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Bango PLC
17 March 2020

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BANGO PLC
("Bango")

Final Results

Bango (AIM: BGO), the mobile commerce company, today announces its Final Results for the year ended 31 December 2019.

FY2019 Financial performance

- End User Spend (EUS) increased to £1.1Bn, continuing the five-year trend of doubling EUS every year (2018: £0.56Bn)
- Group revenue increased 41% to £9.31m (2018: £6.62m)
- Payment and data monetization revenue grew to £7.16m and £2.15m respectively (2018: £5.25m and £1.37m)
- Group admin costs were £7.45m (2018: £6.69m) following the decision to increase investment in the data monetization business
- Adjusted EBITDA* for the full year was positive at £0.45m (2018: -£0.87m)
- Cash at 31 December 2019 was £2.69m, an increase from the cash position at 30 June 2019 of £2.25m

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

2019 Operational performance

- New merchants joined the Bango circle including YouTube TV, AETolls and Spotify
- New routes were launched for Amazon Prime, Pandora and Google Play in countries including Peru, Singapore, Chile, Myanmar, Morocco, South Africa and USA
- Bango Resale technology opened up the 3Bn user pre-paid market and expanded beyond mobile with service launches for Fixed and Pay TV operators
- Bango Marketplace continues to gain traction with repeat sales to app developers who see up to a nine times increase in the return on their marketing investment
- Credit card payment data was introduced to Bango Marketplace through a strategic partnership with payment and entertainment giant NHN, opening-up the Bango

Platform to new growth opportunities

Outlook

- Management expects continued exponential EUS growth driven by success from existing customers, new opportunities from 5G and the new market opportunities that 2020 will bring

- Success with retail sales, bundled offerings and digital wallets together with monetization of credit card payment data provides an expanding market opportunity for Bango

- Management expects that Bango Marketplace will contribute further to revenue growth in 2020 as the momentum developed in 2019 continues

- The deals referred to in the December 2019 Trading Update are still in negotiation and are expected to close in 1H2020.

Paul Larbey, Chief Executive Officer of Bango, commented:
"2019 was a great year for the continual evolution of the Bango Platform. In line with our strategy, once again we doubled End User Spend, but more importantly expanded our market opportunity with the development of our data monetization business. Bango Marketplace is now established and enters 2020 with a strong pipeline. Bango's ambitious growth plans have delivered profit and, as I look at the opportunities ahead in 2020, my confidence in our ambitions is reinforced by Bango's unique combination of payments with data-driven intelligence for our customers and partners around the world."

Corona disease (COVID-19) outbreak

Following the outbreak of Covid-19, Bango employees in Cambridge, Milan, California, Tokyo and Seoul are increasingly operating from home, fully equipped to work remotely and online to maintain business growth. 98% of Bango customer contact is already remote, so key activities are being maintained while travel is reduced.

With no supply chain dependencies, Bango products continue to be available without interruption. While much of the platform operation is automated, we have an operations team across multiple sites ready to help our partners. This support can be provided from anywhere with an internet connection.

Analysis shows that Bango experiences an increase in End User Spend (EUS) during seasonal stay at home periods, for example the end of year holidays and festivals such as Ramadan and Christmas. Marketers spend more on their campaigns at such periods of higher online activity. If the outbreak of Covid-19 leads to more time at home, this is expected to generate more end user spending and more targeted marketing. Early data from Bango and others shows that consumer spending on online services and entertainment is already increasing, particularly in countries where there are extensive "stay at home" policies.

Bango investment for growth is funded by internal cash generation, so access to capital is not an issue.

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Ray Anderson, Executive Chair
Carolyn Rand, CFO
Anil Malhotra, CMO

Rob Mindell
Matt Dixon

Marc Milmo
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Matthew Radley

About Bango

Leading app developers, stores and payment providers cross the threshold into the Bango ecosystem to converge, grow and thrive. By bringing businesses together and powering e-commerce with unique data-driven insights, Bango delivers new business opportunities and new dimensions of growth for customers around the world. Being inside the Bango circle means global merchants including Amazon (NASDAQ: AMZN), Google (NASDAQ: GOOG) and Microsoft (NASDAQ: MSFT) can work together with payment partners from Africa to the Americas, accelerating the performance of everyone on the inside.

