

1h2015 Interim results

Highlights

Financial review

Business update & outlook

Ray Anderson CEO

Gerry Tucker CFO

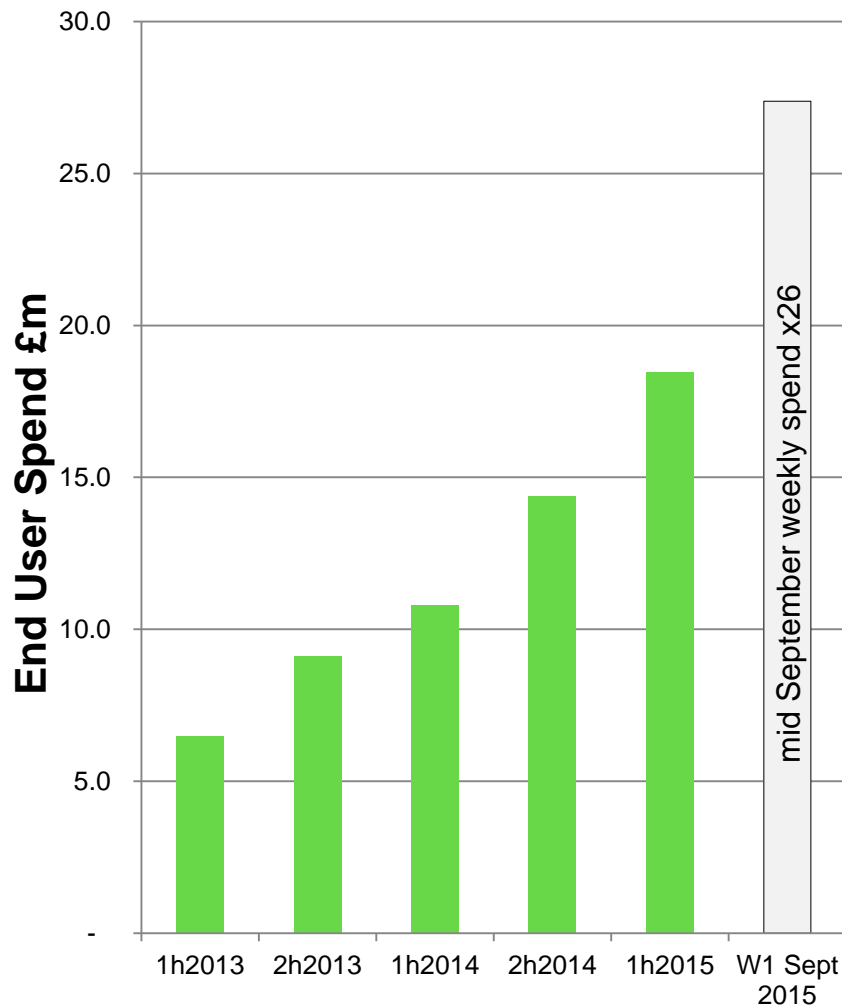
Anil Malhotra CMO

15 September 2015

bangoinvestor.com



- **End user spend growth accelerating as expected**
 - 1h2015 up 72% vs 1h2014 to £18.45m
 - Despite significant strengthening of sterling (end user spend up 82% in local currencies)
- **Margin on end user spend 2.1% - within 2-5% range**
 - Gross profit on end user spend increased 36% to £0.38m (1h2014: £0.28m)
- **Cost base stable as planned**
 - 1h2015 Opex £2.4m (1h2014: £2.6m)



- Growth accelerating as expected
- 1st half end user spend grew to £18.45m
 - Growth of activity from operators active at end of 2014
 - Added growth from new activations during 1st half
- Sept 2015 annualized end user spend run rate of £55m
- Further Google, Microsoft, Samsung and other activations on existing MNO integrations expected in 2h2015

1h2015

- Majority of growth from established activations
- Success of Bango technology and Bango Boost product in driving growth
- Wave of significant new activations late in the period
- New activations already driving end user spend

2h2015 outlook

- Further growth – as expected - from activations live at end 2014
- Initial revenue growth from 7 new Google activations and others coming later in 2015
- Investments in Samsung, Microsoft and Amazon initiatives starting to see increasing spend through platform
- On track to increase end user spend by more than 100%

