

Bango 1h2013 Interim Results

Six months to 30 June 2013

Ray Anderson CEO

Gerry Tucker CFO

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About Bango

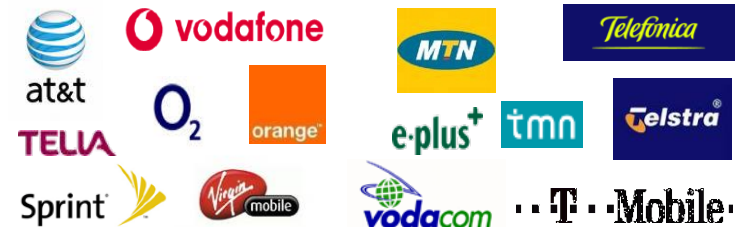


- Founded in 1999 to enable effective collection of payments from mobile device users
- Leading global brands choose Bango for mobile **payments** and **analytics**
- Bango technology, relationships and user data enable a superior user experience, higher sales and accurate analysis
- On London Stock Exchange since 2005 (AIM: BGO.L)
- Offices in Cambridge, UK, New York, NY and Redwood City, CA

Bango customers include:



110+ operator relationships include:



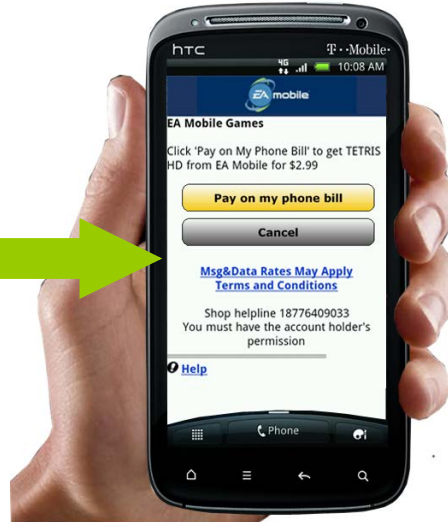
Award winning technology:



Focused on payment experience



**Unique
technology and
partnerships
deliver a better
the payment
experience**



- ✓ One-click billing
- ✓ No registration
- ✓ 3/4G and Wi-Fi
- ✓ Better analytics
- ✓ Global reach

Across thousands of digital merchants



For hundreds of millions of customers



- 74% growth in end user spend vs 2h2012
 - Margin within target range (2-5%) at 3.4%
 - Smartphone business now more than 95% of activity
- Integrated with 28 more mobile operators in 1h2013
 - Total at end of June 2013 was 112 direct integrations (60 in June 2012)
 - Development of unique new software to speed biller integration
- Strong momentum powering payment for industry leaders
 - Google Play made sizeable contribution to end user spend
 - BlackBerry World growth continued following BB10 launch
 - Transactions for Microsoft Windows Phone, Facebook, Mozilla Firefox Marketplace
- Operations enhanced for scale
- Strong growth in Platform Services – indicating future user activity

- Direct connection to operator billing now exceeds 1.2 billion users
- 0.25 billion of these already augmented with unique BangolD for faster and more reliable mobile operator or credit card billing
- Transaction processing headroom increased from 10x to >100x
 - New technology developed and deployed to increase global performance
 - New facility in North America
 - Major UK datacentre connectivity and capacity upgrade
 - 24/7 Operations and Security Hub built at Cambridge HQ
 - Upgrade of HTML5 payment flows & credit card processing
- Key hire: Trevor Goldberg recruited to head MNO Bus. Dev. team

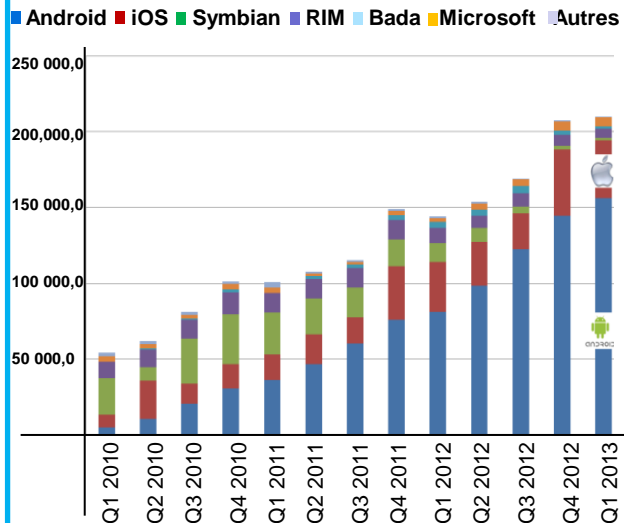
- Growing, dynamic and exciting market
 - Worldwide smartphone sales 2q2013 225m, up 46.5% vs. 2q2012*
 - Smartphone shipments expected to reach 958.8m by end 2013 (2012: 722.5m)**
 - More pervasive, less expensive; phablets emerging
 - Mobile advertising worldwide forecast to reach \$11.4bn in 2013, \$27bn 2017
- Android has opened up the market and pace of innovation
- Firefox Marketplace 1st app store to embrace operator billing from launch
- Microsoft buying Nokia's mobile phone business
- Emerging Open Web technologies and devices, such as HTML5

* Gartner August 2013

** IDC Worldwide Quarterly Mobile Phone Tracker June 2013

The smartphone opportunity...

Smartphone base growing fast:



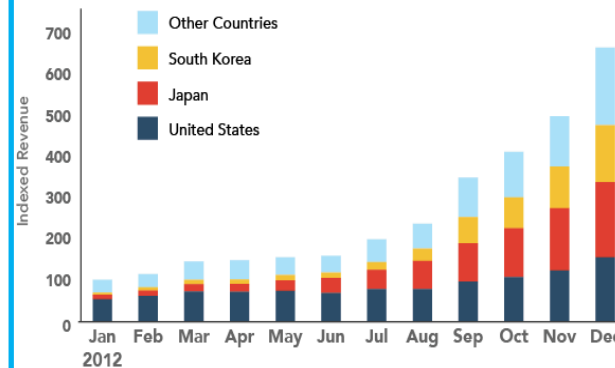
Top Smartphone Operating Systems, Shipments, and Market Share, 2013 Q3 (Units in Millions)