Bango. Think inside the circle. For more information, visit www.bango.com.

Chair's statement

The Bango virtuous circle strategy drives continued growth for Bango and increasing value for Bango customers. Bango is generating significant profit from its payment business and investing this profit into driving forward the data monetization business. This is turn brings more payment business and more data monetization opportunities.

With data from more than £1Bn worth of transactions across millions of users and thousands of different apps, Bango offers unique insights to its partners and customers to drive growth both for them and Bango.

By developing innovative data monetization technology, Bango has earned a unique and highly valuable position in mobile commerce. The synergies between payment data and marketing activity are compelling and fueling increasing interest in Bango from the market leaders.

The Audiens business, acquired in January 2018, made great progress during 2019. Audiens achieved its revenue targets ahead of plan, providing a solid foundation for its development as an independent business within the Bango Group as it expands outside Italy.

The core technology and operational leverage that Bango has mastered is now being further refined under the leadership of Chief Executive Officer Paul Larbey. Paul succeeded me as CEO in January 2020 following a successful 2019 as Chief Operating Officer. As Executive Chair, I am focused on developing strategic partnerships with industry leaders. Bango and its technology are increasingly opening up huge opportunities for these partners. I am excited by the prospects for 2020 and beyond.

Finally, Bango thanks David Sear for his valuable insights, industry connections, advice and wisdom over the past 9 years in his role as Chair of the Board of Directors.

Ray Anderson
Executive Chair

CEO statement

Payment platform growth

2019 was the fifth consecutive year in which End User Spend (EUS) doubled, growing to £1.1Bn. This growth was seen across the global leaders integrated to the Bango Platform, with a 70% increase in the number of users paying with carrier billing and across the new merchants, routes and services launched. EUS remains the main KPI for Bango because it measures both the payments processed through the platform and the volume of data available to monetize.

The continued growth in Over-The-Top subscription streaming services has been a key contributor to this success. In 2019 we connected merchants including Spotify and YouTube TV to the Bango Platform and saw services such as Disney+ launch inside the Google Play store. These high-value subscription services provide a stable recurring revenue base.

In 2019 we also launched payments for virtual services to complement payments for physical and digital goods. Our partnership with AETolls allows drivers in the US to charge road tolls to their phone bill. This provides Bango with an opportunity to capture a share of the $6Bn/year of untagged road tolls in the US alone.

Bango's 'Suspend and Resume' technology, launched in 2019, enables pre-paid subscribers to earn additional benefits by topping-up each month without the need to re-register for a service if they miss a top-up window. This opened the Bango Resale solution for the 3Bn pre-paid mobile subscriber market. Moving beyond mobile, 2019 saw the integration of fixed, cable and Pay TV operators to the Bango Platform, further extending our reach and market opportunity.

Data business growth

The growth in payments processed by the Bango Platform provides an increasingly rich source of data that app marketers can use to better target their marketing. This generates more payments processed by the platform and the Bango virtuous circle expands.

Bango Marketplace offers the payment data from the Bango Platform in the form of anonymized audiences, which are used by app marketers on marketing platforms such as Facebook and Google. This gives the app marketer an improved return on marketing investment while giving the payment provider a new revenue stream.

In 2019 Bango successfully raised awareness of Bango Marketplace within the app developer community. By leveraging partnerships such as those announced with appScatter and MobileAction, Bango developed a healthy pipeline of app developers wanting to benefit from Bango Marketplace. Bango also signed agreements with two parties to resell Bango Audiences to the marketing toolkit they provide to their clients.

The richness of the data available in Bango Marketplace grew significantly in 2019. In partnership with payment providers we added high value audiences in markets such as the Middle East and North America - popular regions with app developers targeting in-app purchases.

