

# Bango PLC 1H23 Results

# Agenda

1 Introduction & highlights

2 Financial results

3 Strategic focus

4 Outlook

5 Q&A

Paul Larbey  
CEO



Matt Garner  
CFO



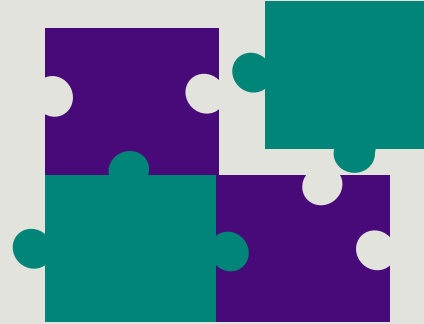
Anil Malhotra  
CMO



# 1H23 Overview - Strong growth, confirmed US market leadership



- 3 new DVM wins, including top 5 US telco
- US market standardizing on DVM. Bango has won 3 out of top 5 US telcos, reaching 61% of US subscribers
- 22 new merchants won



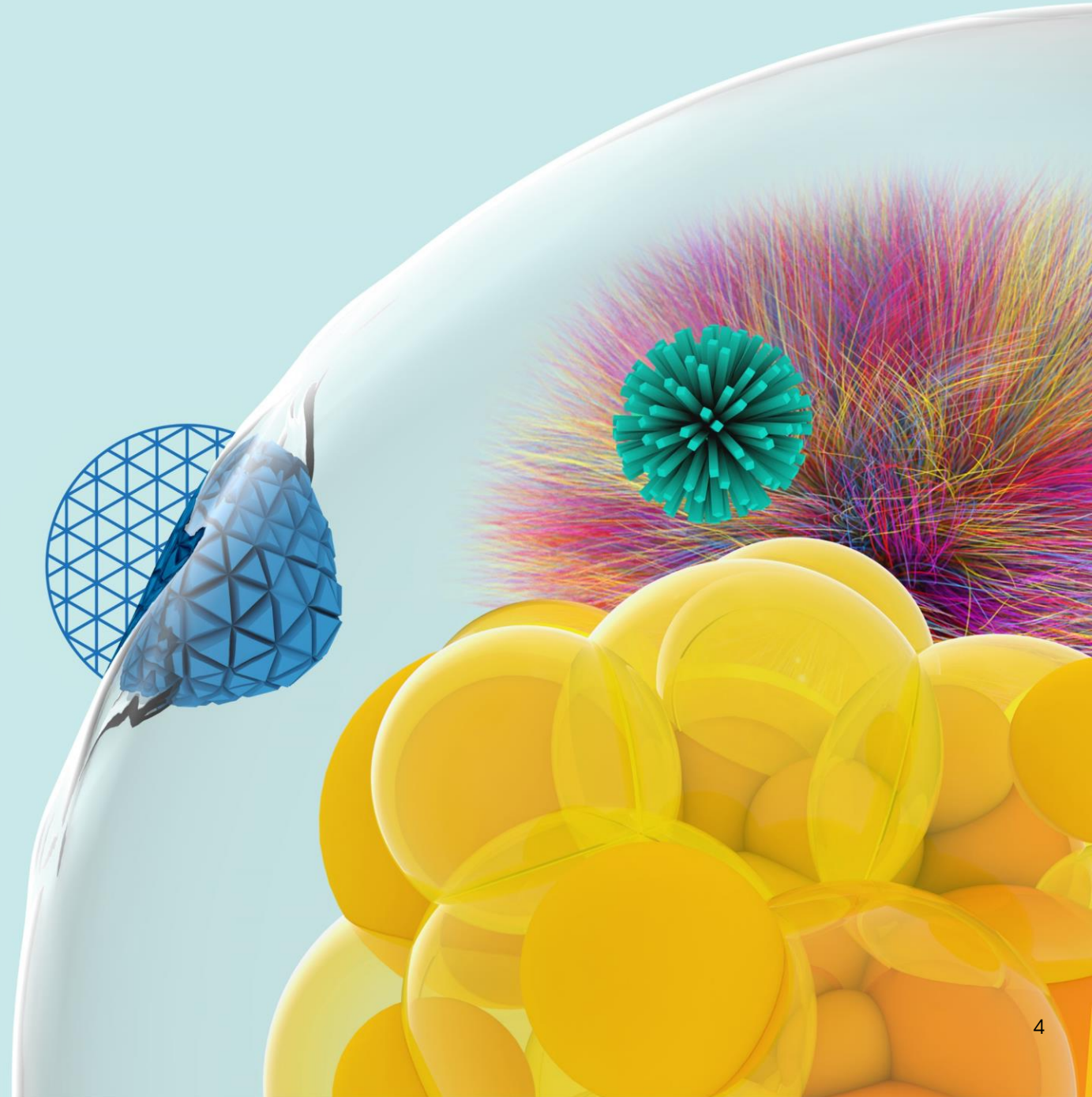
- DOCOMO Digital integration 90% complete
- \$19M out of targeted \$21M cost synergies achieved
- On track to deliver profitability uplift in 2H23



- 88% revenue growth
- 90% gross margin
- On track to meet consensus expectations for FY23