Operating System	2Q13 Unit Shipments	2Q13 Market Share	2Q12 Unit Shipments	2Q12 Market Share	Year-over-Year Change
Android	187.4	79.3%	108	69.1%	73.5%
iOS	31.2	13.2%	26	16.6%	20.0%
Windows Phone	8.7	3.7%	4.9	3.1%	77.6%
BlackBerry OS	6.8	2.9%	7.7	4.9%	-11.7%
Linux	1.8	0.8%	2.8	1.8%	-35.7%
Symbian	0.5	0.2%	6.5	4.2%	-92.3%
Others	N/A	0.0%	0.3	0.2%	-100.0%
Total	236.4	100.0%	156.2	100.0%	51.3%

Source: IDC Worldwide Mobile Phone Tracker, August 7, 2013

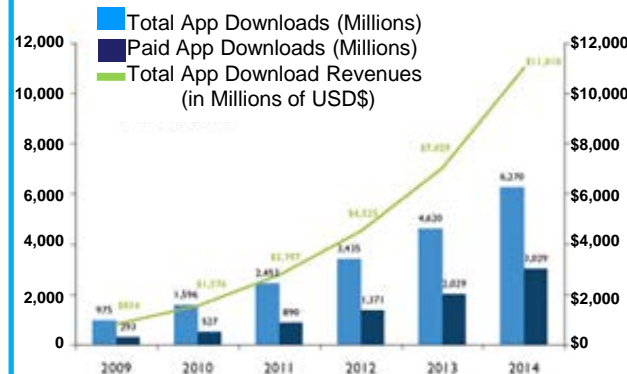
App revenues growing fast:

Google Play Revenue



App Annie

SOURCE: App Annie Intelligence
Google Play January 2012 Revenue Index set to 100



Global smartphone penetration growing fast:

Rank	Country	Q4:12 Smartphone Subs (MM)	Smartphone as % of Total Subs	Smartphone Sub Y/Y Growth
1	China	270	24%	50%
2	USA	172	48	50
3	Japan*	78	65	11
4	Brazil	55	20	35
5	India	44	4	52
6	UK	35	45	31
7	Korea	32	59	35
8	Indonesia	27	9	36
9	France	26	38	33
10	Germany	25	23	19
11	Russia	22	9	44
12	Spain	18	30	14
13	Italy	16	19	28
14	Australia	16	50	44
15	Canada	15	55	38
16	Saudi Arabia	15	31%	38%
17	Philippines	15	14	38
18	Mexico	15	14	55
19	Thailand	14	17	43
20	Turkey	13	19	52
21	Malaysia	12	32	23
22	South Africa	11	18	26
23	Argentina	11	19	55
24	Netherlands	9	47	37
25	Poland	9	16	30
26	Sweden	8	54	24
27	Egypt	7	8	40
28	Iran	7	8	53
29	Taiwan	7	24	80
30	Hong Kong	6	48	48

Bango has a unique product offering



Extensive **direct operator billing integration** gives 200% to more than 1,000% sales uplift.

The common **Bangoid** across all services and apps boosts that further by enabling one click - even on Wi-Fi connections

The Bangoid “platform effect” drives **sustained competitive advantage**.

Bango Payments Platform

Single technical and commercial integration with 117+ billing systems

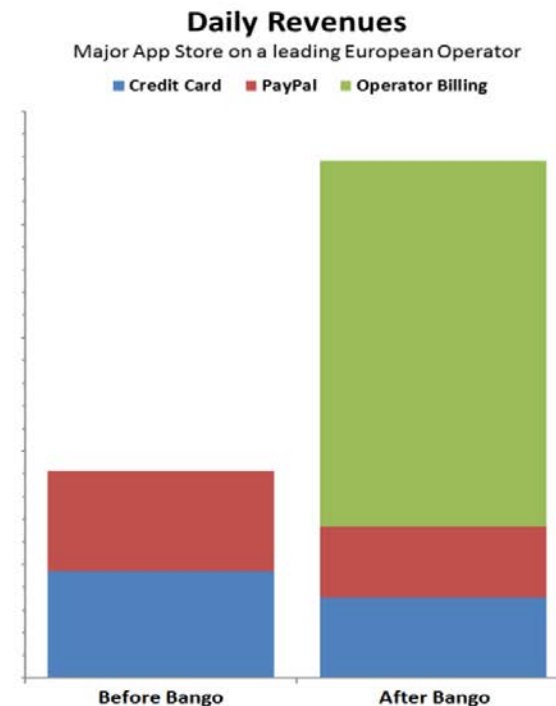
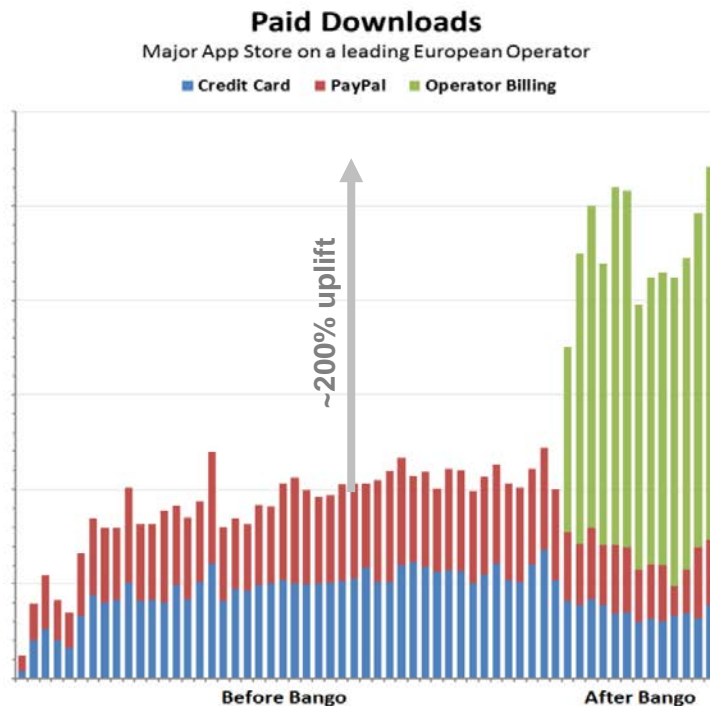


User identity:

Bangoid merges multiple identities using cross-site & app history

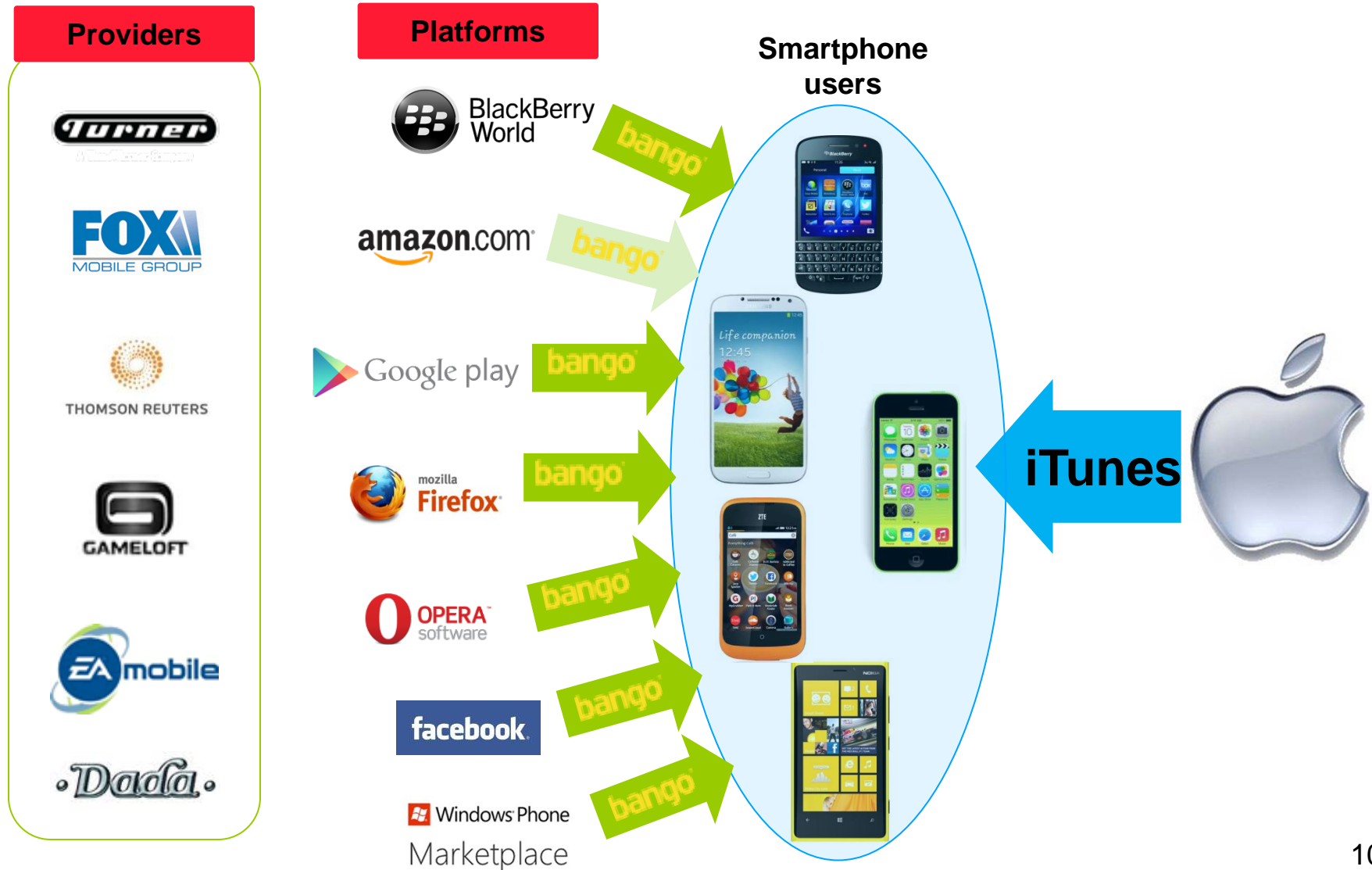


- Data from
 - One app store customer
 - Purchases made by customers on European operator
- Large increase in overall purchase volumes and revenues
- **200% sales uplift via Bango operator billing**