We broadened our offering by bringing-in non-Bango payment data to provide Bango Audiences in new countries. South Korean audiences became available in partnership with NHN, who are looking to Bango Marketplace to expand their data monetization business outside of Korea.

By taking advantage of Bango Audiences to optimize marketing campaigns, app developers see a significant increase in the conversion to paying users, by up to nine times. This success has already resulted in repeat orders.

Audiens Customer Data Platform (CDP)

Audiens operates as a separate business, developing and marketing its cloud-based Customer Data Platform (CDP). In 2019 Audiens met its ambitious financial targets early by building on its commercial success in Italy, winning new customers and leveraging Bango's global presence and expertise. New customers in 2019 included the Italian supermarket chain Iper and the international multimedia publishers RCS MediaGroup.

2019 saw a focus on simplicity for Audiens, broadening market appeal. A self-serve product was launched making it simpler and quicker for customers to adopt, while a new user interface created a more intuitive experience for all users.

Audiens added integration with Shopify so customers that have built their store on Shopify can automatically push data to Audiens and immediately benefit from a CDP. Further data sources were added in 2019, including the attribution network Adjust. New partnerships with marketing channels and tools, such as MailChimp create opportunities for increased growth.

Outlook

The outlook for Bango continues to be one of rapid revenue growth and increasing importance to customers as the virtuous circle strategy continues to deliver.

The payments business will continue to grow exponentially in 2020, building on the solid foundations laid in 2019 and new opportunities for additional growth including:

- Additional Bango Boost technology will be deployed in 2020 to help merchants and payment providers attract more customers and increase the conversion and spend

- Subscription bundling will expand beyond the telco/service provider space in partnership with the world's largest retailers. By joining the Bango circle these retailers are able to acquire new customers and offer additional services quickly and easily, leveraging Bango technology and partnerships. This new market dramatically increases the growth opportunities for Bango.

- Increasing 5G deployments in 2020 will deliver entirely new services to customers over mobile networks. The ultra-low latency, high speed 5G connectivity is already driving online game streaming companies into the Bango circle. The first is Hatch, the monthly subscription based 5G games streaming platform, which launched carrier billing payment services in the USA through Bango in March 2020.

Bango has positioned Audiens increasingly away from the data resale business due to the move by Google and others to assert more control over browser cookies. This move away from cookies increases demand for a CDP as companies look to better engage with their customers using first party data. In 2020 Audiens will also broaden its market presence by expanding relationships with selected channel partners.

2020 is expected to bring further success for the Bango Marketplace business, following strong feedback from app developers in 2019 regarding its capabilities. The proven sales engagement model is starting to yield repeat sales, and consequently the value of Bango Audiences to app developers in helping them achieve up to a nine-fold increase in marketing efficiency. 2020 will also see increased sales momentum driven by a wider variety of data sources becoming available in Bango Marketplace.

Bango Marketplace is already growing quickly as it captures a share of the $60Bn/year app marketing spend. The wider opportunity, which can be addressed using the same core

technology is even larger. The two Bango Marketplace resellers signed in 2019 are the first steps in expanding beyond app developers, opening much larger marketing spend in new segments.

The vision for Bango Marketplace is clear; just as Google targeted ads based on what people search for and Facebook then target based on what people like; Bango target based on what people choose to pay for.

We are excited by the opportunity ahead. Bango is increasingly becoming the technology behind every payment choice as more partners join the Bango circle to thrive.

Paul Larbey
Chief Executive Officer

CFO statement

Bango business model

Bango provides financial reporting of two integrated and complementary lines of business. The payments business processes payments through the Bango Platform for the world's leading online digital and physical merchants. The data business comprises data monetization revenue and revenue from the Audiens CDP product.

End User Spend (EUS)

EUS is the total value of transactions processed by the Bango Platform excluding taxes. It is the most significant KPI (Key Performance Indicator) to measure the growth of the business and the continued success of Bango customers and partners. More EUS means more transactions and more payment data.