Interim financial review 2015

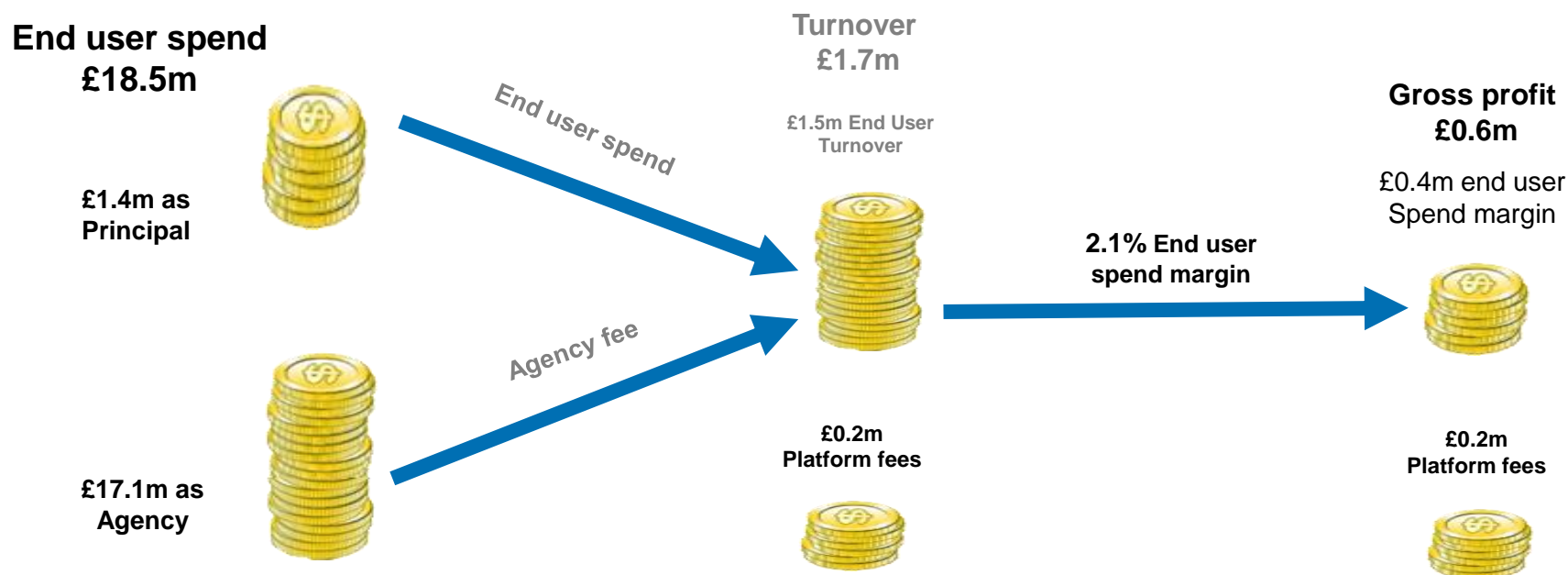
Gerry Tucker, CFO



Bango operates as agency or principal



- Bango agility enables app stores to select either agency or principal model



- Move to agency model increased gross margin on turnover to 35% (1h2014: 23.5%)