Bango is gaining momentum

bango

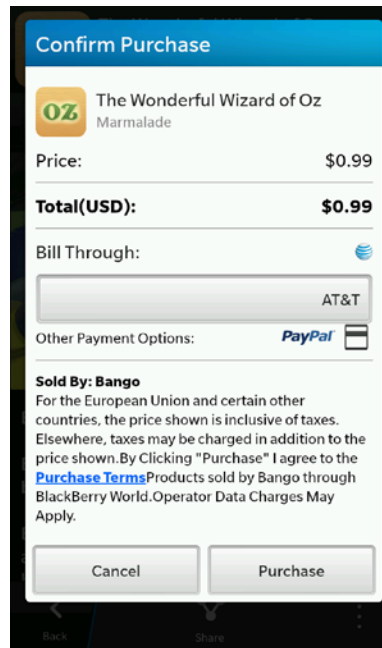


BlackBerry World operator billing using Bango payment APIs

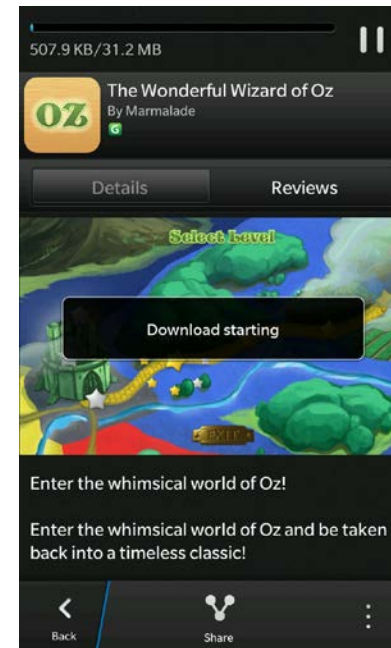
Customer selects app to buy



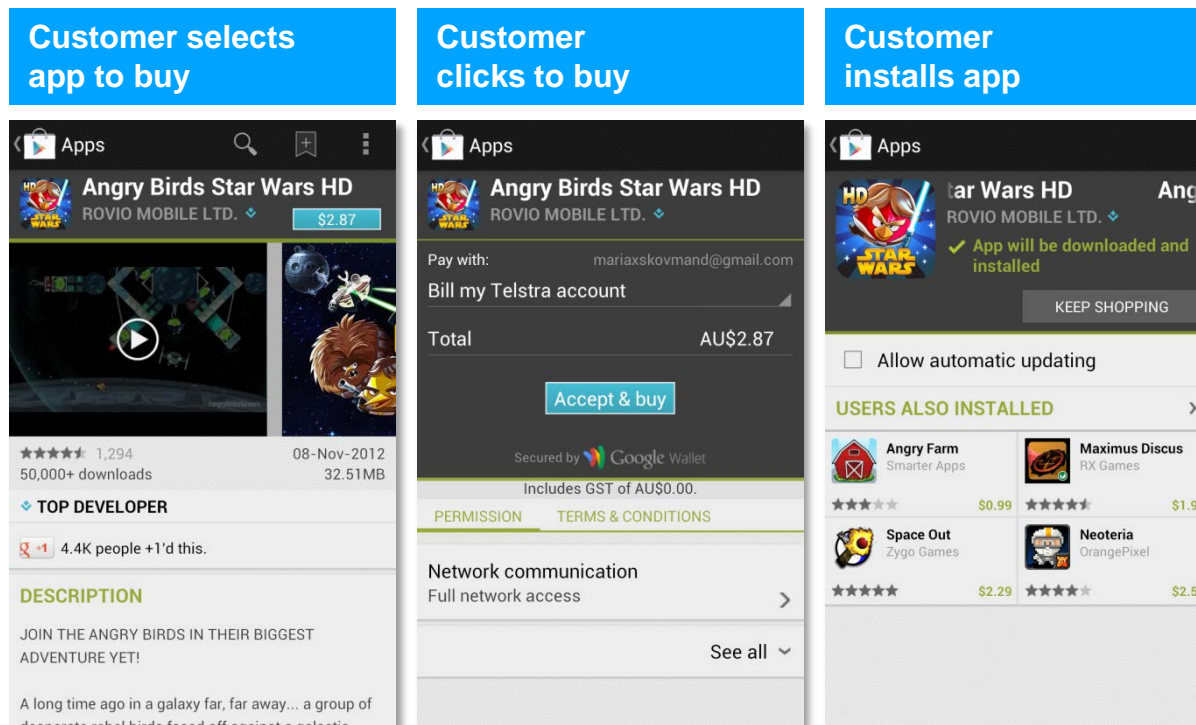
Customer clicks to purchase



Customer installs app



Google Play billing a Telstra mobile account using Bango payment processing




Facebook mobile example (UK)