# 1H23 Financial Review

Matt Garner, CFO



# Increasing revenue at high margins

## 1H23 revenue:

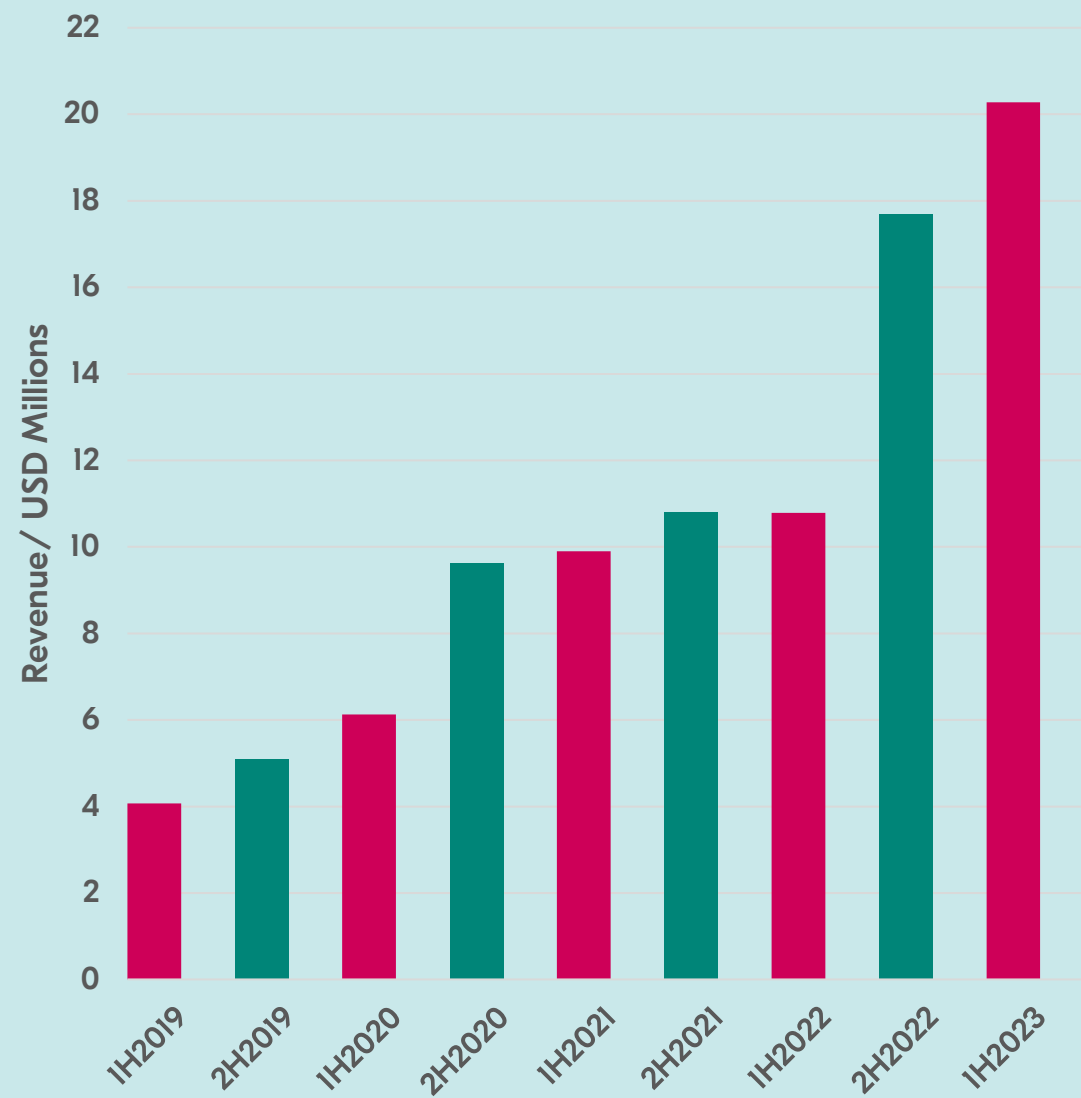
- \$20.3M (1H22: \$10.8M) – 88% increase
- 5-year CAGR: 42.0%
- Annual Recurring Revenue \$5.6M (1H22: \$3.4M) – 63% increase

## Growth driven by:

- Payment & subscription volumes
- New DVM contracts
- Contribution from the acquisition of DOCOMO Digital

## Gross profit margin:

- 90% (2H22: 90%)