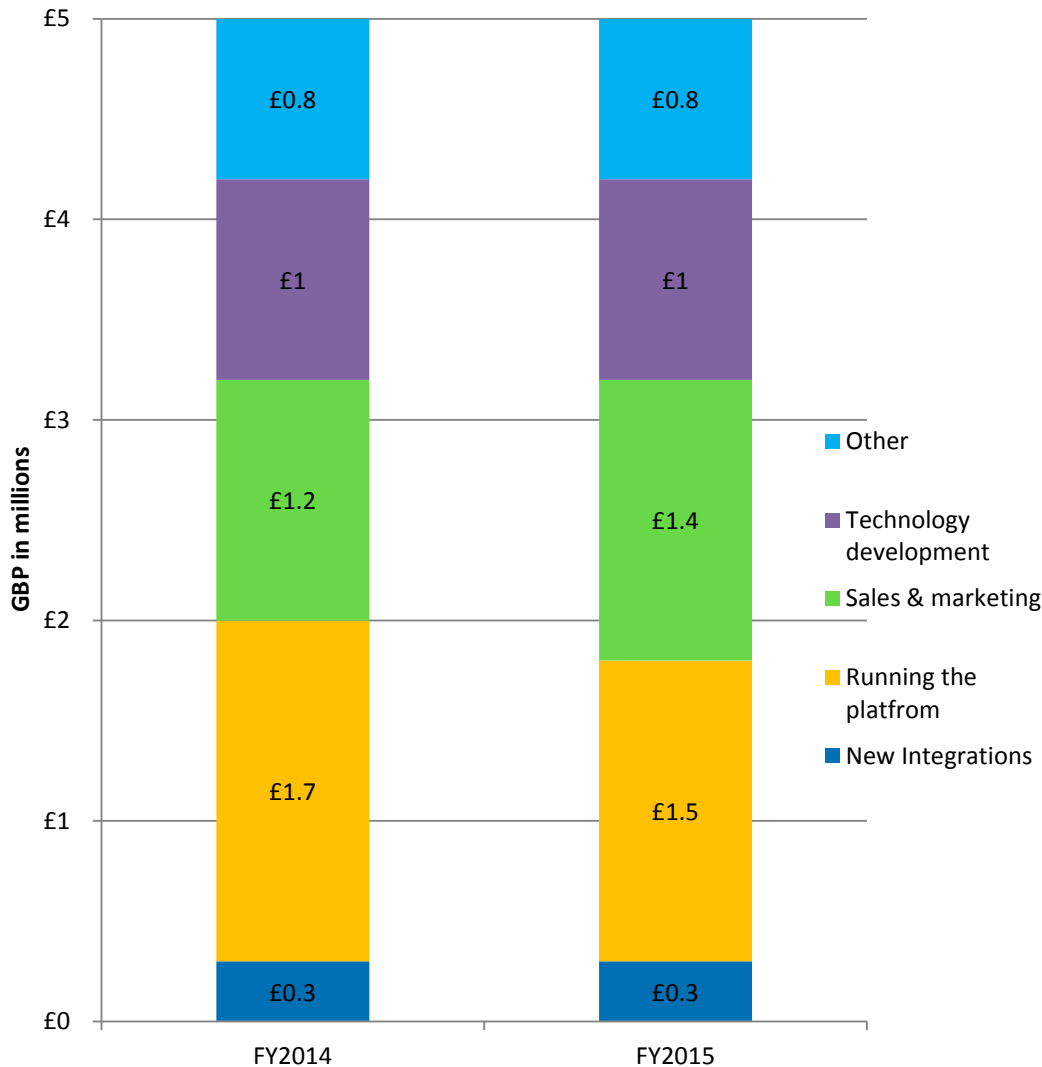
Analysis of 1h2015 financials



	1h2015	1h2014	FY2014
	Unaudited	Unaudited	Audited
	£m	£m	£m
End user spend	18.45	10.74	25.17
Sources of Margin			
End user	0.38	0.28	0.60
Platform fees	0.23	0.44	0.73
Total Margin	0.61	0.72	1.33
End User Spend Margin %	2.10%	2.61%	2.39%
Operating costs	(2.43)	(2.56)	(5.02)
Adjusted LBITDA	(1.82)	(1.85)	(3.69)
Depreciation & amortisation	0.75	0.61	1.34
Share based payment charge	0.20	0.18	0.39
Loss before tax	(2.78)	(2.64)	(5.43)
Loss after tax	(2.68)	(2.52)	(5.16)

- End user spend growth rate accelerating to £18.4m (1h2014: £10.7m)
- Margin on end user spend 2.1% (1h2014: 2.6%) within the medium-term target range
- Operating costs stable

FY2015 annualized cost base



- 1h2015 cost base stable as planned
- General efficiencies and automation lowering cost of datacentres and personnel to deliver services
- Infrastructure successfully tested to >15 times June 2015 levels (equivalent to £650m /\$1B pa)
- R&D activity to enhance Bango Payment Platform for 2016 projects

	30 June 2015	30 June 2014
	£	£
Non-current assets	4,008,712	4,594,069
Trade and other receivables	1,088,952	1,599,423
Research and development tax credits	100,000	313,904
Cash and cash equivalents	4,039,240	2,651,688
Total assets	9,236,904	9,159,084
Share capital and reserves	7,388,885	6,565,799
Trade and other payables	1,321,942	1,858,187
Short-term finance lease liabilities	327,144	292,215
Long term finance lease liabilities	198,933	442,883
Total liabilities	1,848,019	2,593,285
TOTAL EQUITY AND LIABILITIES	9,236,904	9,159,084