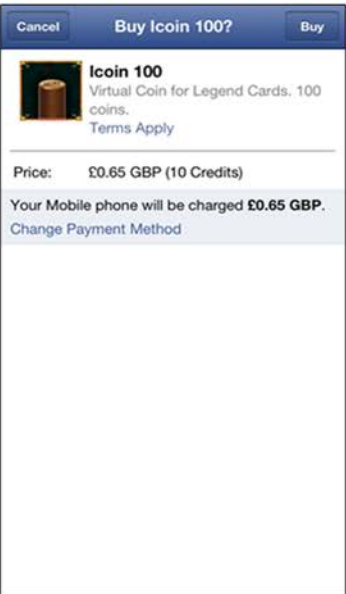


- Facebook HTML5 app collecting operator payments using Bango

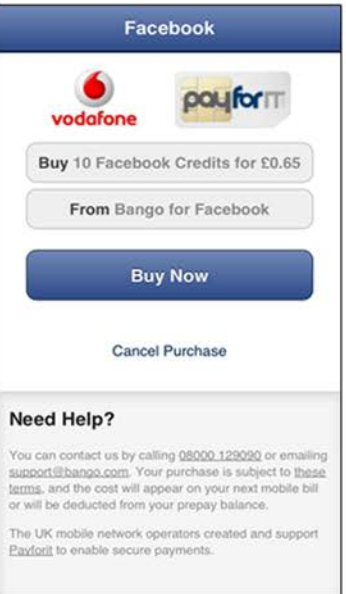
Customer selects Facebook content



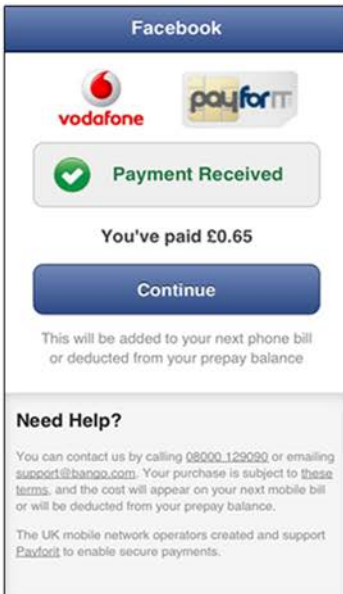
Customer selects payment method



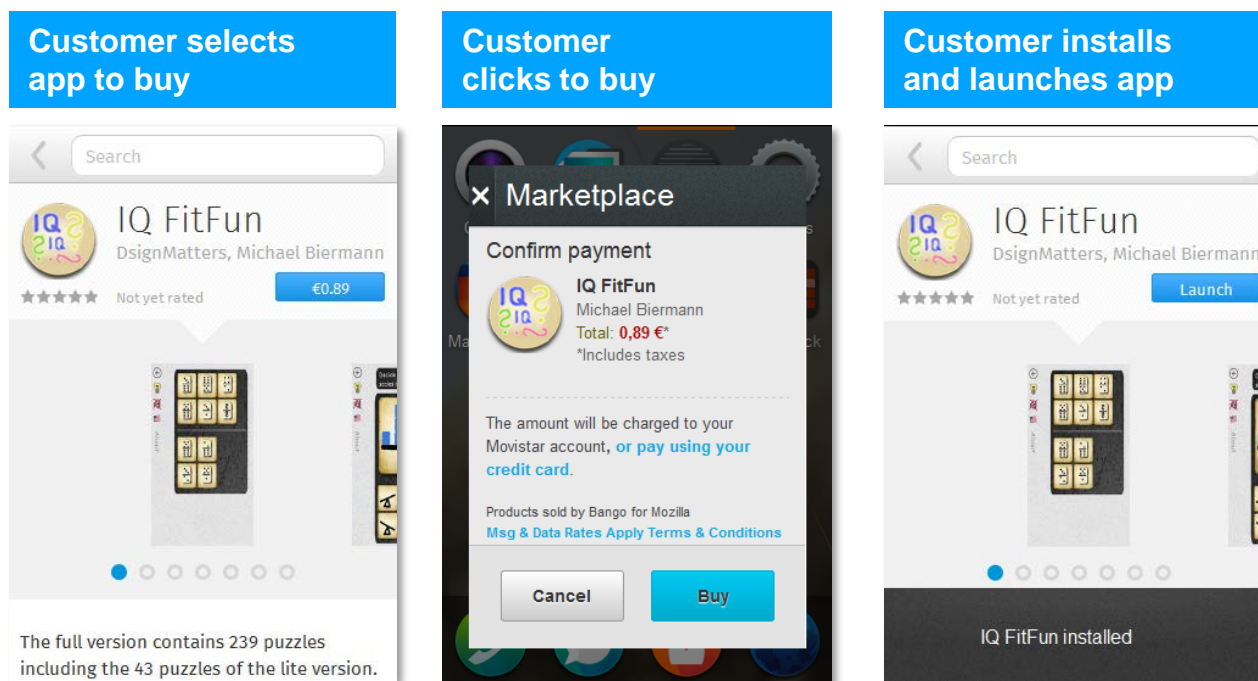
Customer confirms to buy



Payment is confirmed



Firefox Marketplace operator billing, hosted by Bango



Billing



Identify / Locate

BillRank™

Age verification

Risk / Fraud

Currency

Taxes

Technical API

Web Services

Native language support

Analytics

User support tools

Collection



Basics:

- Reporting
- Reconciliation
- Refunds
- Chargebacks
- Missing items

Added value:

- Anti-fraud
- Refund prevention
- Rates
- Anti-laundering

Cross border:

- User taxes (eg VAT)
- Withholding taxes
- Currency conversion
- Currency risk
- Banking rules

Outpayment



Basics:

- Calculation
- Reconciliation
- Refunds
- Chargebacks
- Fees / fines
- Incentives

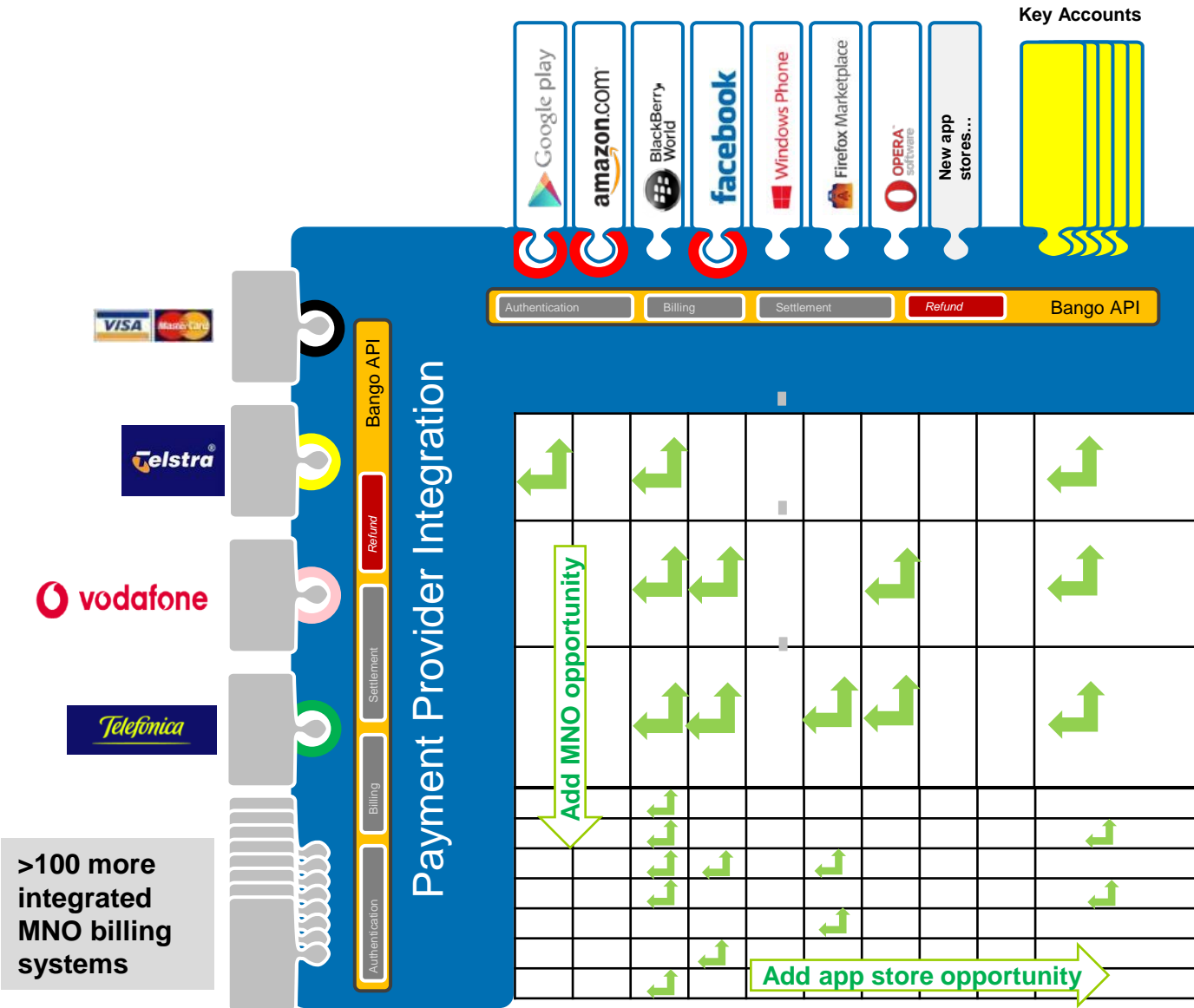
Added value:

- Reporting
- Refund management
- Authentication / KYC

Cross border:

- Vendor taxes (eg VAT)
- Withholding taxes
- Currency convert
- Currency risk
- Bank transfer