# Investing for growth

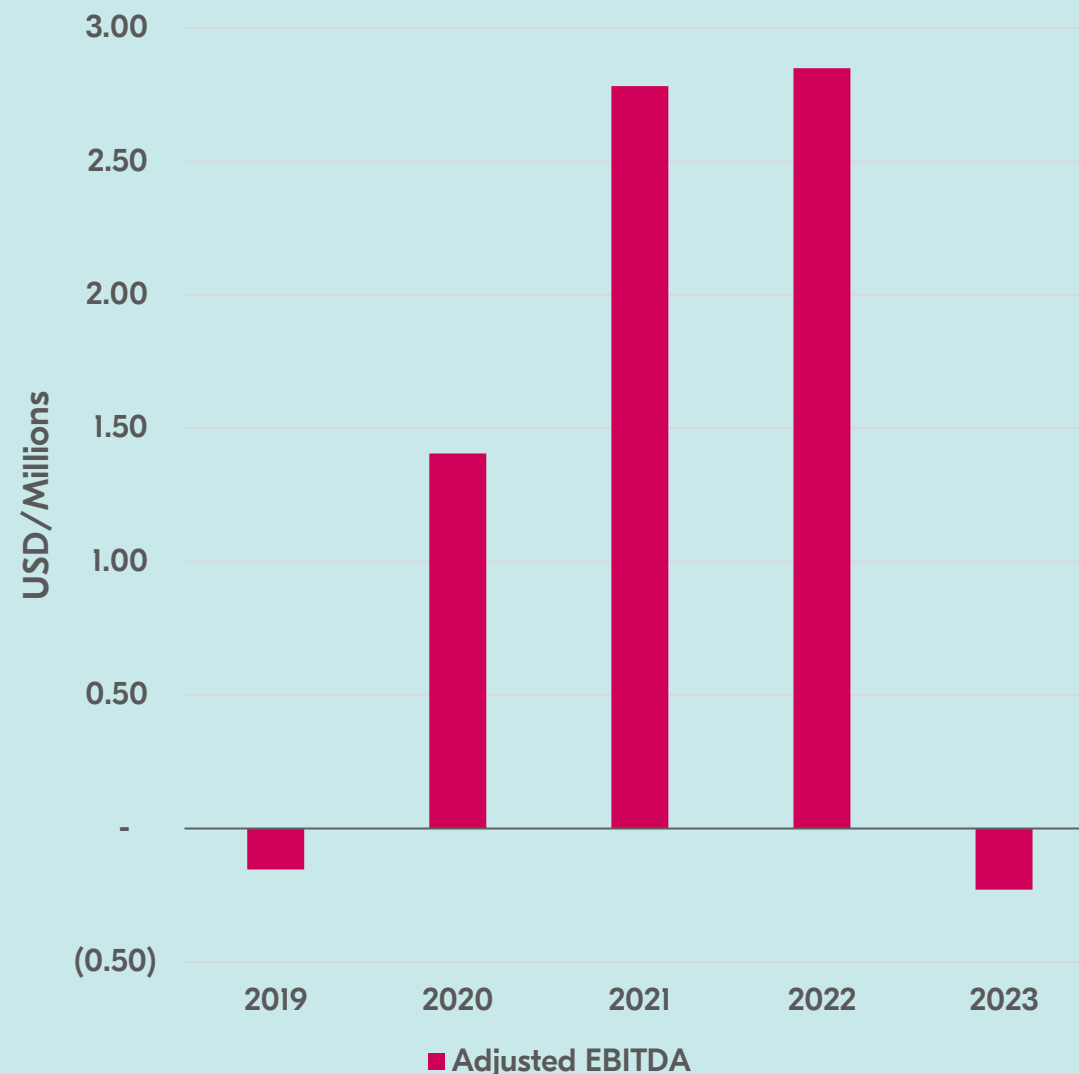
**1H23 Adjusted EBITDA\*:  $-\$0.2\text{M}$  (1H22:  $\$2.9\text{M}$ )**

**Operating costs:  $\$22.6\text{M}$  (1H22:  $\$10.4\text{M}$ )**

- In line with post acquisition plan. 1H23 reflects the acquired costs from DOCOMO Digital which continue to reduce as synergy actions are completed. 1H22 had no DOCOMO Digital costs
- Bango continues to invest in R&D to support DVM growth


**Operating loss:  $\$4.3\text{M}$  (1H22:  $\$423\text{k}$ )**

- Increased personnel expenses and costs associated with additional sites/legal entities from the acquisition have impacted 1H23
- Post acquisition synergy actions will reduce operating costs for future periods




*\*Adjusted EBITDA is earnings before interest, tax, depreciation, amortization, share based payment charge, negative goodwill and exceptional items.*

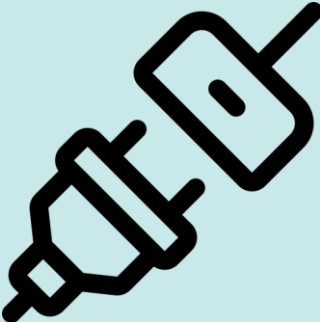
# Key actions delivering \$21M cost synergies




All contracts migrated to Bango




Office & country exits




Low value, complex route closure



Headcount reduction



Business simplification



Route migration to Bango Platform



# Cash movements





# Income Statement

6 mths ended 30 June (\$'000)	1H20	1H21	1H22	1H23	
Revenue	6,125	9,903	10,789	20,274	49.0% CAGR
Gross Profit	6,026	9,518	10,008	18,248	
Gross Profit Margin	98.4%	96.1%	92.8%	90.0%	High margin – expected to return to prior levels post platform migration
Administrative expenses	(4,621)	(6,732)	(10,431)	(22,596)	Reflecting DOCOMO costs, will reduce through synergy actions
Adjusted EBITDA	1,406	2,783	2,851	(231)	EBITDA reduced during integration – Long term view is c.50% margin
Profit/(Loss) before Associate	**4,873	435	302	(3,766)	Reflecting negative DOCOMO contribution
Associate Loss	(295)	(963)	(799)	(489)	Share of NewDeep JV Loss (40%)
Profit/(Loss) for the Financial Year	**4,578	(528)	(489)	(4,255)	Gain in 2020 from creation of JV (disposal)
Cash*	5,372	9,851	5,705	13,402	2023 includes \$7.9M Loan from NHN received in June 23.