In 2019 EUS increased to £1.1Bn from £0.6Bn in 2018, due to growth from existing activations and additional EUS from new activations in the year. Bango continues to drive increasing transaction volumes at low fixed cost to grow revenue and profit in 2020 and beyond. Business grew across all major partners including Google Play, Amazon and Microsoft.

Revenue

Bango earns payment revenue from every transaction processed through the Bango Platform. Revenue is either a fee based on the value of the transaction or a fixed fee per transaction or connection.

Bango data revenue consists of fees charged for making data useable by merchants or other advertisers and a recurring fee for using the Audiens CDP as a service.

Bango earns other fees, such as integration fees, which are recognized on completion of contracted milestones.

Total revenue increased by 41% to £9.31m (2018 £6.62m).
Revenue generated from payments increased 36% to £7.16m from £5.25m in 2018. Data Revenue increased 57% to £2.15m (2018: £1.37m).

Cost of sales in 2019 was £1.41m. Of this, £1.34m arises from fees charged by data owners and by marketing channels as costs of sales in the data business. The cost of sales related to the Bango Platform payment activity in 2019 was £0.07m driven by increased SMS costs.

Cost

Bango group administrative costs of £7.4m*, (FY 2018: £6.7m) were in line with forecasts and included investment in the Data Business. With the growth in payments the Bango Platform has been developed to process significantly higher EUS, up to $25Bn, with no additional operational cost, highlighting the operational leverage as the Bango Platform continues to grow.

Bango group Adjusted** 2019 EBITDA was positive £0.45m, (2018: - £0.87m) including the adoption of IFRS 16 in 2019, the impact being an uplift of £0.30m.(2018:nil)

The share-based payment charge for 2019 was £0.81m (2018: £1.04m) calculated using the Black-Scholes model. It relates to the Bango share option scheme that enables all Bango employees to share in the growing value of Bango. It is a vital recruitment and retention tool in a highly competitive employment market.

Amortization of intangible assets in the year was £1.7m (2018: £1.3m) as R&D projects capitalized in prior years were deployed. Depreciation for the year totaled £0.48m (2018: £0.27m) reflecting both fixed asset additions in the year and the change to IFRS 16 Leases, adopted retrospectively in the year but without restating the prior year.

**Adjusted for exceptional items £0.165m*
***Adjusted EBITDA is earnings before interest, tax, depreciation, amortization, share based payment charge and exceptional items*

Acquisition of Audiens S.R.L.

On 23 January 2018, Bango purchased 98.45% of Audiens S.R.L. from Digitouch S.p.A, for an initial consideration of €2.11m in cash. Bango also issued 521,803 new Bango shares to the vendors of Audiens and 738,399 warrants over new Bango shares, exercisable at a price of £1.80 each, which will lapse after 10 years.

On 15 January 2020 the remaining 1.55% shares in Audiens were purchased for a consideration of £0.99m (€1.16m) following the exercise of a put option, the value being based on the growth of the business in the two years post acquisition.

Statement of financial position

Net assets at 31 December 2019 were £14.7m (31 December 2018: £16.0m).

Cash balances at 31 December 2019 decreased by £1.1m to £2.7m (2018: £3.8m), as a result of investment in the new business streams and products. A highly scalable operating platform and growing EUS lead to increased cash that was reinvested in the data business.

Intangible assets of £12.2m (2018: £11.9m) include acquired goodwill as well as internally developed capitalized R&D. Intangible assets relating to capitalized internal R&D increased to £6.99m, following investment in the Bango Platform and Bango Marketplace (2018: £5.78m). Internally generated R&D is amortized over 5 to 8 years with projects assessed in relation to their individual cash generation ability. Total borrowings at 31 December 2019 were £0.2m (2018: £0.3m) and consist of Right of Use liabilities used to purchase computer equipment and software but excludes building leases.

Going concern

As Bango continues to grow its EUS and revenue in 2019 in line with prior year trends, cash consumption has reduced due to the stable cost base of the platform. With cash at the year end

of £2.7m, the Board believes there is sufficient cash and resources to support both planned investments to grow sales, and to develop new products.