- Reductions in trade receivables and payables due to increased agency business
- Cash in before Cash out rule ensures no need for working capital when principal business grows
- Healthy cash balance

30 June 2015 30 June 2014

	£	£
Net cash used by operating activities	(1,957,538)	(1,723,085)
Net cash generated used by investing activities	(483,953)	(1,105,556)
Net cash generated from financing activities	6,701	334,861
Net (decrease)/increase in cash and cash equivalents	(2,212,264)	(2,493,780)
Cash and cash equivalents at beginning of period	6,253,487	5,110,366
Cash and cash equivalents at end of period	4,039,240	2,651,688

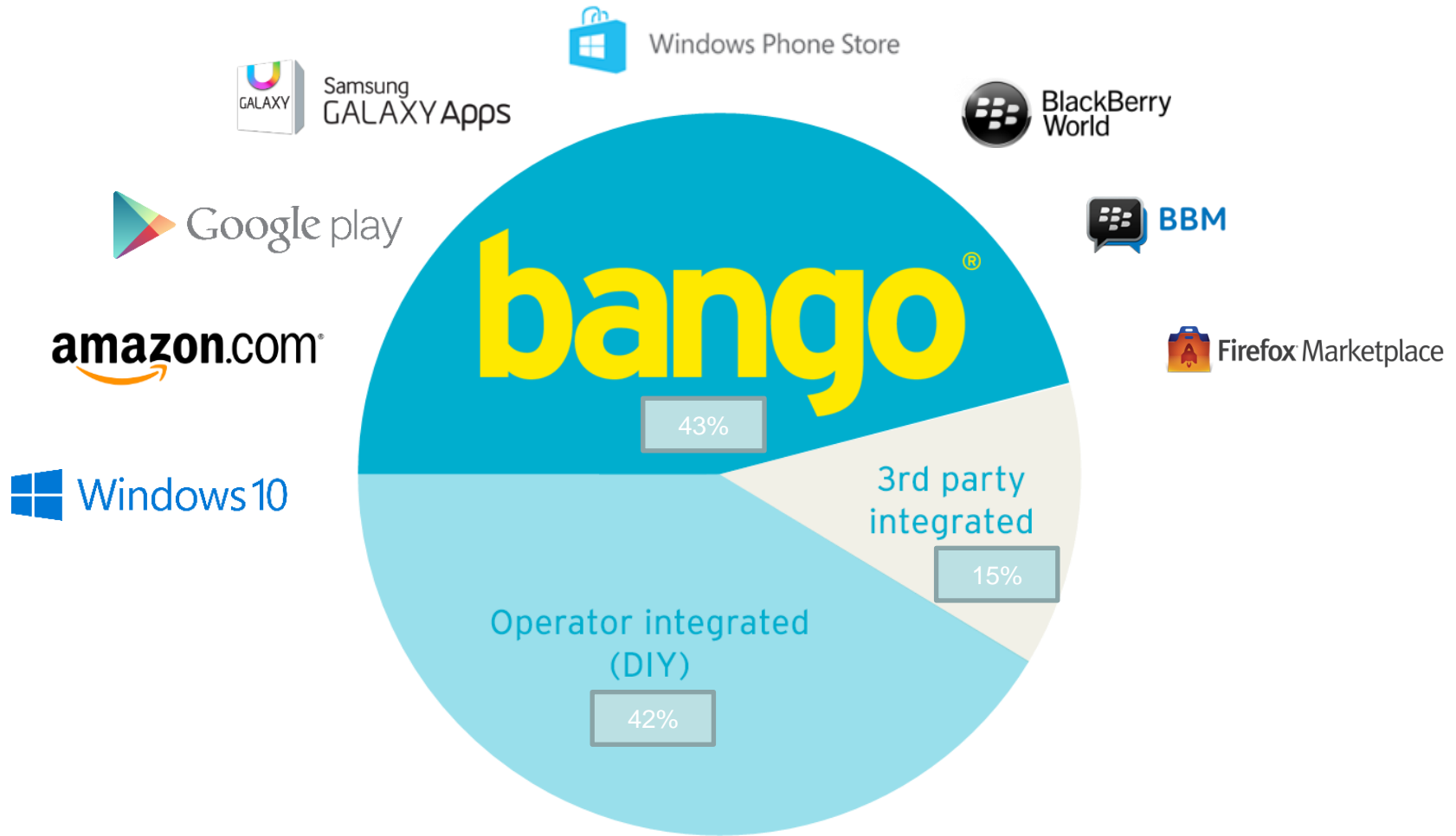
- Cash invested:
 - Secondary data centre with additional testing capabilities
 - Small investments for in country set-up