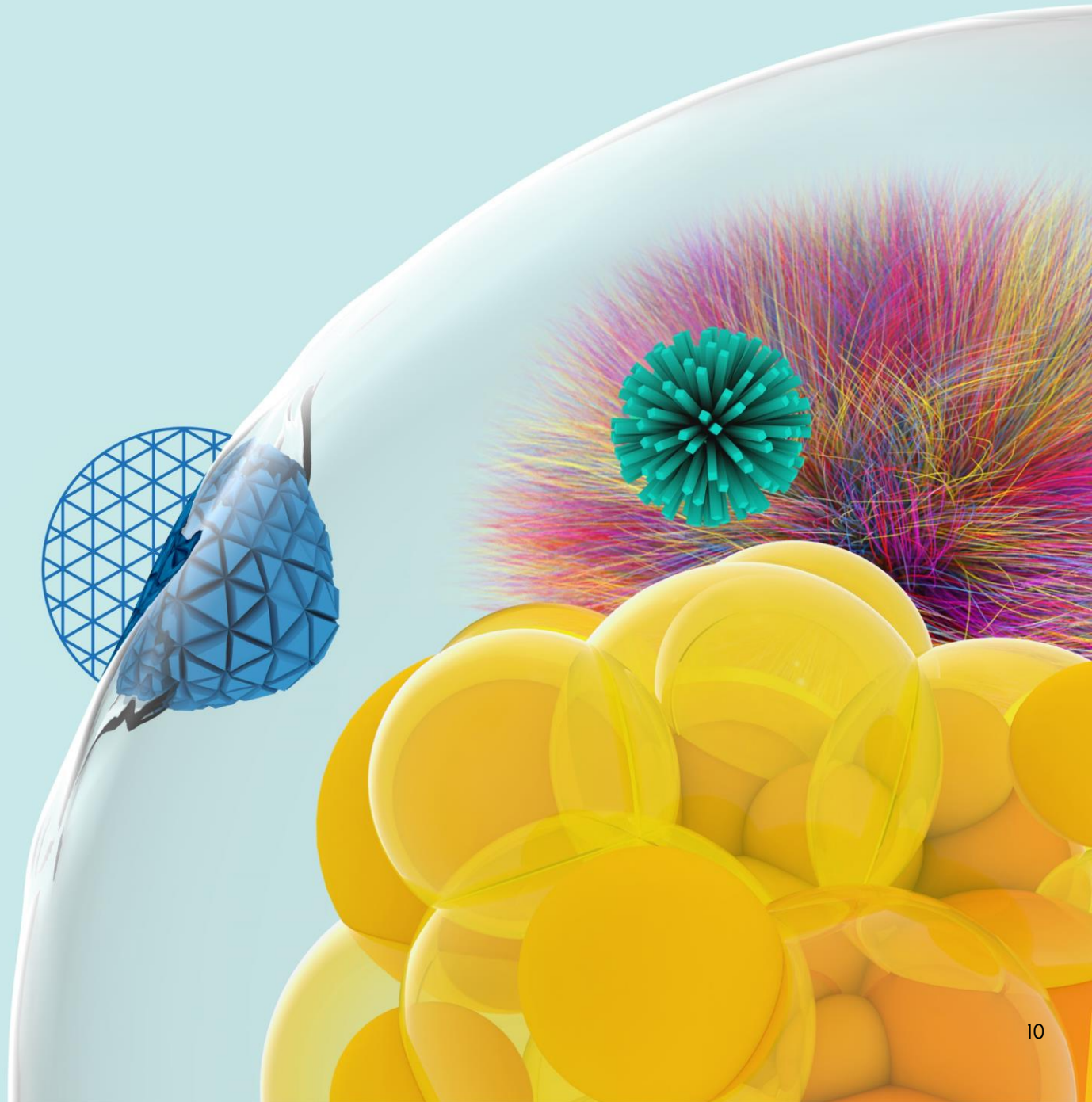


\* Including cash equivalents and cash in short term investments

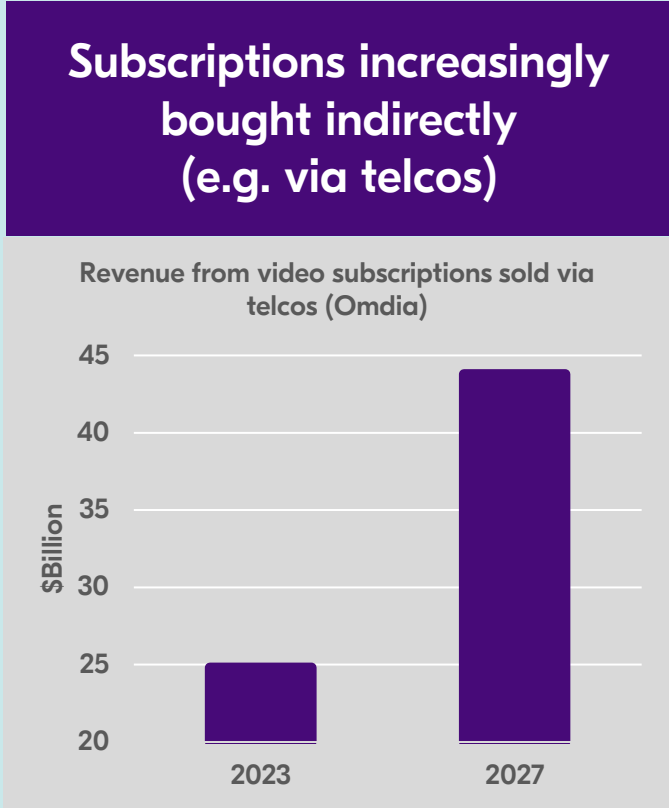
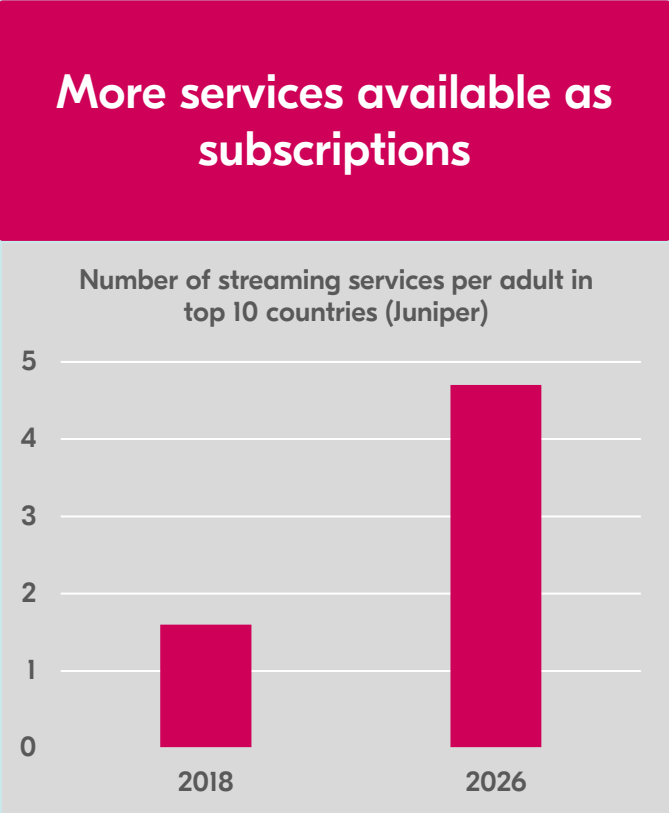
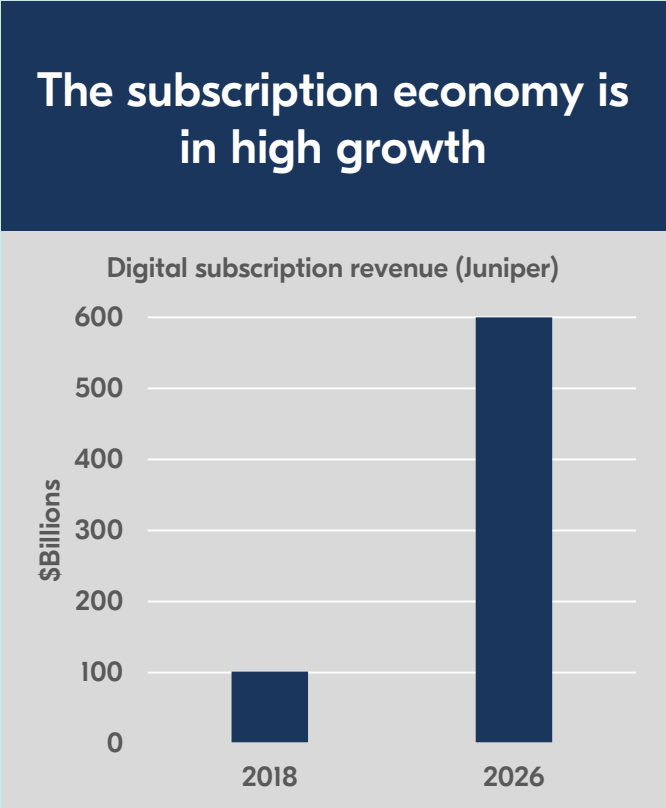
\*\* Includes \$5,087k profit from discontinued operations