Carolyn Rand
Chief Financial Officer

Audited results for the year ended 31 December 2019

Consolidated statement of comprehensive income

	Note	**2019** **£ '000**	2018 £ '000
Alternative performance measure (Non-IFRS)			
End User Spend		**1,093,440**	558,173
Revenue	2	**9,310**	6,620
Cost of sales		**(1,413)**	(796)
Gross profit		**7,897**	5,824
Other administrative expenses		**(7,448)**	(6,691)
Exceptional items*		**(165)**	-
Share based payments		**(806)**	(1,035)
Depreciation		**(476)**	(270)
Amortization		**(1,723)**	(1,345)
Total administrative expenses		**(10,618)**	(9,341)
Operating loss		**(2,721)**	(3,517)
Movement in put and call option		**(309)**	-
Interest payable		**(58)**	(68)
Investment income		**12**	15
Loss before taxation		**(3,076)**	(3,570)
Income tax		**740**	706
Loss for the financial year		**(2,336)**	(2,864)
Other comprehensive Income			
Foreign exchange on consolidation		**(85)**	83
Loss and total comprehensive loss for the financial year		**(2,421)**	(2,780)

Loss per share attributable to the equity holders of the parent		
Basic loss per share	**(3.32) p**	(4.11) p
Diluted loss per share	**(3.32) p**	(4.11) p

***** Exceptional items relates to the Bango rebranding expenditure

Consolidated statement of financial position as at 31 December 2019

	31 Dec 2019	31 Dec 2018
	£ '000	£ '000
ASSETS		
Non-current assets		
Property, plant and equipment	**283**	568
Intangible assets	**12,201**	11,928
Right of use assets	**931**	-
	13,415	12,496
Current assets		
Trade and other receivables	**2,588**	2,815
Research and development tax credits	**597**	635
Cash and cash equivalents	**2,687**	3,815
	5,872	7,265
Total assets	**19,287**	19,761
EQUITY		
Capital and reserves attributable to equity holders of the parent company		
Share capital	**14,137**	14,054
Share premium account	**36,057**	35,797
Merger reserve	**2,175**	2,175
Share based payment reserve	**4,526**	3,881
Foreign exchange reserve	**77**	162
Accumulated losses	**(42,275)**	(40,100)

Total equity	**14,697**	15,969
LIABILITIES		
Current liabilities		
Trade and other payables	**3,421**	3,409
Lease liabilities	**303**	122
	3,724	3,531
Non-current liabilities		
Lease liabilities	**748**	152
Deferred tax liability	**118**	109
	866	261
Total liabilities	**4,590**	3,792
Total equity and liabilities	**19,287**	19,761

Consolidated cash flow statement for the year ended 31 December 2019

	2019	2018
	£ '000	£ '000
Net cash generated from operating activities	**1,034**	(1,591)
Cash flows used by investing activities		
Purchases of property, plant and equipment	**(148)**	(182)
Addition to intangible assets	**(2,088)**	(2,573)
Purchase of subsidiary	**-**	(1,786)
Interest received	**12**	15
Net cash used by investing activities	**(2,224)**	(4,526)
Cash flows generated from financing activities		
Proceeds from issuance of ordinary shares	**344**	5,546
Costs associated with issuance of ordinary shares	**-**	(333)
Interest payments on finance lease obligations	**(26)**	(68)
Capital repayments of finance lease obligations	**(240)**	(102)
Net cash generated from financing activities	**78**	5,043

Net decrease in cash and cash equivalents	**(1,112)**	(1,074)
Cash and cash equivalents at beginning of year	**3,815**	4,847
Exchange differences on cash and cash equivalents	**(16)**	42
Cash and cash equivalents at end of year	**2,687**	3,815