The Bango Platform

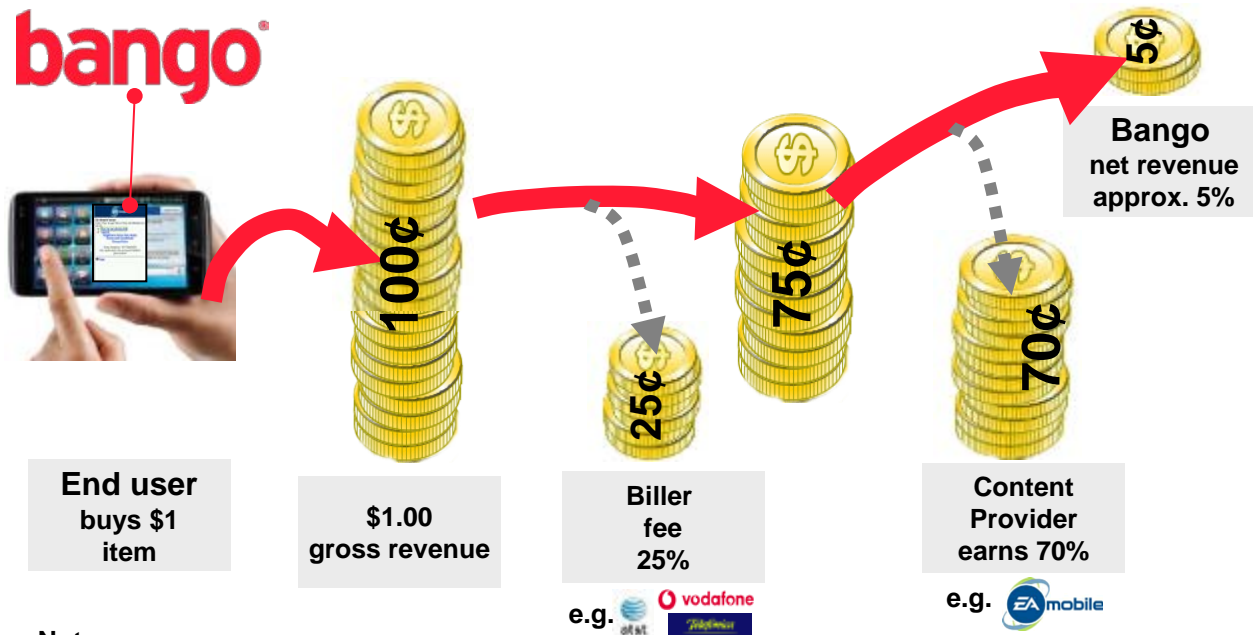


MNO:
One channel to multiple providers. Bango eases addition of new revenue streams.

Provider:
One channel to many MNO. Bango eases addition of new countries or markets.

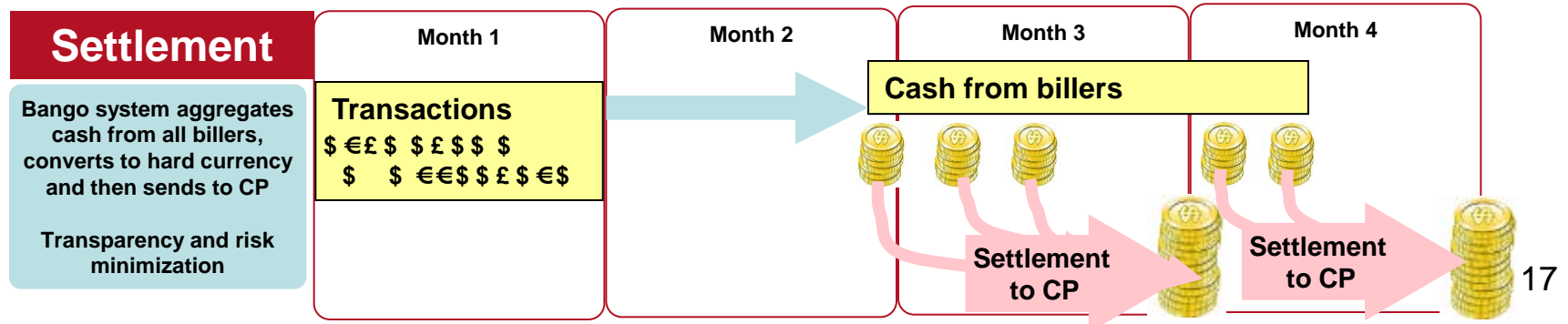
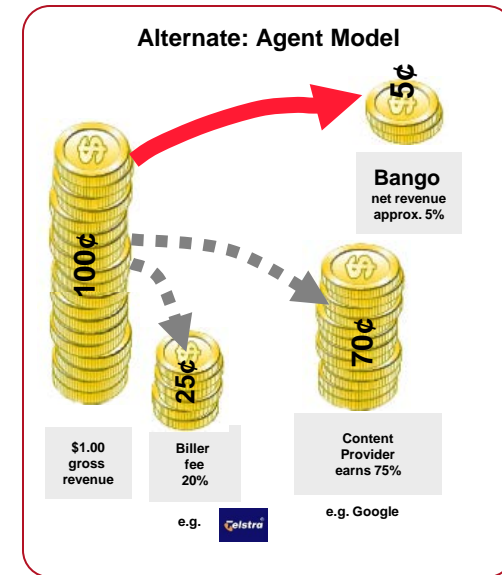
NOTE: Connections matrix can be updated at any time and may have changed subsequent to the preparation of this presentation

Bango business model



Notes:

- (1) % may vary by biller and CP
- (2) Taxes excluded for simplicity



- Reporting periods now align with calendar year.
(Change announced March 2012)