# Strategic Review

Paul Larbey, CEO



# Subscriptions: a high growth market



# History of bundling

Choose the perfect Big Value Bundle and roam in 50 destinations at no extra cost

€5	€10	€20	€30
100MB data	1GB data	6GB data	20GB data
100 minutes	200 minutes	1000 minutes	3000 minutes
250 texts	Unlimited texts	Unlimited texts	Unlimited texts
100 Rewards points	150 Rewards points	250 Rewards points	350 Rewards points

Ask us for details & terms

**First Gen**  
Telcos products only



**Subscription Bundle**  
One or two third-party services

**Content Bundle**  
Telco buys content rights and bundles on a set-top box

Select your Sky TV Bundle



**The Original Bundle**

£21<sup>99</sup>  
**£10<sup>75</sup>** a month  
for 6 months (then £21.50 a month)  
+ £25 reward of your choice



**The Variety Bundle**

£30<sup>99</sup>  
**£19<sup>25</sup>** a month  
for 6 months (then £30 a month)  
+ £25 reward of your choice



**The Family Bundle**

£36<sup>99</sup>  
**£25<sup>25</sup>** a month  
for 6 months (then £36 a month)  
+ £25 reward of your choice

**Super Bundling**  
Tens of third-party services

Welcome to **Optus SubHub**

Manage a selection of your paid subscriptions with ease by uniting them together in one place.

Try Optus SubHub Early Access

Included with Optus SubHub

- Optus Sport
- Optus Fitness

Add 2 subscriptions

Save 5% on both subscriptions.

Add 3+ subscriptions

Save 10% on all subscriptions.

Available now

- Amazon
- Prime Video
- Prime Music
- Prime Gaming
- Kindle Unlimited
- Calm
- inkd
- Optus Sport

Coming soon

- NFL
- Fiit
- Fetch
- QTV
- Brit Box

# Telcos are optimized for Super Bundling

## Why are telcos key?

### Experience

Telcos have offered first party bundles for many years

### Payment

Telcos have a trusted billing relationship with consumers

### Marketing

Telcos can apply significant consumer marketing budgets to promote content

### Funding

Telcos use customer retention budget to offer subscription discounts in bundles, increasing consumer appeal

## Benefits for telcos

Attract new customers

Reduce churn

Increase ARPU & LTV

Boost engagement

# What's in it for merchants?

Super bundling gives merchants:

Fast access  
to new  
markets

Stickier  
subscribers

Access to  
more  
customers

Third-party  
marketing  
from DVM  
operator

Uniquely, super bundling using the Bango DVM gives merchants:

Access to  
100s channel  
partners  
worldwide

Data insights  
to effectively  
target  
marketing

Tools to  
increase  
conversion &  
retention

1-click  
creation &  
product  
updates





# Why Bango is winning

**Unique technology** – The Bango Digital Vending Machine (DVM) provides the key features to launch a successful a Super Bundling business