Consolidated statement of changes in equity for the year ended 31 December 2019

	Share capital	Share premium account	Merger reserve	Share-based payment reserve	Foreign exchange reserve	Retained earnings	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Balance at 1 January 2018	**13,285**	**31,248**	**1,236**	**2,351**	**78**	**(37,474)**	**10,724**
Share based payments	-	-	-	1,035	-	-	1,035
Transfer for exercised options	-	-	-	(238)	-	238	-
Issue of warrants	-	-	-	733	-	-	733
Exercise of share options	107	419	-	-	-	-	526
Issue of new shares	662	4,463	939	-	-	-	6,064
Expense of share issue	-	(333)	-	-	-	-	(333)
Transactions with owners	**769**	**4,549**	**939**	**1,530**	**-**	**238**	**8,025**
Loss for the year	-	-	-	-	-	(2,864)	(2,864)
Foreign exchange on consolidation	-	-	-	-	84	-	84
Total comprehensive income for the year	-	-	-	-	84	(2,864)	(2,780)
Balance at 31 December 18	**14,054**	**35,797**	**2,175**	**3,881**	**162**	**(40,100)**	**15,969**

	Share capital	Share premium account	Merger reserve	Share-based payment reserve	Foreign exchange reserve	Retained earnings	Total

	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Balance at 1 January 2019	**14,054**	**35,797**	**2,175**	**3,881**	**161**	**(40,100)**	**15,968**
Share based payments	-	-	-	806	-	-	806
Transfer for exercised options	-	-	-	(161)	-	161	-
Issue of warrants							
Exercise of share options	83	261	-	-	-	-	343
Transactions with owners	**83**	**261**	**2,175**	**645**	**-**	**161**	**1,149**
Loss for the year	-	-	-	-	-	(2,336)	(2,336)
Foreign exchange on consolidation	-	-	-	-	(85)	-	(85)
Total comprehensive income for the year	-	-	-	-	(85)	(2,336)	(2,421)
Balance at 31 December 19	**14,137**	**36,057**	**2,175**	**4,526**	**77**	**(42,275)**	**14,697**

Notes to the financial statements

1 General information

Bango PLC ("the Company") was incorporated on 8 March 2005 in the United Kingdom. Bango PLC is domiciled in the United Kingdom. The address of the registered office of the Company, which is also its principal place of business. Bango PLC's shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

The principal activity of Bango during the year was the development, marketing and sale of technology that enables the marketing and sale of products and services to mobile phone users.

The financial statements for the year ended 31 December 2019 (including the comparatives for the year ended 31 December 2018) were approved by the Board of Directors on 16 March 2020.

2 Basis of preparation

The Group financial statements, which consolidate those of Bango PLC and all of its subsidiaries, have been prepared under the historical cost convention and under the basis of going concern. The principal accounting policies adopted are consistent with those dsclosed in the financial statements for the year ended 31 December 2018, except for the adoption of IFRS 16 "Leases" as detailed below.

Changes in accounting policy

The group has adopted IFRS 16 Leases in these financial statements retrospectively from 1 January 2019, but has not restated comparatives for the prior year ended 31 December, 2018 as permitted

under the specific transition provisions in the standard. The group has reviewed the requirements of IFRS 16 and presented the financial information in these financial statements.

On adoption of IFRS 16, the group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.25%

For leases previously classified as finance leases the entity recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

	1 Jan 2019
	£'000
Operating lease commitments as at 31 Dec 2018	1,096
Discounted leases using the company's borrowing rate as at 1 Jan 2019	984
Finance leases recognized as at 31 Dec 2018	274
	1,258
Current lease liabilities	237
Non-current lease liabilities	1,021
	1,258

The change in accounting policy altered specific items in the balance sheet on 1 January 2019 as shown below:

- Property, plant & equipment - decreased by £269k
- Rights of use assets - increased by £1,258k
- Lease liabilities - increased by £984k

Bango has prepared its Report and accounts for the year ended 31 December 2019, 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. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in notes to the full financial statements.

These financial statements are presented in pounds sterling (GBP) because that is the presentation currency of Bango. Every entity within the group has its own functional currency.