Business update & outlook

Ray Anderson, CEO



#1 for app store carrier billing



Total app store carrier billing activations

Source: Progressive Research September 2015

Bango Grid for app stores



Filter options
714 mobile operators
Sorted by: Rating

> Search

> Sort order

v Integration status

☒ Live

☒ Available

☒ Roadmap

☒ Coming soon

☒ Unavailable

> Rating

> Pricing & limits

> Operator & country statistics

> Subscriptions

> Refunds & support

Optus
Australia
★★★★★
Available

Telstra
Australia
★★★★★
Available

A1
Austria
★★★★★
Available

Zain
Bahrain
★★★★★
Roadmap

Bell
Canada
★★★★★
Available

Rogers
Canada
★★★★★
Available

Telus
Canada
★★★★★
Available

Virgin Mobile
Canada
★★★★★
Available

Wind Mobile
Canada
★★★★★
Available

Digicel
Cayman Islands
★★★★★
Available

Bouygues
France
★★★★★
Available

Free Mobile
France
★★★★★
Available

Orange
France
★★★★★
Available

SFR
France
★★★★★
Available

E-Plus
Germany
★★★★★
Coming Soon

O2
Germany
★★★★★
Available

Telekom
Germany
★★★★★
Available

Vodafone
Germany
★★★★★
Available

Indosat
Indonesia
★★★★★
Available

Smartfren
Indonesia
★★★★★
Available

TelkomSel
Indonesia
★★★★★
Available

au (KDDI)
Japan
★★★★★
Roadmap

KPN
Netherlands
★★★★★
Roadmap

T-Mobile
Netherlands
★★★★★
Available

Operator overview

Country & operator statistics

Technical detail

