant growth potential, and who only have a few MNOs currently integrated across the Bango Platform. With more than a dozen MNO integrations in the final stages of testing and implementation, and a strong pipeline, Bango is poised for accelerating growth in 2014.

“Bango has unique technology, an unmatched network of MNO integrations and unparalleled app store relationships, and therefore has a competitive position in a large and growing marketplace. With the evidence of accelerating growth in the end user spend, I am increasingly confident of Bango’s abilities to take advantage of the many global prospects across existing and new products.”

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About Bango

In the era of mobile technology, collecting payments has emerged as a central and complex challenge. Bango (AIM: BGO) powers payment and analytics on the mobile web, providing users with a massively smooth payment experience.

Bango’s pervasive presence across the web creates a platform effect for partners, identifying hundreds of millions of users and maximizing the number of one-click payments. Global leaders plugging into Bango include Amazon (NASDAQ: AMZN), BlackBerry World (NASDAQ: BBRY), Facebook (NASDAQ: FB), Firefox Marketplace, Google Play, Windows Phone Store (NASDAQ: MSFT) and other major mobile brands. Visit: bango.com

Chairman's statement

Bango has established a leading position within the mobile payments ecosystem. It continues to be the technology of choice for leading mobile operators, the world's largest app stores and major digital merchants. Bango technology enables the efficient and effective collection of payments from consumers. It integrates the billing systems of often diverse and complex mobile operators around the world into a common platform. Bango's technology and extensive information database reduces the cost and time to market for digital merchants, across the globe. It enables more sales than a business could get by a simple direct connection to one or more billing system. Bango amplifies digital merchants' sales through the use of its unique and innovative user identification, even over Wi-Fi, and its BangoID and BillRank technology.

Bango saw significant strategic progress in 2013 following its exit from the feature phone business and addition of major new smartphone app stores following the building of a base for BlackBerry.

The Board approved significant investment in capacity and resilience, enabling Bango to capture business from the largest app stores ahead of anticipated transaction volume as these app stores integrate with Bango's base of mobile operators. 2013's growth in end user spend (up 150% from December 2012 to December 2013) was driven by app store customers signed-up during 2012, expanding their number of MNO integrations across the Bango Platform; in particular Google Play.

At the end of 2013, these app store partners had only a few MNO integrations across the Bango Platform, but this has already more than doubled end user spend volumes. There remains a large scope of activity on this front, Bango's total number of MNO integrations exceeds 120 and is increasing at pace, due to improved "on-boarding" procedures instigated during the year. Continued expansion of operator billing integrations worldwide has been driven by our app store partners and have mainly been customer funded, and in emerging markets.

Bango increased its annual operating expenditure by approximately £1m as it invests in new people and infrastructure; including a new Dallas datacenter and upgrade of existing datacenters, to support the expected substantial growth and to meet the resilience needs of major customers going forward.

Bango is focussed on growing the value generated from transaction volumes and was therefore pleased to maintain total gross profit of £2.1m. Bango is developing new products and services that will enable growth of gross margin in the future.

Operator billing remains in the early stages of adoption, but Bango and industry analysts see high potential in this large and growing market. Revenues from mobile content, monetized through operator billing, are expected to rise from \$2bn in 2012 to more than \$13bn by 2017, according to Juniper Research. The market opportunity is clear, and though activity from initial MNO integrations into our partners is encouraging, it remains premature to forecast the scale and timing of growth across the Bango Platform. In the coming months, as Bango will be able to better model spending within MNO territories and better predict operator roll-out rates, the timing of milestones and the trajectory of growth in end user spend will be more predictable.

The demonstrable value of Bango's proposition, its unrivalled international billing abilities, continuing engagement with industry leaders and central position within the mobile internet ecosystem, ensures a sustainable dominance at the forefront of the mobile payments market.

This is an exciting time for Bango as it evolves to its next stage of growth.

David Sear
Chairman

CEO's statement

2013 Overview

Bango has an industry-leading reputation for providing a superior mobile payments solution to the world's largest app stores and major digital merchants. 2013 was a year of preparation ahead of an expected surge in activity across the Bango Platform.

The current Bango focus is enabling its largest customers to quickly and easily grow their transaction volumes by expanding the reach of mobile operator billing. Currently, most Bango transactions relate to app stores, this is expected to continue as these currently provide the largest channel for mobile content consumption. Bango is also well placed to enable content companies to offer mobile downloads directly, and for this, operator billing is a vital payment method.