**Time to market** – Telcos launch their super bundles faster through the Bango DVM

**TCO** – DVM SaaS model = lower cost of ownership than telco “DIY” solutions

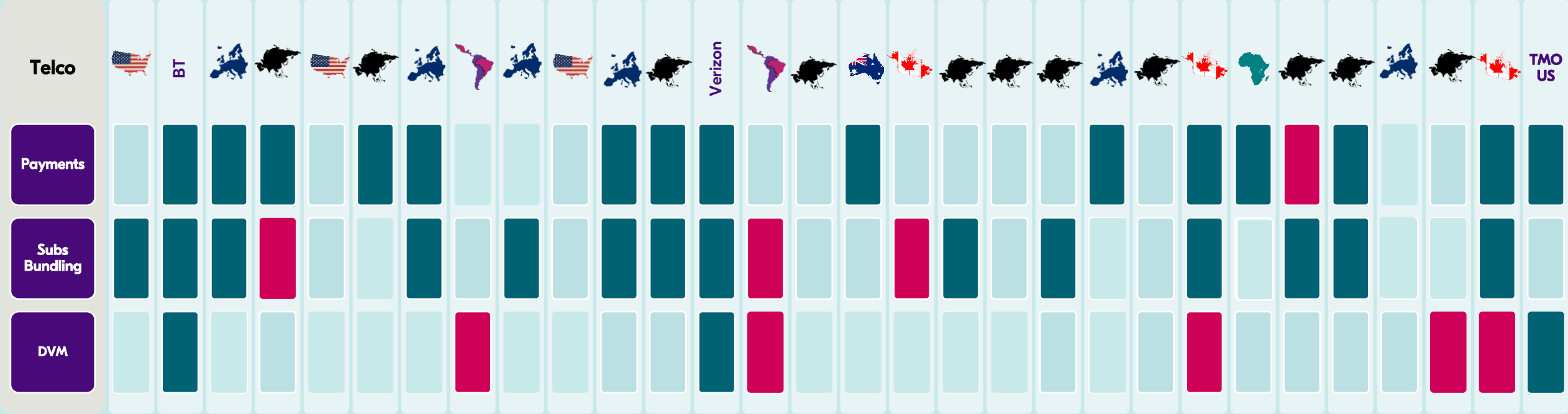
**Ecosystem** – Bango connects >100 telcos globally and >50 world leading subscriptions merchants

**Network effect** – Merchants connect once and recommend Bango to telcos



# Establishing an unassailable position in telco market – Sept 21

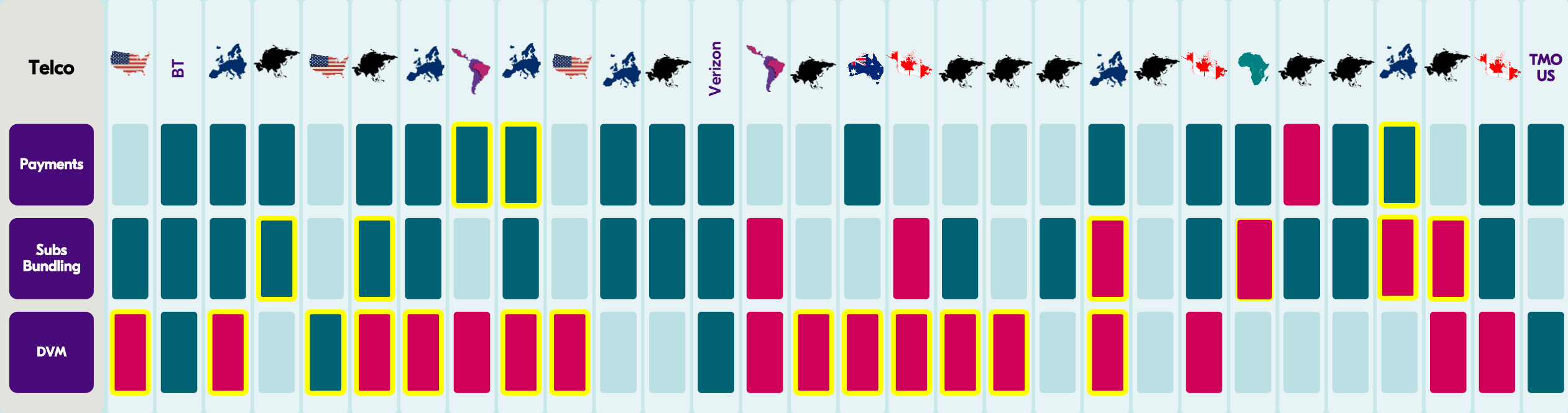
Progress with Top 30 Telcos by revenue (excl. China)