The Board of Bango PLC approved the release of this preliminary announcement on 16 March 2020.
The preliminary financial information does not constitute statutory financial statements for the year ended 31 December 2019 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 year ended 31 December 2018 have been delivered to the Registrar of Companies. Statutory accounts for the year ended 31 December 2019 will be delivered to the Registrar of Companies following Bango'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 (EUS)

As a non IFRS alternative performance measure, Bango has identified EUS as its key performance indicator on which all management decisions surrounding investment in the platform and development of intangible assets are based. 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 and to assist users of our financial statements, we include this additional reporting.

	31 December 2019 £000'	31 December 2018 £000'
End User Spend	**1,093,440**	558,173

(b) Revenue and gross profit

Bango, based on the information reviewed by 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 Bango'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.

Payment activity revenue is the Bango revenue share for processing transactions through the Bango Platform. Bango earns revenue calculated either as a share of the net of tax figure or as a fixed value per transaction. Assets for this segment are amounts due from merchants or payment providers. Liabilities for this segment are mainly fees payable to payment providers for provision of services and fees payable to merchants for provision of content sold by Bango to end users.

Revenue from data activity consists of fees charged for making data useable by merchants or other advertisers and a recurring fee for using the Audiens CDP as a service. The transaction price for data activity is clearly defined in contracts and is either a one off or monthly fee. The performance obligations are to supply specified segments of data. The cost of sales relates to any fee charged by the data owners or by the marketing channel for use of that data.

Revenue is recognized at point of supply for data activity.

Group assets include non-current assets and cash and cash equivalents. Group liabilities relate to general accruals and trade payables.

12 months to 31 December 2019

	Payment activity	**Data activity**	**Group**	**Total**

	£ '000	£ '000	£ '000	£ '000
Segment revenue	7,158	2,152	-	9,310
Cost of sales	(72)	(1,341)	-	(1,413)
Segment gross profit	**7,086**	**811**	**-**	**7,897**
Administrative expenses			(7,613)	(7,613)
Share based payments			(806)	(806)
Depreciation			(476)	(476)
Amortization			(1,723)	(1,723)
Movement in put and call option			(309)	(309)
Interest payable			(58)	(58)
Interest income			12	12
Segment net profit/ (loss)	**7,086**	**811**	**(10,973)**	**(3,076)**
Segment assets	2,827	3,156	13,304	19,287
Segment liabilities	(1,081)	(396)	(3,113)	(4,590)
Net assets	**1,746**	**2,760**	**10,191**	**14,697**

12 months to 31 December 2018

	Payment activity	Data activity	Group	Total
	£'000	**£'000**	**£'000**	**£'000**
Segment revenue	5,248	1,371	-	6,619
Cost of sales	-	(796)	-	(796)
Segment gross profit	**5,248**	**575**	**-**	**5,823**
Administrative expenses			(6,690)	(6,690)
Share based payments charge			(1,035)	(1,035)
Depreciation			(270)	(270)
Amortization			(1,345)	(1,345)
Interest payable			(68)	(68)
Interest income			15	15
Segment net profit/ (loss)	**5,248**	**575**	**(9,393)**	**(3,570)**
Segment assets	2,774	3,108	13,879	19,761

Segment liabilities	(83)	(438)	(3,271)	(3,792)
Net assets	**2,691**	**2,670**	**10,608**	**15,969**

Geographical revenue analysis

Bango's revenue from external customers is divided into the following geographical areas.

	31 Dec 2019 £'000	31 Dec 2018 £'000
United Kingdom (country of domicile)	**173**	30
EU	**2,440**	1,339
USA and Canada	**1,546**	1,559
Rest of World	**5,151**	3,692
	9,310	6,620

Segment revenue is based on the location of the partners. All turnover is spread over many territories, of which £3.0m comes from two partners in Rest of the World and £0.9m comes from a partner in USA and Canada. (2018: £0.9m USA and Canada, £2.7m from two partners in Rest of the World).

All other notes to the accounts are included in the "Bango Annual Report 2019" which is available to download from bangoinvestor.com

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