Important developments during the year include:

- (1) A ramp-up in end user spending toward the end of 2013, as a result of initial stages of growth driven by Google Play starting to use Bango to integrate with MNO billing systems
- (2) Continued expansion of operator billing integrations worldwide, driven by BlackBerry and increasingly Mozilla and Microsoft. The majority of which have been customer funded, and primarily in emerging market
- (3) The completion of a major operations, datacenter and platform upgrade to prepare for expected growth in volumes and to handle significant transaction volume growth anticipated from the major app stores increasing their use of Bango

A strong theme for newer Bango partners is access to emerging markets where credit cards are less popular, and where Android and BlackBerry devices have a higher market penetration than the iPhone. Bango is also experiencing significant interest from operators in markets where other payment methods are scarce.

End user spend

Bango has a "pay per transaction" business model for its Bango Payments product. Either Bango collects the payment and passes it on while retaining a portion for Bango (principal basis), or the digital merchant collects the payment enabled by Bango technology and pays a fee to Bango (agency basis). "End user spend" is the value of all payments made by users for content or services less taxes through the Bango Payments systems. Bango also generates revenue by charging fees for MNO integrations to the Bango Platform and for analytics services.

End user spend is one of Bango's Key Performance Indicators. Growth in end user spend signifies growth in the use of the Bango Platform, and reflects the success that app stores and developers are gaining through their use of Bango technology. As the market develops it will be used as a measure of success against competitive approaches. During the year Bango was delighted to see end user spend increase to £15.6m, and grow 150% from December 2012 to December 2013.

	Audited	Unaudited	Audited
	9m2012	1h2013	FY2013
	9 months to Dec 12	6 months to 30 Jun 13	12 months to Dec 13
	£m	£m	£m
End user spend	6.2	6.6	15.6
Gross profit on end user spend	0.2	0.2	0.4
End user margin	3.6%	3.4%	2.3%

End user margin is a blend across a range of different contracts, and Bango has a mid-term target of 2-5%. High volumes and simple transactions can attract fees below 2%, but transactions involving cross border activity, analytics, settlement, or other services, can attract fees higher than 5%. The end

user margin declined slightly to 2.3% over the year due to higher growth in lower margin payment activities. Bango continues to develop new technology and services that sustain higher percentage transaction fees and also support volume growth to drive up total gross profit from end user spend.

App store progress

A significant number of MNO integrations took place in FY2013:

- **Google Play** 3 integrations live at the year end
- **Mozilla Firefox Marketplace** 4 integrations live at the year end
- **Microsoft Windows Phone Store** 3 integrations live at the year end
- **Amazon** agreement signed in December 2011, and though not live on the Bango Platform, the relationship continues to progress
- **BlackBerry World** 20 more integrations added
- **Facebook** 8 more integrations added
- Current pipeline of 40 integrations, most being Google Play

Google Play

The biggest boost to Bango's growth in the year came from Google Play, which delivers music, books, movies and apps to hundreds of millions of Android users around the world. Bango connects MNO billing systems into Google Play to enable easy payment for users' on their phone bills. MNO's go live quicker and gain significant additional functionality and resilience by integrating with Google Play through Bango, rather than a do-it-yourself approach.

Telstra in Australia was active for the full year, showing growth ahead of anticipated levels. Rogers and Fido in Canada were added later in the year, and made a good contribution to end user spend toward the end of the period in December 2013.

Post period, in January 2014, Bell, Canada went live. There are several further MNOs in the final test stages, and Bango is in negotiations and discussions with dozens more round the world. We expect new integrations to go live regularly over the course of the year.

Mozilla

Bango signed a global payment services agreement with Mozilla Corporation in June 2013, and activated the service in August 2013 for Firefox Marketplace's initial launch territories. Bango provides billing, as well as collection and settlement, for content purchased by Firefox OS customers in Spain and Colombia through Telefónica, and in Venezuela using credit card billing. Additional MNO launches during 2013 included Deutsche Telekom in Germany and Poland.

While Firefox OS is in its early stages, Bango sees Mozilla as an important partner, and an industry leader that will expand and enhance the HTML5 capabilities of the Bango Platform, catalyzing innovation around the unique BangoID and Bango BillRank system. In many developing markets, the competition for smartphone sales will be between low-cost Android devices and similarly priced Firefox OS devices. Bango provides billing for content on both platforms.

Microsoft

In June 2013, Bango announced that operator billing had launched for the Windows Phone Store in Indonesia with Indosat (IDX:ISAT, NYSE:IIT). Bango has since worked with Microsoft to expand operator billing to further MNOs, including Rogers in Canada and Iusacell in Mexico. Bango expects to announce further progress with Microsoft in the coming months.

BlackBerry

BlackBerry World uses Bango's operator billing integrations to collect payments from more than 75 MNO's across North America, Europe, South America and Asia. BlackBerry 10 (BB10), a new smartphone and tablet platform that improves usability, was launched during 2013.