Live / Won    Active Discussions

# Establishing an unassailable position in telco market – Jun 23

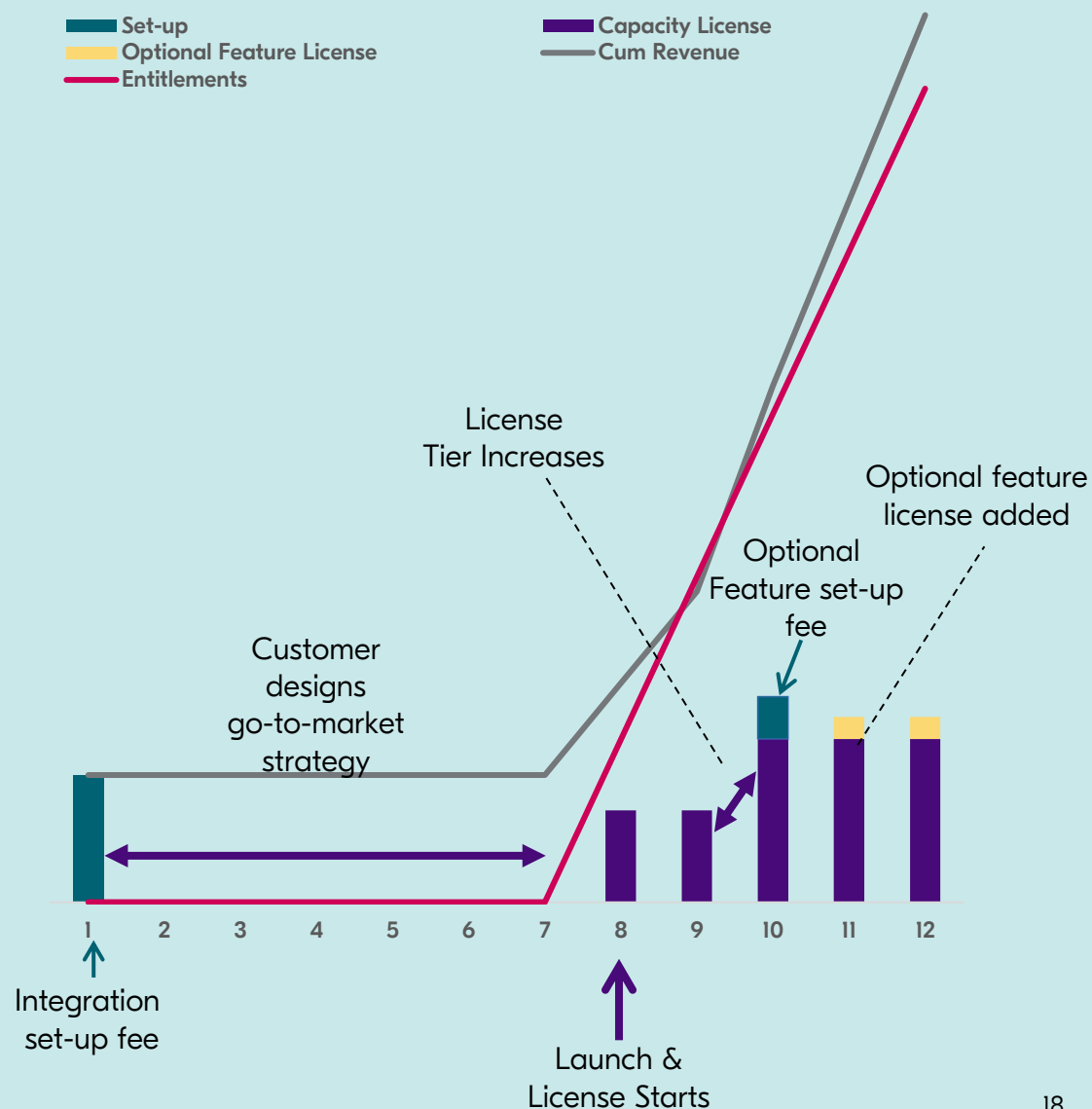
Progress with Top 30 Telcos by revenue (excl. China)



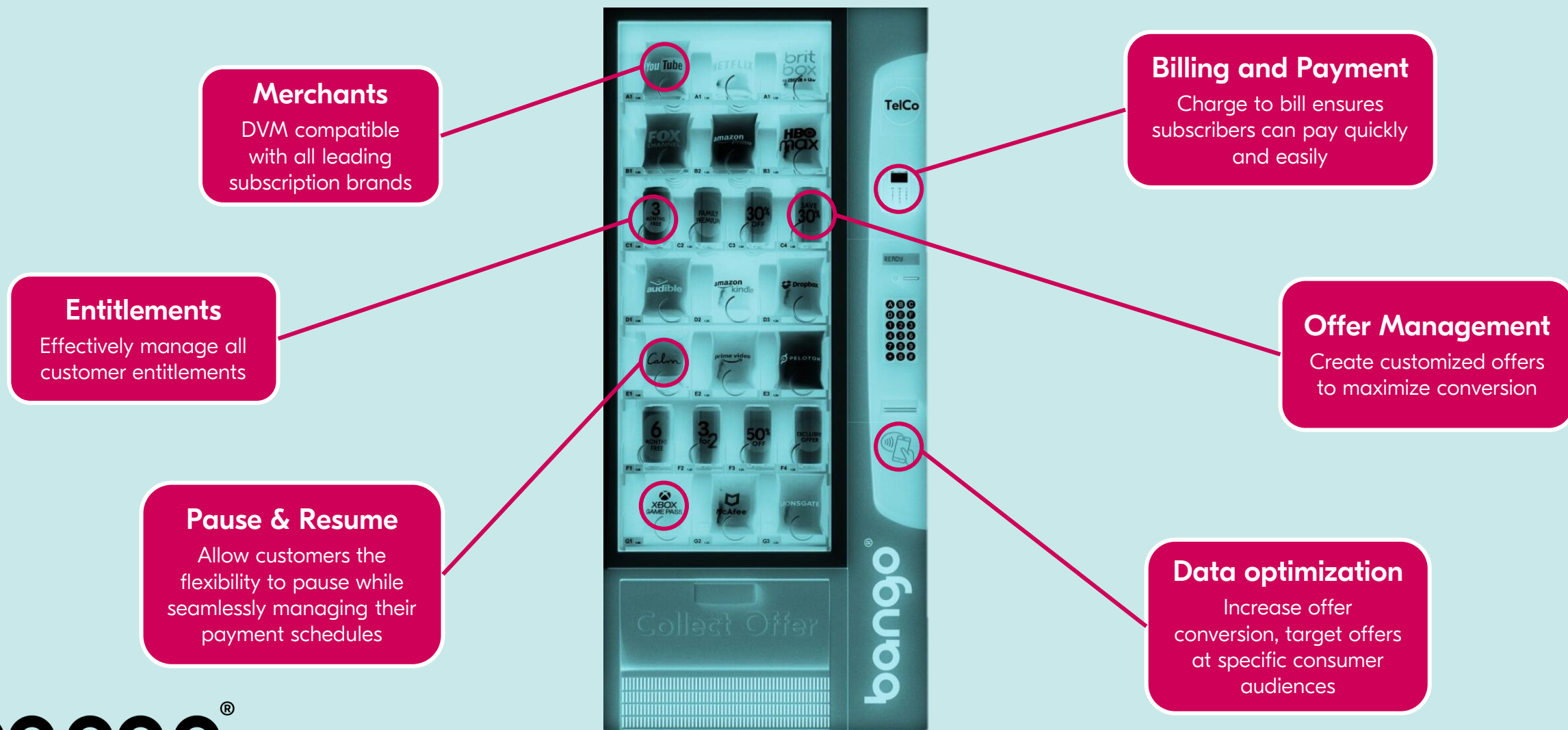
Live / Won    Active Discussions    New vs Sept 21