FY2012 1 Apr 2011 to 31 Mar 2012

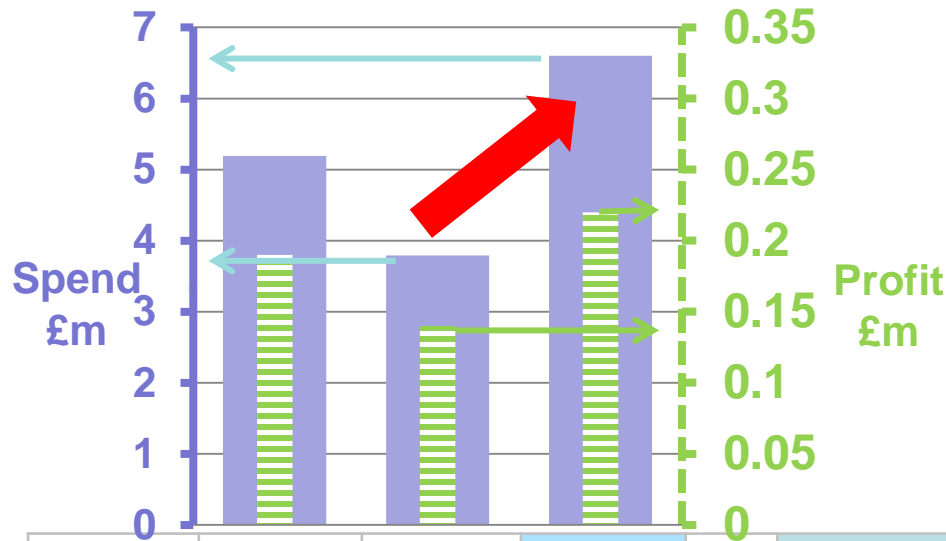
9m2012 1 Apr 2012 to 31 Dec 2012

FY2013 1 Jan 2013 to 31 Dec 2013

2011				2012				2013			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
FY2012				9m2012				FY2013			
				1h2012	2h2012	1h2013					

- Comparatives provided based on unaudited accounts to 30 June 2012 (1h2012)
- Audited figures also provided for nine months ended 31 December (9m2012)
- Turnover definition agreed with Financial Reporting Council
 - Customer driven mix of agency fee and sales made to end users
 - End user turnover = end user sales + agency fees
 - Platform services = sales of connections, analytics and reporting
- Bango also reports value of transactions through our platform as important lead indicator of forward momentum and value
- 1h2013 results do not include significant income from Amazon, Microsoft, MasterCard & Facebook but do include related costs

1h2013 Analysis of end user spend



	1h2012	2h2012	1h2013	9m2012
	6mths	6mths	6mths	9 mths
	£m	£m	£m	£m
End User Spend	5.19	3.79	6.6	5.99
Gross Profit	0.19	0.14	0.22	0.22
End User Margin	3.70%	3.70%	3.41%	3.70%
	Unaudited			Audited

- Transition from feature phone to smartphone complete
- Legacy element <5% (9m2012 approx 33%).
- End user spend £6.6m 74% up vs. £3.8m 2h2012 and growing
- End user Gross Margin 3.4% inside 2%-5% target range (9m2012 3.7%)

1h2013 Income statement



	6 months 1h2013 Unaudited £m	6 months 1h2012 Unaudited £m	9 months 9m2012 Audited £m
<i>End User Spend</i>	6.60	5.19	5.99
Turnover	4.54	5.67	7.35
Cost of Revenue	(3.35)	(£5.00)	(5.77)
Gross Profit/(Loss)	1.19	0.67	1.58
<i>Gross Profit Margin</i>	26%	12%	22%
Operating Expenses	(2.37)	(1.65)	(3.29)
EBITDA	(1.17)	(1.86)	(0.62)
Non-operating expenses	(0.65)	(0.34)	(0.86)
Net Profit/(Loss) Before Tax	(1.83)	(1.33)	(2.57)
Income Tax Expenses	0.11	£0.07	£0.16
Net Profit After Tax	(1.72)	(1.23)	(2.41)
Basic loss per share	(3.87)p	(3.23)p	(5.91)p
Cash net of borrowings	<u>7.20</u>	<u>3.65</u>	<u>2.33</u>

- Increasing end user spend and significant growth in platform fees
- Gross profit up 78% to £1.2m (1h2012: £0.7m)
- Reported turnover down due to change in mix of end user spend towards agency model
- Operating expenses up as new operations team and datacentre come on-line

Estimate additional
£1.3m/yr ongoing

- EBITDA Loss £1.2m (1h2012: £1.0m, 9m2012: £1.7m)
 - Total Operating costs £2.37m (1h2012: £1.65m, 9m2012: £3.29m)
- Managed increase in opex to secure, strengthen and scale operations and systems
 - Preparation for accelerating growth from key app stores
 - Leadership and staff to established 24/7 capability
 - Satellite datacentre in North America
 - Deploy additional contingency and security measures
- Most of extra £100-120k extra opex added – including c.10 people
- 1h2013 added opex almost completely compensated for by additional gross margin from Platform Services

Balance sheet 30 June 2013



	30-Jun-13 Unaudited £m	30-Jun-13 Unaudited £m	31-Dec-12 Audited £m
ASSETS			
Non-current assets			
Property, plant and equipment	0.85	0.28	0.64
Intangible assets	3.53	2.94	3.28
	4.38	3.22	3.92
Current assets			
Trade and other receivables	2.47	2.85	2.19
Research and development tax credits	0.27	0.28	0.36
Cash and cash equivalents	7.20	3.65	2.33
	9.93	6.77	4.88
Total assets	14.31	10.00	8.79
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	9.11	8.20	8.35
Share premium account	17.66	11.66	11.84
Merger reserve	1.24	1.24	1.24
Other reserve	1.70	1.27	1.49
Accumulated losses	(18.13)	(14.92)	(16.41)
Total equity	11.58	7.45	6.51
LIABILITIES			
Current liabilities			
Trade and other payables	2.24	2.55	2.15
Finance lease liabilities	0.12	-	0.02
	2.36	2.55	2.17
Non-current liabilities			
Finance lease liabilities	0.38	-	0.12
	0.38	-	0.12
Total liabilities	2.74	2.55	2.29
TOTAL EQUITY AND LIABILITIES	14.31	10.00	8.79

- Cash raised early 2013 currently still banked.

Emerging markets being progressed, alongside key partners

1h2013 Cash flow statement



	Six months ended 30-Jun-13 Unaudited £ m	Six months ended 30-Jun-12 Unaudited £ m	Nine months ended 31-Dec-12 Audited £ m
Net cash (used) / generated by operations	(0.82)	(1.38)	(1.58)
Cash flows generated from / (used by) investing activities			
Purchases of property, plant and equipment	(0.40)	(0.14)	(0.36)
Addition to intangible assets	(0.51)	(0.60)	(0.90)
Interest received	0.00	-	0.01
Net cash generated used by investing activities	(0.90)	(0.74)	(1.26)
Cash flows generated from financing activities			
Proceeds from issuance of ordinary shares	6.94	3.47	3.56
Costs associated with issuance of ordinary shares	(0.36)	(0.20)	(0.20)
Interest payable	(0.01)	-	(0.01)
Capital payable on finance lease obligations	(0.01)	-	(0.00)
Net cash generated from financing activities	6.56	3.27	3.35
Net increase/(decrease) in cash and cash equivalents	4.84	1.15	0.51
Cash and cash equivalents at beginning of period	2.33	2.50	1.79
Exchange differences on cash and cash equivalents	0.02	0.00	0.02
	2.35	2.50	1.82
Net cash and cash equivalents at end of period	7.20	3.65	2.33

- Placement of £6.5m before expenses in March 2013

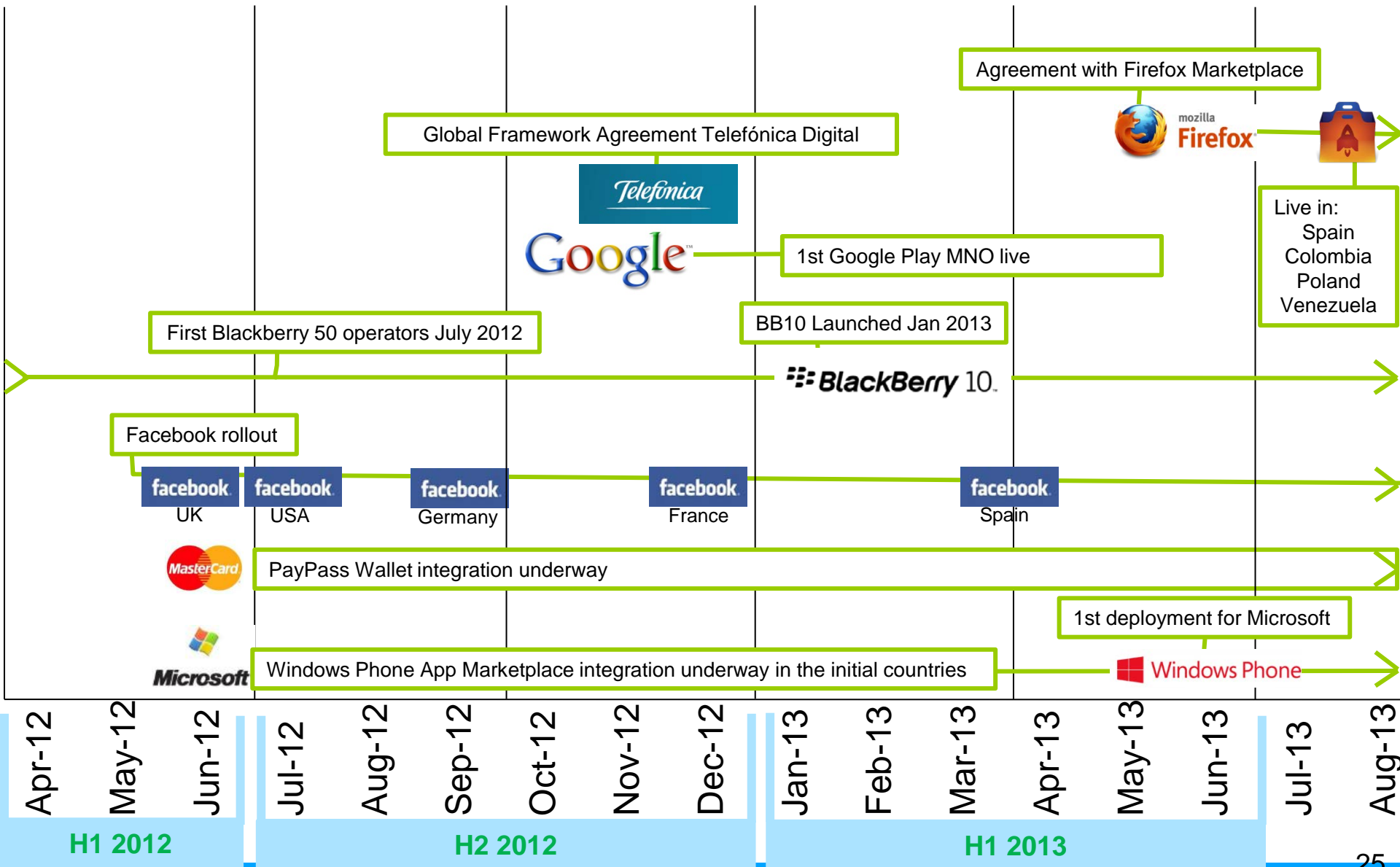
to strengthen
balance sheet

and support
emerging market
entry

- Progressing more Google Play projects
- BlackBerry World grew to best ever month in August 2013
- Microsoft Windows Phone Store live with Indosat in Indonesia (NYSE:IIT) and Rogers in Canada in June 2013
- Key HTML5 advance with Mozilla
 - New ZTE devices launched August 2013
 - Deployed by operators in Spain, Colombia, Poland and Venezuela
- More MNOs added Total 117 on 17 September 2013



Building commercial momentum



- Brazil
 - New Telefónica relationship opening up LATAM
 - Mozilla / Firefox OS
- India
 - BlackBerry, Google, Mozilla and Facebook opportunities
 - Bango business structure defined 1h2013
- Other Asia
 - BlackBerry BB10 opportunities
 - High Android uptake
 - MNO direct integrations in Malaysia and Indonesia
- Establishing innovative approaches with major partners to enable emerging market MNO's to deploy major app stores and services

- Drive MNO integrations across more of our 5+ major app stores
- Continue to seize opportunities presented by mobile content and new services in mobile devices
- Expand product offering for “middle tail” to monetize products and services on mobile devices
- Build on unique BangolD technology to further drive up conversion rates and improve user experience
- Enhance Bango Analytics for websites, apps and MNO's
- Cost base managed and platform ready to scale
- Retain margin within target range 2%-5%

- Established as leading mobile operator billing platform
- Unique technology, extensive MNO relationships, industry-leading customers driving the market
- More mobile operators x More content providers
- Potential for additional growth from mobile operators partnering with Bango to provide analytics / data
- Strong balance sheet with a strengthened management operational team in place
- Bango has confidence of increasing success in the year ahead