BlackBerry has repositioned itself towards the so-called “ProSUMER”, but has also announced that it is working with Foxconn to produce a BB10 powered smartphone that will sell for less than \$200, as part of its strategy to maintain and build on its relatively strong market share position in the emerging markets. These devices are expected to launch in April 2014 in Indonesia. Bango end user spend derived from BlackBerry mirrors this change in strategy, showing growth in emerging markets away from the US and European markets.

Amazon

An agreement was signed with Amazon in December 2011. It did not generate significant revenue during FY2013. The relationship continues to progress and is being given a great deal of attention within Bango in anticipation of successful commercialization. Amazon has recently opened up its Android based app store globally, and it is now preloaded by operators on some Android devices.

Facebook

Bango integrated Facebook to operator billing as part of an improved mobile payments flow, enabling Facebook’s mobile web users to easily purchase digital content. The use of Bango technology is focussed on HTML5 based web-apps that can run on iOS or Android, alongside apps that are downloaded from the app stores. This is at an early stage with Facebook as it currently has a lower focus on its own payment capabilities than routing consumers to app stores, where Bango payment can be used.

During 2013 Bango connected Facebook with MNOs in Spain and the Czech Republic, adding to those already connected in France, Germany, USA, and the UK.

Global expansion of the Bango Platform

The Bango Platform has continued its roll-out globally, driven by the demands of the major app stores. The process of on-boarding an MNO is: develop and test a technical connection, agree a commercial framework, then activate the integration in accordance with Bango customer requirements. Bango completed new direct integrations with the billing systems of a number of MNOs in the year, taking the total to over 120 by the end of 2013.

These wide-reaching integrations provide Bango with the ability to directly place charges on the bills of more than 1 billion mobile phone users. Furthermore, use of the unique Bangoid technology achieves higher conversion rates and reduces risk.

During 2013, Bango established a business structure to enable its customers to access the Indian market using MNO billing for app stores. This meets the complex Indian regulatory requirements, complies with local privacy laws and ensures tax compliance when processing payments. In addition, Bango established a Brazilian entity to provide similar capabilities for customers providing apps to consumers in Brazil. Bango also established a presence in Singapore (close to Google and Microsoft regional hubs) to support activity in the Asia region, due to its strategic importance and interest by Bango app store customers in entering the region.

A number of integrations were gained in 2013 across Latin America, including in Brazil, Colombia and Mexico. These were enabled by Bango’s partnership with Mozilla.

Prepared for high growth in transaction volumes

Following the appointment of a Chief Operating Officer (COO) in November 2012, Bango made rapid progress during 2013 to strengthen systems and operational processes ready for anticipated increases in transaction volumes.

During March 2013, new equipment was installed at Bango’s existing UK datacenters and augmented by establishing a new datacenter in North America, to provide substantial extra peak handling capacity, and to reduce latency for customers and end users in the Americas. Driven by heavy

analytics usage and internal testing of the Bango Platform, Bango has successfully processed peaks of activity in excess of 100,000 transactions per second. This gives Bango management confidence that the system will be able to process payment volume peaks equivalent to 1,000 or more times current levels whenever demanded.

Bango also made a key hire to head up MNO business development, with a focus of increasing sales and marketing activity aimed at the MNOs. This key hire has been responsible for establishing the business entities globally as discussed above.

Product development and innovation

Bango's core product offering delivers the most efficient means for digital merchants to collect money from their customers. At the same time, Bango significantly improves user experience, increases sales success and minimizes risk. The unique BillRank and cloud-based identification and authentication technology, BangolD, ensures unrivalled precision across all platforms and integrations, leveraging industry partnerships to deliver intelligence unavailable elsewhere.

Bango Payments Platform

The Bango Payments Platform provides a common integration point between the dozens of diverse billing systems around the world (operator billing platforms, mobile wallets and credit cards) and the leading smartphone app stores, digital merchants and app developers.

Bango increases sales by 200% to 1000% or more compared with traditional credit card methods, and this is amplified further due to the unique BangolD database, particularly with the increasing number of Wi-Fi connected users.

The core Bango Payments Platform has been updated for "quality at scale" to support the largest of the app store deployments, and new measurement capabilities have been added to support the new Bango Dashboard product.

Bango Analytics

Bango Analytics compliments Bango Payments to provide clear proof of increased sales conversion and customer engagement. It measures real consumer behavior from the point of initial acquisition within marketing campaigns, through navigation and payments in stores or on websites, to the consumption and use of digital content and applications.

It is highly valued by customers because it leverages payment relationships to provide information unavailable anywhere else, and is therefore highly complementary to the Bango Payments Platform.