# How Bango monetizes the DVM

1. **Upfront integration fee**
2. **Recurring SaaS license fee** when the customer launches DVM offering
  - This license fee scales in proportionally to the number of subscription entitlements managed through the DVM
  - 1 subscription = 1 entitlement, so a consumer who takes 3 subscriptions through the DVM counts as 3 entitlements
3. **SaaS license fee scales in tiers.** E.g. the first tier for up to 1M entitlements, second tier up to 3M entitlements, etc....
4. **Optional features** (e.g. dynamic offer management, Bango Audiences etc) charged additionally



# DVM – powerful feature set



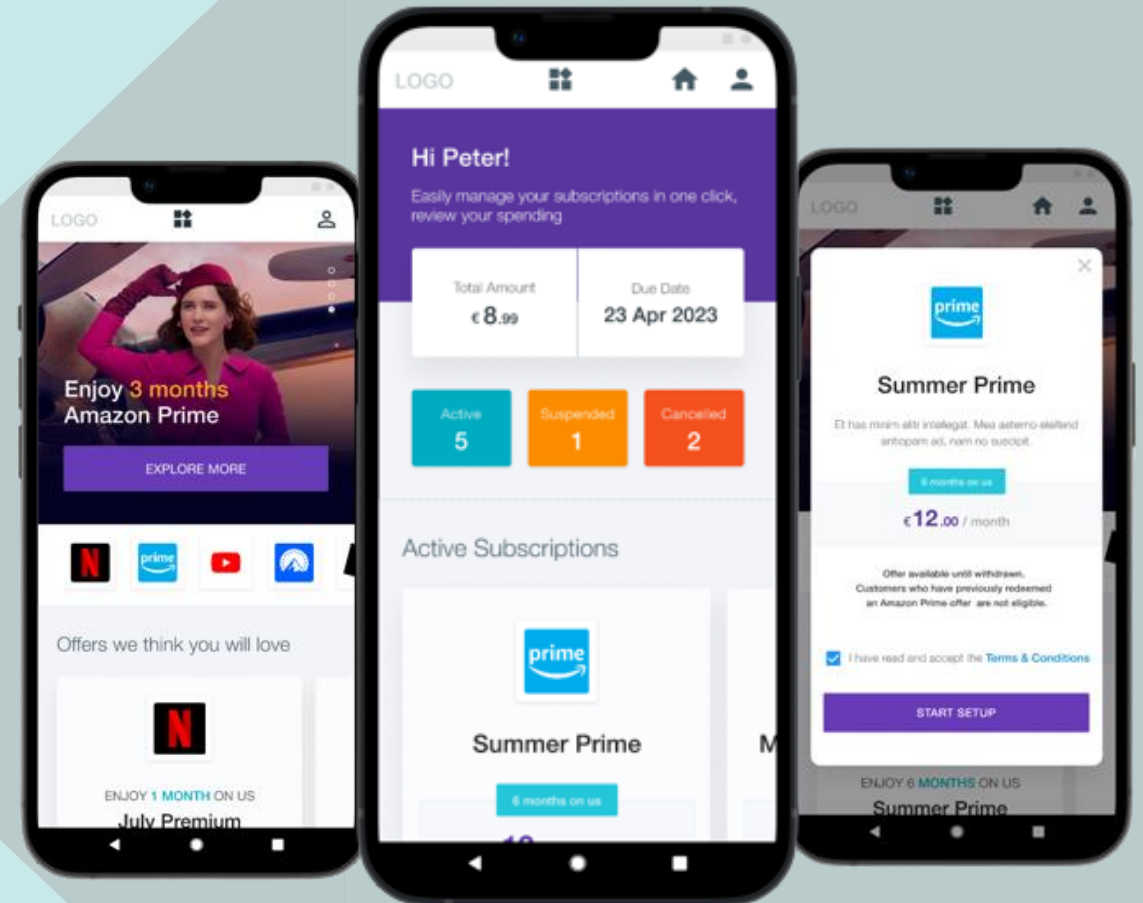
# Ongoing R&D investment

## Consumer user interface (UI)

- Pre-built, DVM consumer UI
- Telcos need only to brand the UI
- Pre-built user journeys for browsing, selecting, purchasing, managing subscriptions etc through one interface
- **Faster time to market = faster ARR**

## Payment methods

- Extend payment methods supported in DVM
- Include card on file (US operators have millions of cards used to pay monthly bills)
- Card payment enables DVM customers from outside telco subscriber base to be added





# Summary

## DVM execution

Focused on dominating the telco market

## Merchant growth

Each DVM deal brings new merchants to Bango

## Investment in R&D

Reduce DVM sales cycle and deployment time, speeding up ARR generation

## Profitability

Synergy execution will lead to significant FCF generation & profit in FY24

## FY Forecasts

On track to meet consensus expectations for FY23