Pricing & limits

Refunds & support

Subscriptions

Finance

Settlement

Payment statistics

Payment system performance

Content, restrictions & regulations

App store status

% Conversion rate

% Successful payments

% Cancellations

% Insufficient credit

% Spend limit exceeded

% User barred / suspended

% Errors

% Refunds

Projected earnings potential

Customer loyalty rating

% High spenders

82.34

96

0.07

5

0.1

0.4

1

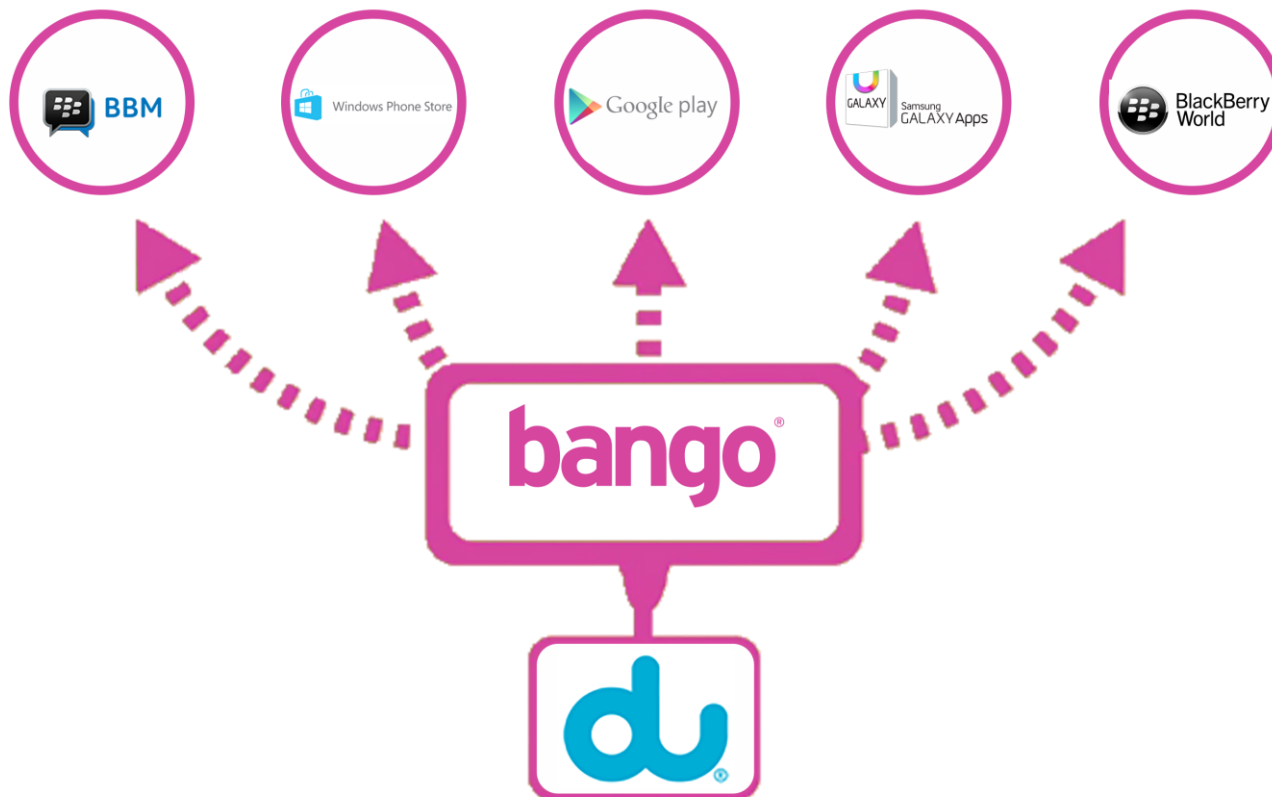
0.2

0

42

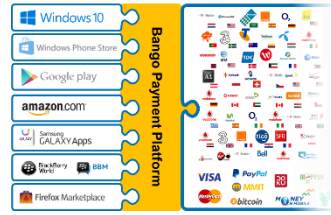
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- Oct 2014: du, one of the largest UAE operators integrated into the Bango Payment Platform
- Jun 2015: carrier billing launched with 5 app stores

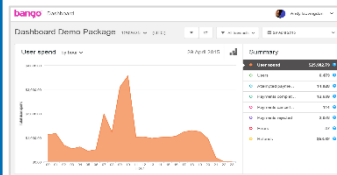


Initiatives with active billing routes

Bango Platform



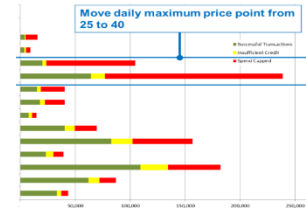
Bango 24/7 & Dashboard



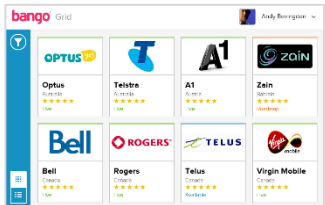
Bango Care

Customer ID	First Name	Last Name	Phone Number	Country	Device	OS	App
10000001	John	Doe	0011234567890	USA	iPhone	iOS	App Store
10000002	Jane	Doe	0011234567890	USA	Android	Android	Google Play
10000003	John	Doe	0011234567890	USA	Android	Android	Google Play
10000004	Jane	Doe	0011234567890	USA	Android	Android	Google Play
10000005	John	Doe	0011234567890	USA	Android	Android	Google Play