Growth in transaction volumes on the Bango Analytics Platform has continued at increasing rates. Volumes averaged 1.8 billion per month in 2013, compared with 1.0 billion per month in 9m2012.

Bango Dashboard

Following development during 2013, the new Bango Dashboard was launched in February 2014. It is an operator-focused evolution of Bango Analytics that enables operators to see real-time data on app store sales, billing activity, and monitor billing platform performance. Bango Dashboard offers an unprecedented understanding of operator billing performance globally. The degree by which data is exposed can be controlled by the app store, through a disclosure control feature. Bango Dashboard is licensed on a per-seat subscription basis.

System controls and security

Privacy continues to be a priority for Bango and a number of further security systems were deployed in 2013. A Chief Information Security Officer was recently hired to provide assurance to the Board and customers that Bango maintains required levels of security and risk management.

Well positioned in an exciting and large market

The mobile industry is vibrant, growing fast and offers a significant opportunity for providers of apps and services, should they implement ways to effectively collect payments from users. Apple and Google are the main drivers of the market, and there is also innovation from new entrants in mobile such as Mozilla, Facebook, Microsoft and Amazon. This general market trend is very much reflected in Bango's commercial relationships and activities.

As predicted by Bango, the emergence of Android has opened up the market to new users and very wide deployment of smartphones and the mobile web. Some Bango operator partners have sourced low-cost Android devices to grow the market for paid content more rapidly in certain geographies such as Indonesia, Brazil and India. These geographies are some of the highest smartphone growth areas. In addition, due to their relatively low credit card penetration, they are also the areas where greatest sales uplift is seen when operator billing is introduced.

Direct Operator Billing

Bango is a champion of Direct Operator Billing (DOB), the state of the art billing method that allows smartphone users to charge the cost of a digital purchase to their phone bill, in one-click. This is the service that Bango provides to the world's largest app stores, enabled by our direct integrations into more than 120 of the world's largest MNOs – and is *genuine* operator billing.

Many of today's mobile payment providers are dependent on Premium SMS (PSMS) messages, which enable basic billing capability but with degraded user experience and reduced sales conversion rates for digital merchants. During 2013, Bango launched its 'Beware of BOB' campaign (<http://bango.com/bob/>) to shine light on this dubious practice within the operator billing industry.

In December 2013, the major MNOs in the USA announced that they would no longer support general use of PSMS as a mode of payment. Bango expects there to be escalating pressure to ban PSMS in other regions, and this should in turn drive a consolidation toward DOB. Bango is strongly positioned to capitalize on the termination of PSMS.

Market overview

Worldwide combined shipments of devices (PCs, tablets and mobile phones) are projected to reach 2.5 billion units in 2014, a 7.6% increase from 2013, according to Gartner. Mobile phones are expected to dominate the overall device shipment market.

According to International Data Corporation (IDC) Worldwide Quarterly Mobile Phone Tracker, vendors shipped a total of 1,004.2 million smartphones in 2013, up 38.4% from the 725.3 million units shipped in 2012. Gartner has established that the marketplace has reached a tipping point, where smartphone sales are now the majority shipped vs. feature phones. Mobile phone users are rapidly switching to smartphones as devices become more affordable and as 3G/4G networks advance. The highest smartphone sales growth will be seen across the developing regions of India, Latin America, the Asia-Pacific, the Middle East and Africa.

In 2013 there were 102 billion app store downloads globally, which amounted to USD\$26 billion in sales. By 2017, it is projected that there will be 268 billion app downloads annually, amounting to \$77 billion in revenue.

Outlook

Focus continues on growing commercial partnerships with MNOs around the world. Bango provides a single unified payment integration across all the major app stores and merchants. This valuable solution provides MNOs with significant technical simplification, cost savings and rapid time to market.

Currently Bango has a high proportion of MNOs integrated for BlackBerry; and this relationship has proven very successful. However, it is other app stores, such as Google Play, Microsoft, Mozilla and Facebook which are driving Bango's growth and these app stores currently only have a few MNO integrations each live. Bango is focussed on both driving further direct MNO integrations into its platform, and expanding the number of MNOs integrated with its strategic partners.

Bango is building on its solid progress to date, and end user spend is ramping up as new MNO integrations go live with app store partners, and as expansion continues into emerging, fast growth markets. Having invested in the platform and the operational capacity, Bango management is confident that the right cost base and strong balance sheet are in place to scale with the expected volume growth.

It is too early to accurately predict transaction volume growth rates, and though it can take time to rollout MNO connections for digital merchants, progress into 2014 is very positive. Bango has increasing confidence in its move to profitability, positive cash balance and its growing competitive advantage. The business is uniquely positioned to capitalize on the extraordinary consumer appetite for smartphones and continuing growth of digital content and services.

Bango is successfully executing on its smartphone opportunities and is seeing a continuing, month-on-month increase in end user spend. Bango has an advantageous competitive position and a reputation for reliability and quality in a large and growing marketplace. Bango's expanding commercial relationships and geographic reach, alongside its ability to scale its leading and unique technology, provides confidence of continued and accelerating growth ahead.

Ray Anderson
Chief Executive Officer

Financial review

Bango is very pleased that its transition to being a provider of payment services to the smartphone market was completed during 2013. Bango exited 2013 with over 95% of end user spend derived from newer app store activities. The discontinued, legacy feature phone business accounted for nearly 25% of our turnover in 2012.

Although results for the year demonstrate an increase in activity from app store partners as they integrate further MNOs, they do not include any significant income from Amazon and Microsoft. They do, however, include costs relating to the establishment of these two relationships and the development of the end product.

Trading results from operations

Bango views end user spend as a Key Performance Indicator, which is a non IFRS measure of transaction processed through the Bango Payments Platform. End user spend for the year was £15.6m (1h2013: £6.6m, 9m2012: £6.2m). End user spend in December 2013 grew by 150% over the end user spend in December 2012. The growth can be primarily attributed to smartphone transactions through major app stores, with significant contribution from Google Play and BlackBerry World.

Turnover for the year ended 31 December 2013 was £8.8m (1h2013: £4.5m, 9m2012: £7.4m); on a pro-rated basis this was a 10% decrease. Total turnover includes a mix of gross transaction value where Bango is principal, and margin only where Bango is the agent. The other factor affecting our turnover was the managed change in the type of end user services from feature phones, our legacy business, to smartphone and app store based operator billing. 2013 marked the start of the implementation phase of our strategy of working with smartphones and major app stores.

There was a 9% decrease in platform fees on a pro-rated basis to £1.7m (1h2013: £1.0m, 9m2012: £1.4m). Platform fees are the amounts paid to Bango by digital merchants and others for package fees and other services including analytics and operator connections.

End user gross profit was £0.4m, and the margin for the period was 2.3% (1h2013: 3.4%, 9m2012: 3.6%) and therefore remained consistently within Bango's longer term target range of between 2% and 5%. The decrease in end user margin is mainly due to the significant growth in the lower margin activity. Bango continues to develop technology and services that sustain higher percentage transaction fees and also support volume growth to drive up total gross profit from end user activity.

Total gross profit for the year, which is made up of gross profit on end user activity and platform fees, was £2.1m (9m2012: £1.6m).

The operating loss for the year was £4.9m (1h2013: £1.8m, 9m2012: £2.6m). Amortization of intangible assets in the year was £1.0m (9m2012: £0.4m) as more of the previously capitalized R&D came into use during the period. Depreciation for the year totalled £0.4m (9m2012: £0.2m).

There was significant investment in infrastructure and operational capacity in preparation for the rapid growth Bango anticipates from the relationships with major app stores such as Google Play and Amazon. We have managed the increase in capacity on a cost effective basis. The significant planned and managed changes include an increase in staff related costs, including both salary costs and share based payment charges. In December 2013 Bango employed 70 staff members (December 2012: 49).

Share based payments costs of £475k in 2013 (9m2012: £253k) are part of the compensation package Bango uses to attract and retain key employees, whilst we go through the phase of enhancing our operational base.

Bango has accelerated £270k amortization of R&D related to specific customers as part of our prudent approach to the capitalization of intangible assets.

Finance costs were £31.0k for the year (9m2012: £5.1k) relating to finance leases. Bango earned interest of £35.9k (9m2012: £6.5k) relating to cash balances held during the period.

Bango reported a net loss before tax for the year of £4.9m (1h2013: £1.8m, 9m2012: £2.6m). The loss after tax totalled £4.7m for the year compared with £2.4m for the previous 9 month period.

Taxation

The tax credit for the year was £0.2m (9m2012: £0.2m) and relates to R&D tax credits receivable.

At the year end Bango had not recognized a deferred tax asset in the balance sheet of £3.1m (9m2012: £3.0m), due to the unpredictability of future taxable trading profits against which the losses may be utilized.

Loss per share

Basic and diluted loss per share increased to 10.53 pence in the period (9m2012: 5.91 pence).

Balance sheet

Net assets of Bango were £8.9m at 31 December 2013, compared to £6.5m at 31 December 2012.

Cash balances increased to £5.1m at 31 December 2013 (at 31 December 2012: £2.3m).

Intangible assets increased to £3.4m (at 31 December 2012: £3.3m) as a result of on-going internal development work being capitalized.

Current liabilities as at 31 December 2013 were £2.2m (at 31 December 2012: £2.2m). Total borrowings were £428k (at 31 December 2012: £139k). This balance consists of finance lease liabilities. Of the total borrowings, £147.2k is classed as current (at 31 December 2012: £21.8k) and £280k is classed as non-current (at 31 December 2012: £117k).

Raising of additional capital

In February 2013, Bango raised £6.5m (approximately US\$10m) before expenses in an oversubscribed placing of 3,250,000 new ordinary shares at a price of 200p, with both new and existing institutional investors. The funding has provided support to Bango's strategy of being positioned to take advantage of developing opportunities in emerging markets and further business development with major MNO.

- Emerging markets' opportunities have been explored. We have established an office in Singapore, and in February 2014 we established a Group company in Brazil. We have made good progress in the challenging markets of India and Brazil
- We continue to make progress and develop business with major partners and MNOs. This took time and additional resources. New connections included Google Play, Microsoft Windows Phone Store and BlackBerry World
- With a strengthened balance sheet, Bango has been able to consider alternative more cost efficient financing in the year

Cash flow

Cash used by operating activities was £2.5m (1h2013: £0.8m, 9m2012: £1.6m). Bango saw a significant level of working capital utilization during the year, the key components of which were:

- Reductions in receivables of £0.2m
- Reductions in payables of £0.1m

Net capital expenditure outflows totalled £0.5m in the year (9m2012: £0.4m) and were largely attributable to computers and office equipment. The addition of intangible assets totalled £1.1m (9m2012: £0.9m) and was largely attributable to the capitalization of internal development. These were part of a major hardware and software platform refresh in the primary datacenter to upscale transactional capacity and to enable deployment of a new datacenter in North America.

Interest paid for the year was £31.3k (9m2012: £5.1k).

Bango's cash balances included balances denominated in foreign currencies (primarily US Dollars and Euros).

At 31 December 2013 Bango had bank facilities related to BACS processing of £0.2m (at 31 December 2012: £0.2m), cash balances of £5.1m (at 31 December 2012: £2.3m) and total finance leases of £0.4m (at 31 December 2012: £0.1m).

Gerry Tucker
Chief Financial Officer

Audited results for the year ending 31 December 2013

Consolidated statement of comprehensive income

	Note	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Alternative performance measure (Non-IFRS)			
End user spend	3	15,551,220	6,194,075
Turnover	3	8,788,454	7,351,946
Attributable to digital merchants	3	(5,082,905)	(4,156,457)
		3,705,549	3,195,489
Cost of sales – payment providers	3	(1,637,202)	(1,613,514)
Gross profit		2,068,347	1,581,975
Other administrative expenses	3	(5,086,996)	(3,291,669)
Share based payments	3	(474,958)	(252,718)
Depreciation	3	(408,030)	(184,027)
Amortization	3	(1,032,341)	(423,396)
Total administrative expenses		(7,002,325)	(4,151,810)
Operating loss		(4,933,978)	(2,569,835)
Interest payable		(31,304)	(5,091)
Investment income		35,906	6,513
Loss before taxation		(4,929,376)	(2,568,413)
Income tax		189,904	162,665
Loss and total comprehensive loss for the financial year		(4,739,472)	(2,405,748)
Attributable to equity holders of the parent		(4,739,472)	(2,405,748)
Loss per share attributable to the equity holders of the parent			
Basic loss per share		(10.53)p	(5.91)p
Diluted loss per share		(10.53)p	(5.91)p

All of the activities of the Group are classed as continuing.

Consolidated balance sheet

	31 Dec 2013	31 Dec 2012
	£	£
ASSETS		
Non-current assets		
Property, plant and equipment	709,632	638,662
Intangible assets	<u>3,377,872</u>	<u>3,277,947</u>
	4,087,504	3,916,609
Current assets		
Trade and other receivables	1,988,687	2,191,349
Research and Development tax credits	189,904	359,113
Cash and cash equivalents	<u>5,110,366</u>	<u>2,327,444</u>
	7,288,957	4,877,906
Total assets	<u>11,376,461</u>	<u>8,794,515</u>
EQUITY		
Capital and reserves attributable to equity holders of the parent company		
Share capital	9,122,069	8,346,604
Share premium account	17,684,376	11,842,076
Merger reserve	1,236,225	1,236,225
Other reserve	1,968,834	1,493,876
Accumulated losses	<u>(21,149,056)</u>	<u>(16,409,584)</u>
Total equity	<u>8,862,448</u>	<u>6,509,197</u>
LIABILITIES		
Current liabilities		
Trade and other payables	2,086,485	2,146,363
Finance lease liabilities	<u>147,246</u>	<u>21,778</u>
	2,233,731	2,168,141
Non-current liabilities		
Finance lease liabilities	<u>280,282</u>	<u>117,177</u>
	280,282	117,177
Total liabilities	<u>2,514,013</u>	<u>2,285,318</u>
Total equity and liabilities	<u>11,376,461</u>	<u>8,794,515</u>

Consolidated cash flow statement

	12 months to 31 Dec 2013 £	9 months to 31 Dec 2012 £
Net cash used by operating activities	(2,526,074)	(1,581,427)
Cash flows used by investing activities		
Purchases of property, plant and equipment	(479,000)	(359,532)
Addition to intangible assets	(1,132,266)	(904,097)
Interest received	35,906	6,513
	<hr/>	<hr/>
Net cash used by investing activities	(1,575,360)	(1,257,116)
Cash flows generated from financing activities		
Proceeds from issuance of ordinary shares	6,977,478	3,557,902
Costs associated with issuance of ordinary shares	(359,713)	(198,212)
Interest payable	(31,304)	(5,091)
Capital payable on finance lease obligations	(81,189)	(4,821)
Capital from finance lease obligations	369,762	-
	<hr/>	<hr/>
Net cash generated from financing activities	6,875,034	3,349,778
	<hr/>	<hr/>
Net increase in cash and cash equivalents	2,773,600	511,235
Cash and cash equivalents at beginning of year	2,327,444	1,794,164
Exchange differences on cash and cash equivalents	9,322	22,045
	<hr/>	<hr/>
	2,336,766	1,816,209
	<hr/>	<hr/>
Cash and cash equivalents at end of year	5,110,366	2,327,444

Consolidated statement of changes in equity

Group	Share capital £	Share premium account £	Merger reserve £	Other reserve £	Retained earnings £	Total £
Balance at 1 April 2012	7,733,465	9,095,525	1,236,225	1,241,158	(14,003,836)	5,302,537
Share based payments	-	-	-	252,718	-	252,718
Exercise of share options	142,139	195,863	-	-	-	338,002
Issue of shares	471,000	2,550,688	-	-	-	3,021,688
Transactions with owners	613,139	2,746,551	-	252,718	-	3,612,408
Loss for the period	-	-	-	-	(2,405,748)	(2,405,748)
Total comprehensive income for the period	-	-	-	-	(2,405,748)	(2,405,748)
Balance at 31 December 2012	8,346,604	11,842,076	1,236,225	1,493,876	(16,409,584)	6,509,197
Balance at 1 January 2013	8,346,604	11,842,076	1,236,225	1,493,876	(16,409,584)	6,509,197
Share based payments	-	-	-	474,958	-	474,958
Exercise of share options	125,465	352,012	-	-	-	477,477
Issue of shares	650,000	5,490,288	-	-	-	6,140,288
Transactions with owners	775,465	5,842,300	-	474,958	-	7,092,723
Loss for the year	-	-	-	-	(4,739,472)	(4,739,472)
Total comprehensive income for the year	-	-	-	-	(4,739,472)	(4,739,472)
Balance at 31 December 2013	9,122,069	17,684,376	1,236,225	1,968,834	(21,149,056)	8,862,448

Notes to the financial statements

1 General information

Bango PLC ("the Company") was incorporated on 8 March 2005 in the United Kingdom. The Company is domiciled in the United Kingdom. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

The preliminary statements are for the year ended 31 December 2013 (including the comparatives for the 9 month period year ended 31 December 2012). Bango changed its accounting year end last year to make its accounts more understandable by key stakeholders globally. Therefore, it is highlighted that comparative figures are for nine months and not a year.

2 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention and under the basis of going concern.

Bango has prepared its Report and accounts for the year ended 31 December 2013, in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006. IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

These preliminary statements are presented in pounds sterling (GBP) because that is the presentation currency of Bango.

The Board of Bango PLC approved the release of this preliminary announcement on 17 March 2014.

The preliminary financial information does not constitute statutory financial statements for the year ended 31 December 2013 within the meaning of section 435 of the Companies Act 2006, but is extracted from those financial statements. Statutory accounts for Bango PLC for the nine month period ended 31 December 2012 have been delivered to the Registrar of Companies. Statutory accounts for the year ended 31 December 2013 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under section 498(2) or (3) of the Companies Act 2006.

3 Segment reporting

(a) End user spend

Bango has identified end user spend a non IFRS alternative performance measure as its Key Performance Indicator on which all management decisions surrounding investment in the platform and development of intangible assets is based. Due to the complex contracts in place the turnover figure in the accounts is a mixture of gross transaction value where Bango is principal and margin only where Bango is the agent. This is to comply with relevant accounting rules, however, the key business decisions are based on the total value and volume of transactions that Bango has processed in each month through its payment platform. Therefore, to give additional information to key stakeholders of our accounts, we have included this additional reporting in order to assist users of our financial statements.

	12 months to 31 Dec 2013	9 months to 31 Dec 2012
	£	£
End user spend	15,551,220	6,194,075

(b) Turnover and gross profit

Bango, based on the information reviewed by to the chief operating decision maker, identifies two operating segments. Management reporting is based principally on the type of customer and strategic decisions are made on the basis of the gross profit generated from each segment. The segments are not separately

managed and therefore the Group's headquarters and its research and development activity are considered Group operations and are not allocated to any operating segment. Segment information can be analyzed as follows for the reporting periods under review.

12 months to 31 December 2013

	End user activity	Platform fees	Group	Total
	£	£	£	£
Segment turnover	7,074,780	1,713,674	-	8,788,454
Attributable to digital merchants	(5,082,905)	-	-	(5,082,905)
Cost of sales – payment providers	(1,637,202)	-	-	(1,637,202)
Segment gross profit	354,673	1,713,674	-	2,068,347
Administrative expenses	-	-	(5,086,996)	(5,086,996)
Share based payments charge	-	-	(474,958)	(474,958)
Depreciation	-	-	(408,030)	(408,030)
Amortization	-	-	(1,032,341)	(1,032,341)
Interest payable	-	-	(31,304)	(31,304)
Interest income	-	-	35,906	35,906
Segment net profit/ (loss)	354,673	1,713,674	(6,997,723)	(4,929,376)
Segment assets	1,385,711	44,922	9,945,828	11,376,461
Segment liabilities	(1,086,442)	-	(1,427,571)	(2,514,013)
Net assets	299,269	44,922	8,518,257	8,862,448

9 months to 31 December 2012

	End user activity	Platform fees	Group	Total
	£	£	£	£
Segment turnover	5,994,899	1,357,047	-	7,351,946
Attributable to digital merchants	(4,156,457)	-	-	(4,156,457)
Cost of sales – payment providers	(1,613,514)	-	-	(1,613,514)
Segment gross profit	224,928	1,357,047	-	1,581,975
Administrative expenses	-	-	(3,291,669)	(3,291,669)
Share based payments charge	-	-	(252,718)	(252,718)
Depreciation	-	-	(184,027)	(184,027)
Amortization	-	-	(423,396)	(423,396)
Interest payable	-	-	(5,091)	(5,091)
Interest income	-	-	6,513	6,513
Segment net profit/ (loss)	224,928	1,357,047	(4,150,388)	(2,568,413)
Segment assets	1,414,023	229,964	7,150,528	8,794,515
Segment liabilities	(1,477,874)	(40,930)	(766,514)	(2,285,318)

Net (liabilities)/ assets	(63,851)	189,034	6,384,014	6,509,197
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Included within the end user segment turnover is £6.33m (9 months ended 31 December 2012 £4.02m) relating to a major strategic partner, whilst there were two partners who contributed £0.28m (9 months ended 31 December 2012 £0.16m) and £0.81m (9 months ended 31 December 2012 £0.44m) to platform fees revenue.

End user activity is the content access fees paid by end users for accessing chargeable content provided by digital merchants, adjusted to take account of whether Bango is agent or principal in the transactions. Gross profit for this segment is after both digital merchant and payment provider charges. Assets for this segment are amounts due from payment providers. Liabilities for this segment are mainly fees payable to payment providers for provision of services and fees payable to digital merchants for provision of content sold by Bango to end users.

Platform fees are the amounts paid to Bango by digital merchants and others for package fees and other services including analytics and operator connections. Assets for this segment are amounts due for package fees and other services. Liabilities for this segment represent deferred income for package fees. Group assets include non-current assets and cash and cash equivalents. Group liabilities relate to administrative expenses.

(c) Geographical analysis

Bango's turnover from external customers is divided into the following geographical areas. Non-current assets are based in the UK, except for £8,462 of property, plant and equipment held at the New York office.

	12 months to 31 Dec 2013	9 months to 31 Dec 2012
	£	£
United Kingdom (country of domicile)	1,459,475	1,819,016
EU	528,314	601,177
USA and Canada	3,867,595	3,447,070
Rest of World	2,933,070	1,484,683
	8,788,454	7,351,946

Segment turnover is based on the location of the customers. Of which in platform fees £0.81m (9 months ended 31 December 2012 £0.44m) came from a strategic partner based in the USA and Canada, and £0.28m (9 months ended 31 December 2012 £0.16m) came from a strategic partner based in the USA and Canada. All turnover from end users is spread over many territories.

All of the other notes to the accounts are included in the "Annual Report 2013" which is available for download from bango.com