Bango Boost



Bango Grid



Revenue



Customers

Bango Promote



Implementation & operational costs



Customer care costs & refunds



Spend per customer



Time to market / delays to money

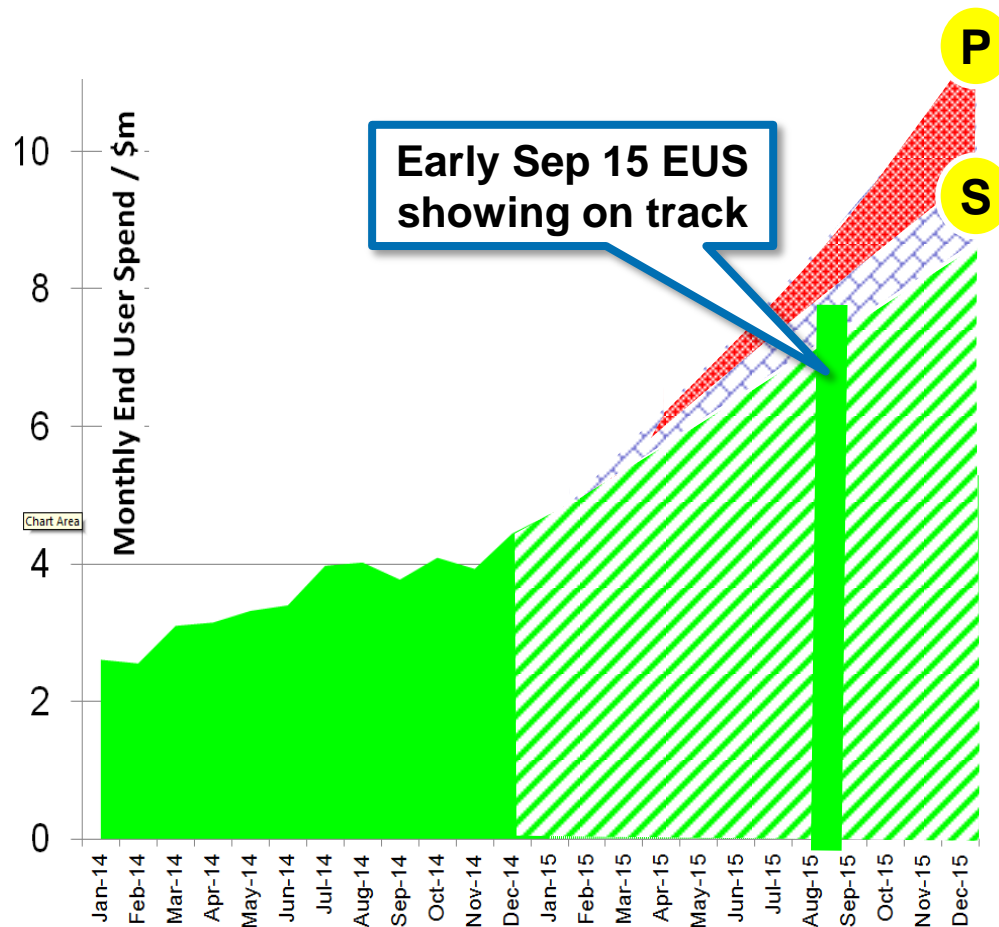


Purchase success



Number of customers

2015 end user spend outlook



- Model predicted end user spend from Dec 14 activations will grow approx 100% by Dec 2015

On track

- Additional end user spend from:
 - S** – >40 scheduled activations (+15 extra since Jan 15)
 - P** – >100 more activations in pipeline
 - Amazon & Samsung very early stage

Note: S and P areas on graph are diagrammatic and not intended to show forecast end user spend

- Material growth of Microsoft, Samsung and Amazon
 - positive contribution to end user spend margin
 - diversification beyond Google and BlackBerry
- Proportion of agency likely to rise: higher gross margins
- End user spend margin similar
 - higher growth of large activated routes will drive slightly lower
 - more complex emerging markets / principal will drive up
- Platform and technology cost base flat or lowered.
Enabling sales & marketing activity increase or cost savings.
- Platform can handle 15x current end user spend
(substantially more than needed to reach profitability)

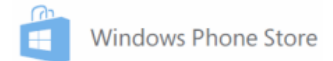
- **On track with end user spend growth**
Maintaining initiatives to increase activation EUS and supporting initial growth of new activations
- **Launching new activations** in emerging markets
establishing leading market position in these key geographies where DCB expected to be high growth
- **Managing a stable cost base**
Platform tested to over 15x June 2015 capacity
- **Market leader in app store direct carrier billing**
powering many more deployments than anyone else

The Bango pedigree



- Number 1 for app store carrier billing
- Founded in 1999 to enable effective collection of mobile payments
- Chosen by the worlds leading app stores and mobile operators
- Bango technology delivers a superior user experience and higher revenues
- London Stock Exchange since 2005 (AIM: BGO.L)
- Offices in Cambridge, New York, San Francisco, Singapore and Brazil

Powering the major app stores:



Over 140 mobile operator relationships:



Award winning technology:

