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Bango PLC
19 March 2019

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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 2018.

2018 Financial performance

- End User Spend (EUS) increased 106% to £558.2m (2017: £271.4m)
- Revenue increased 60% to £6.62m (2017: £4.15m)
- Total admin costs were £6.69m (2017: £5.72m)
- Adjusted LBITDA* improved to -£0.87m (2017: -£1.57m), with positive EBITDA for 4Q18
- Operating loss improved to -£3.5m (2017: -£3.9m)
- Cash at 31 December 2018 was £3.81m (31 December 2017: £4.85m)

*Adjusted LBITDA is loss before interest, tax, depreciation, amortization, share based payment charge and non-recurring items.

2018 Operational performance

- **New customers and payment routes:** Launches included Pandora, Amazon Prime and Direct Carrier Billing (DCB) routes in Chile, Brazil, India, UK, USA and Philippines
- **New product launch:** Launched new data product, Bango Marketplace to open up the Bango Platform directly to the thousands of app developers for the first time
- **Acquisition of Audiens CDP**: Technology successfully integrated into Bango Platform, enabled accelerated launch of Bango Marketplace
- **Capacity increase:** Transaction processing capacity increased to in excess of £10bn a year

Outlook

- **Payment platform growth:** End User Spend through Bango Platform expected to grow in excess of 100% in 2019 with growth from established and new routes
- **Expanded opportunity:** New revenue stream from app developers buying from Bango Marketplace. Payment providers will benefit by upgrading to Bango
- **Audiens CDP growth:** Initial success of Audiens CDP in Italy expanding to other countries and continuing growth established in 2018

- **Thriving ecosystem:** Large and strategically valuable opportunity to enable prosperity by linking $50bn/yr app marketing industry with global payment infrastructure

- **Investment in future**: Increased investment in the data opportunity, alongside growth and profitability of the payment business, is expected to drive revenue and profit from 2020 onwards. 2019 is projected to be profitable, but at a lower level than previously forecast

- Bango expects to generate sufficient cash to cover both the operational costs of the business and the continued investment in product development in the coming year

Ray Anderson, Chief Executive Officer of Bango, commented:
"2018 was an important and successful year for Bango. Strong growth in revenues, growth in the core payments business, and expansion of the business to providing data insights for app developer marketing, all provide a powerful platform for a profitable 2019 and prosperous long-term future. The increasing value of Bango in mobile commerce, demonstrated by triple-digit growth in End User Spend (EUS), was accomplished on a stable cost-base with increased transaction processing capacity. This demonstrates the power of the Bango Platform .

App developers, app stores, merchants and payment providers are crossing the threshold into the Bango ecosystem to collaborate, grow and thrive. More mobile commerce throughout the Bango Platform will deliver value from both the established payment platform and also from the unique ability to securely and safely monetize anonymized payment data. This is the opportunity that Bango will focus on during 2019."

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About Bango

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

2018 was a real step forward for the Bango virtuous circle strategy - which uses the data gained from processing payment transactions to drive revenue growth and make app developer marketing more productive.

The payment business moved into profitability in 4Q18, and transaction volumes continued to accelerate - providing a solid foundation for expansion of the data monetization part of the strategy.

The acquisition of Audiens Srl., supported by shareholders, along with intense product development effort allowed Bango to bring forward the roll out of its product for app developers by about 12 months -

launching as Bango Marketplace at the end of 2018.

With new ways for payment partners to monetize data, the Bango Platform becomes more compelling to payment providers, which is why management is confident of migrating an increasing number of mobile operators to the Bango Platform and bringing their associated payment transactions - expressed as EUS - into the data pool.

Consumer spending on apps and digital content continues to grow rapidly. Smartphone users spent over $100B on apps in 2018, driven by app developer marketing spend of around $50B. For Bango, with its unique and innovative new product to improve marketing efficiency, there is a large and strategically valuable opportunity to provide the place where developers and payment providers thrive together.

The prospects are very exciting. The Board supports management's investment into expanding this new revenue stream for Bango in 2019 and beyond, alongside continuous growth from the payments business.

The Bango Board was strengthened at the end of 2018 by the addition of non-executive director Nancy Cruickshank and CFO Carolyn Rand. Martin Rigby, having contributed substantially to the growth of Bango as Non-Executive Director over more than 9 years will retire at the May 2019 AGM in line with good corporate governance. I thank Martin for his valuable service.

David Sear
Chair

CEO's statement

Payment platform growth

In 2018, and for the fourth consecutive year, EUS more than doubled through growth in existing activations, and additional EUS from new activations in the year. Bango delivered growth for all major partners connected to Bango, including Google Play, Amazon, Microsoft and other streaming video and audio merchants.

Transaction volume growth was generated from existing customers, new customers, new content types from existing customers and new payment routes. The strong and profitable payment business is providing the foundation for Bango as it develops compelling and valuable new market opportunities around the monetization of this growing data asset.

During 2018 Bango continued to invest in its core platform technology. Parts of the platform were moved to the cloud to enable smooth processing during very high spikes of traffic without extra cost in Bango datacenters. New technology to streamline the transfer of routes from direct connections or alternative suppliers over to the Bango Platform was developed, and new tools developed that allow customers to self-manage their use of the Bango Platform to reduce dependencies on the Bango operations teams.

To accelerate and underpin growth, Bango continues sales and marketing activity to add new customers, open routes throughout new mobile operators and to expand the use of the Bango Platform. The unique insights into consumer behavior gathered by the platform enable customers to grow payment volumes and improve user experience.

The capacity of the platform is now regularly tested to rates in excess of £10B/yr of EUS, and to hundreds of transactions per second. There is always substantial capacity headroom in the platform to handle sudden surges in volume and ensure that Bango can support the growth ambitions of its partners. Bango continues to invest in new developments by the R&D team to ensure that existing direct Google Play routes can be upgraded faster to the Bango Platform to bring the billions of dollars of EUS that are in the migration pipeline across many territories throughout the Bango Platform in coming years.

Boosting mobile commerce with payment data

The Bango strategy is to gather anonymized data from payment activity and payment partners and to use this data to improve the success of merchants, which in turn drives more payments and success for partners.

Early in 2018 Bango acquired Audiens, gaining valuable technology and its important business relationships with trusted marketing partners Google, Facebook, Oath and other global marketing businesses. Along with product development at Bango, this enabled Bango to open the unique capabilities of the Bango Platform to an entirely new range of customers. App developers can now focus their campaigns towards audiences that have specific payment histories or characteristics. In addition to using Bango to process their payments, Bango makes marketing more efficient and effective for app developers.

The additional market opportunity for Bango is large. By leveraging a powerful technology platform and the expanding relationships with Google and Facebook to reach large volumes of customers in an efficient way, the base is established for a substantial new revenue stream.

In December 2018 Bango launched Bango Marketplace - an online portal at bango.com which makes the value of Bango generated audiences more easily available to app developers. The launch followed a very successful Bango organized pre-launch event in Jakarta, Indonesia at which mobile operators confirmed their desire to collaborate with app developers using the Bango Platform. A similar event was organized for the Game Developer Conference in March 2018 in San Francisco, California.

The business model for the data business is to create country specific audiences comprised of different types of pay capable or pay proven users. These audiences may be used by app developers during their marketing campaigns for specific time periods - for example 14 days. The audiences may only be used through trusted, opted-in, marketing platforms such as Facebook or YouTube, so there is no access to the data itself by the app developers. The benefit of this model is that the data provider - typically a mobile operator - shares in the revenue generated by Bango, under a supplier agreement which is available to all mobile operators integrated with the Bango Platform. Although at an early stage in its evolution, Bango expects to deliver 20-50% of Bango Marketplace audience usage revenues to data suppliers - making the Bango Platform even more attractive to payment providers.

Bango increased sales and marketing activity in Japan, Korea, China, USA and Europe to ensure rapid adoption of Bango Marketplace by leading app developers. As the leaders thrive by crossing the threshold into the Bango circle, smaller app developers are expected to follow using the self-serve tools in the Bango Marketplace. Visit bango.com/marketplace

Audiens Customer Data Platform (CDP)

Bango acquired Audiens for its innovative core technology and its established integrations with the major marketing platforms. With Bango as a demanding user of the technology, and by leveraging other Bango technology and assets, the Audiens Customer Data Platform (CDP), which is sold on a Software as a service (SaaS) model, has become stronger and even more secure under Bango stewardship.

Building on its strong start in Italy, and continuing partnership with DigiTouch, Bango introduced the Audiens CDP to a global market. With new customer wins for Audiens CDP and a good pipeline of opportunities alongside the core Bango app developer focus, the Audiens team is ahead of plan, and looking forward to a successful 2019.

The Audiens CDP team maintains separate identity at audiens.com and Bango has relocated the team to its own new office in Milan, Italy to ensure the CDP opportunity is fully exploited.

Strengthening the Bango team

The Bango team has been strengthened in 2018, to ensure momentum is maintained and growth in existing and new business can be driven effectively.

A new CFO with significant global, public company, managerial and high growth experience was appointed at the end of 2018 in preparation for high growth from both existing and new business. A product marketing leader with experience at Amazon was brought in to drive Bango Marketplace and a senior sales leader from Visa, Mastercard and Docomo joined to head up business development. A very

experienced new COO - who started in March 2019 - joined Bango from a CEO role in successful Nokia subsidiary.

The Board was also strengthened by bringing in a Non-Executive Director from the digital media, data, consumer space to ensure Bango can see its opportunities from a data perspective.

Brand repositioning

The Bango Platform has established a strong reputation for using alternative payment methods such as Direct Carrier Billing (DCB) to reach more users and for generating more revenue than other solutions. With the arrival of Bango Marketplace, mobile operators can now access the huge potential beyond payment processing and developers. App developers have had their eyes opened to a radical new way of improving their marketing using audiences defined by payment characteristics.

To reflect this new dimension of thinking and the way businesses can easily cross into the Bango ecosystem and thrive, Bango repositioned its brand and developed a whole new way to express the benefits and values of Bango. The new brand was previewed to investors at the annual Strategy Day in January 2019, and officially launched at Mobile World Congress a few weeks later.

The new branding has provoked discussion with people who thought they already knew Bango and now see how Bango can do much more for them.

Outlook

The payment business is thriving, growing and moved into profit at the end of the year. Bango is entering a phase where strong execution for existing partners will deliver continued growth. Costs associated with this business are stable and huge capacity is already installed to accommodate continued exponential growth.

In parallel, the launch of Bango Marketplace and the big benefits it brings to existing and new customers sets the scene for a stronger competitive position in the payment business, and opportunity to gain access to a share of the $50Bn spent every year by app developers on app marketing.

In 2019 Bango has two main areas of focus:

- Growth of EUS through the reliable and secure Bango Platform, expecting to achieve EUS growth in excess of 100% year-on-year. Bango expects to migrate over more routes and enable new global brands and commerce types to thrive on the Bango Platform. There is a strong pipeline of operators that can bring billions of dollars of EUS when they upgrade to Bango and gain new revenues for themselves.

- Gaining significant new revenue from the $50Bn app developers spend on app marketing by offering access to valuable audiences through Bango Marketplace. This additional revenue stream is expected to drive further growth in the payments business as partners become increasingly aware that by processing payments through Bango, they can also drive revenue from the data collected.

During 2018 additional operational expenditure was incurred to add the Audiens team in Milan and to establish a small data monetization linked sales and marketing team. Further targeted expenditure to maximize the data opportunity is being incurred in 2019.

With the growing high margin revenues and stable expenses of its payment platform, Bango expects to generate sufficient cash to cover both the operational costs of the business and this continued investment in product development in the coming year.

The team at Bango is looking forward to further growth and providing a unique ecosystem in which businesses can thrive.

Ray Anderson

Chief Executive Officer

CFO Statement

Bango business model

Bango now provides financial reporting of two synergistic lines of business. The payments business processes payment transactions through the Bango Platform for the world's leading online digital and physical merchants. The data business facilitates the monetization of valuable data collected by payment providers and mobile operators to enable more efficient marketing by app developers.

End User Spend (EUS)

EUS is the total sales processed through the Bango Platform excluding taxes. EUS shows the growth of mobile commerce through the Bango Platform. It is the most significant Key Performance Indicator that management uses to measure the development of the business and the continued success of Bango customers and partners. More EUS means more transactions and more payment data - a key factor in driving competitive edge for Bango.

In 2018 EUS increased 106% to £558.2m from £271.4m in 2017, 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 Bango revenue and profit in 2018 and beyond.

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. Each additional sale by a merchant using the Bango Platform adds to EUS and increased revenue.

Bango earns data revenue either as a percentage of the fee that a data owner earns by selling their anonymized data audiences through Bango to merchants or other advertisers, or as a monthly fee for using the Bango Audiens CDP to create data audiences they exploit themselves.

Bango earns other fees, such as integration fees, which are recognized on completion of the contracted milestones. This revenue relates to payments by merchants or mobile operators for upgrades to the Bango Platform.

From January 2018, where payment is collected for a service lasting 12 months, for example a streaming service, revenues and EUS are recognized evenly over the life of the subscription in line with accounting standard IFRS 15. Previously it was recognized at the point the payment transaction succeeded. With the launch of streaming services through the Bango Platform, recurring revenues on a subscription model are increasing rapidly.

Other than adjusting for IFRS 15, revenue generated from EUS is accounted for using the same method as in 2017 and increased 26% to £5.25m from £4.15m in 2017. The growth in EUS has led to an increase in EUS revenue. The Bango business model is for the EUS revenue to grow to cover all expenses and R&D investment in the platform.

Revenue of £1.37m was generated from data activity in 2018. Revenue was generated from monthly fees and by third parties monetizing their data by using Bango technology to segment their data and sell it through Bango enabled channels. The revenue recognized is the value of the data sold through the channels.

Costs of sales in the segmental reporting in 2018 of £0.8m relates to any fee charged by the data owners or by the marketing channel for use of the data. There was no cost of sales related to the

Bango Platform Payment activity in 2018.

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 €1.48m in cash and €0.63m paid in cash during 2018. 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. Further deferred consideration, based on the growth of the business in the two years post acquisition is potentially payable to the CEO of Audiens, based upon an option agreement for the remaining 1.55% of Audiens. Bango currently expect this payment to be up to €0.95m.

There is already significant monetizable data in the Bango Platform due to historic EUS to support growth of data revenues. As Bango EUS grows in 2019, the volume of data in the Bango Platform will increase and therefore, the revenue from the Bango data opportunity is expected to increase further.

Costs

Bango group administrative costs of £6.7m, (FY 2017, £5.7m) was in line with forecasts and includes the Data Business. The whole Bango group was EBITDA positive in 4Q18. The Bango Platform can process EUS at many times current levels with no additional operational cost.

The Bango data business is not yet EBITDA positive, but it is expected to become EBITDA positive in the next 12 months based on existing sales and on the roadmap of future sales. Bango has invested in legal and security reviews to support the growth of this business in relation to national regulations such as GDPR and personal information security. Bango R&D has securely integrated the Audiens technology into the Bango Platform and provided technology stewardship to ensure the Audiens CDP meets the high standards demanded by the leaders in the industry.

The share-based payment charge for 2018 was £1.03m (2017: £0.68m) calculated using the Black-Scholes model. It relates to the Bango share option program 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 £1.35m (2017: amortization and impairment £1.40m) as R&D projects capitalized in prior years were deployed. Depreciation for the year totaled £0.27m (2017: £0.19m) reflecting the fixed asset additions in the year.

Statement of financial position

Net assets at 31 December 2018 were £16.0m (31 December 2017: £10.7m).

Cash balances at 31 December 2018 decreased by £1.0m to £3.8m (at 31 December 2017: £4.8m), as a result of investment in the new business and products. With a highly scalable operating platform and growing EUS leading to increased revenue. As part of the acquisition of Audiens, Bango raised £5m (£4.6m net of fees) both to acquire and integrate Audiens and to invest in the development of Bango data technology and business.

Intangible assets £11.9m (2017: £6.1m) include acquired goodwill as well as internally developed capitalized R&D. Intangible assets relating to capitalized internal R&D increased to £5.8m, following additional investment in the Bango Platform and Bango Marketplace (31 December 2017: £4.0m). Internally generated R&D is amortized over 5 years with projects assessed in relation to their individual cash generation ability.

Total borrowings at 31 December 2018 were £0.3m (31 December 2017: £0.3m) and consist of finance lease liabilities used to purchase computer equipment and software.

Going concern

As Bango continues to grow its EUS and revenue in 2019 in line with prior year trends, cash consumption will reduce on a stable cost basis. With cash at the year-end of £3.8m, the Board believes there is sufficient cash in place to see the business through to cash breakeven and profitability. Based on the growth of the business and controlled cash, and with further growth in revenue expected in FY2019 and beyond, Bango will have sufficient cash resources to support both planned investments to grow sales, and to develop new products to ensure Bango has a strong pipeline of upgrades and can process hundreds of millions more EUS in the near future.

Carolyn Rand
CFO

Audited results for the year ending 31 December 2018

Consolidated statement of comprehensive income

	Note	**31 Dec 2018** **£**	31 Dec 2017 £
Alternative performance measure (Non-IFRS)			
End User Spend	3	**558,172,507**	271,356,080
Revenue	3	**6,619,728**	4,151,939
Cost of sales	3	**(796,180)**	(2,439)
Gross profit		**5,823,548**	4,149,500
Other administrative expenses	3	**(6,690,482)**	(5,717,516)
Non-recurring items	3	**-**	(59,463)
Share based payments	3	**(1,034,824)**	(679,023)
Depreciation	3	**(270,070)**	(188,496)
Amortization and impairment	3	**(1,345,187)**	(1,396,541)
Total administrative expenses		**(9,340,563)**	(8,041,039)
Operating loss		**(3,517,015)**	(3,891,539)
Interest payable		**(67,696)**	(51,458)
Investment income		**14,805**	20,858
Loss before taxation		**(3,569,906)**	(3,922,139)
Income tax		**706,367**	486,986
Loss and total comprehensive loss for the financial year		**(2,863,539)**	(3,435,153)
Other comprehensive income			
Foreign exchange on consolidation		**83,339**	(56,869)

Attributable to equity holders of the parent	**(2,780,200)**	(3,492,022)
Loss per share attributable to the equity holders of the parent		
Basic loss per share	**(4.11)p**	(5.22)p
Diluted loss per share	**(4.11)p**	(5.22)p

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

Consolidated statement of financial position

	31 Dec 2018	31 Dec 2017
	£	£
ASSETS		
Non-current assets		
Property, plant and equipment	**567,620**	556,863
Intangible assets	**11,927,893**	6,130,190
	12,495,513	6,687,053
Current assets		
Trade and other receivables	**2,815,533**	2,013,088
Research and Development tax credits	**634,889**	421,215
Cash and cash equivalents	**3,814,927**	4,847,203
	7,265,349	7,281,506
Total assets	**19,760,862**	13,968,559
EQUITY		
Capital and reserves attributable to equity holders of the parent company		
Share capital	**14,053,582**	13,284,561
Share premium account	**35,796,976**	31,248,453
Merger reserve	**2,175,470**	1,236,225
Other reserve	**3,880,680**	2,350,701
Foreign exchange revaluation reserve	**161,657**	78,318
Accumulated losses	**(40,099,865)**	(37,474,820)
Total equity	**15,968,500**	10,723,438
LIABILITIES		
Current liabilities		
Trade and other payables	**3,408,919**	2,967,538

Finance lease liabilities	**121,968**	99,889
	3,530,887	3,067,427
Non-current liabilities		
Finance lease liabilities	**152,081**	177,694
Deferred tax liability	**109,394**	-
	261,475	117,694
Total liabilities	**3,792,362**	3,245,121
Total equity and liabilities	**19,760,862**	13,968,559

Consolidated cash flow statement

	31 Dec 2018	31 Dec 2017
	£	£
Net cash used by operating activities	**(1,591,039)**	(253,675)
Cash flows used by investing activities		
Purchases of property, plant and equipment	**(181,977)**	(450,794)
Addition to intangible assets	**(2,573,306)**	(1,509,670)
Purchase of subsidiary	**(1,238,706)**	-
Payment of deferred consideration	**(547,307)**	
Interest received	**14,805**	20,858
Net cash used by investing activities	**(4,526,491)**	(1,939,606)
Cash flows generated from financing activities		
Proceeds from issuance of ordinary shares	**5,545,974**	1,180,549
Costs associated with issuance of ordinary shares	**(332,793)**	-
Interest payments of finance lease obligations	**(67,696)**	(51,458)
Capital repayments on finance lease obligations	**(102,384)**	(89,571)
Net cash generated from financing activities	**5,043,101**	1,039,520
Net increase in cash and cash equivalents	**(1,074,429)**	(882,161)
Cash and cash equivalents at beginning of year	**4,847,203**	5,696,517
Exchange differences on cash and cash equivalents	**42,153**	32,847
	4,889,356	5,729,364
Cash and cash equivalents at end of year	**3,814,927**	4,847,203

Consolidated statement of changes in equity

Group	Share capital £	Share premium account £	Merger reserve £	Other reserve £	FEX reserve £	Retained earnings £	Total £
Balance at 1 January 2017	**13,029,124**	**30,323,341**	**1,236,225**	**2,211,136**	**135,187**	**(34,579,125)**	**12,355,888**
Share based payments	-	-	-	679,023	-	-	679,023
Share based payment transfer for exercises	-	-	-	(539,458)	-	539,458	-
Exercise of share options	255,437	925,112	-	-	-	-	1,180,549
Transactions with owners	**255,437**	**925,112**	**-**	**139,565**	**-**	**539,458**	**1,859,572**
Loss for the year	**-**	**-**	**-**	**-**	**-**	(3,435,153)	(3,435,153)
Other comprehensive income							
Foreign exchange on consolidation	**-**	**-**	**-**	**-**	(56,869)	-	(56,869)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	(56,869)	(3,435,153)	(3,492,022)
Balance at 31 December 2017	**13,284,561**	**31,248,453**	**1,236,225**	**2,350,701**	**78,318**	**(37,474,820)**	**10,723,438**
Balance at 1 January 2018	**13,284,561**	**31,248,453**	**1,236,225**	**2,350,701**	**78,318**	**(37,474,820)**	**10,723,438**
Share based payments	-	-	-	1,034,824	-	-	1,034,824
Share based payment transfer for exercises	-	-	-	(238,494)		238,494	-
Issue of warrants	-	-	-	733,649	-	-	733,649
Exercise of share options	106,882	419,092	-	-	-	-	525,974
Issue of shares	662,139	4,462,224	939,245	-	-	-	6,063,608
Expense of share issue	-	(332,793)	-	-	-	-	(332,793)
Transactions with owners	**769,021**	**4,548,523**	**939,245**	**1,529,979**	**-**	**238,494**	**8,025,262**
Loss for the year	-	-	-	-	-	(2,863,539)	(2,863,539)
Other comprehensive income							
Foreign exchange on consolidation	-	-	-	-	83,339	-	83,339
Total comprehensive income for the year	-	-	-	-	83,339	(2,863,539)	(2,780,200)
Balance at 31 December 2018	**14,053,582**	**35,796,976**	**2,175,470**	**3,880,680**	**161,657**	**(40,099,865)**	**15,968,500**

Notes to the financial statements

1 General information
Bango PLC ("Bango") was incorporated on 8 March 2005 in the United Kingdom and is domiciled there. Bango shares are listed on the Alternative Investment Market of the London Stock Exchange ("AIM").

The preliminary statements are for the year ended 31 December 2018. Comparatives are for the year ended 31 December 2017.

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.

Bango has prepared its Report and accounts for the year ended 31 December 2018, 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 18 March 2019.
The preliminary financial information does not constitute statutory financial statements for the year ended 31 December 2018 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 2017 have been delivered to the Registrar of Companies. Statutory accounts for the year ended 31 December 2018 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
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 Dec 2018	31 Dec 2017
	£	£
End User Spend	**558,172,507**	271,356,080

(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.

End User Spend 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.

Bango data activity relates to revenues from the sale of the use of data platform and audiences used for customer marketing activity. Revenue is either a monthly software as a service fee or a revenue share from selling the data to third parties. Assets from this segment are fees from data owners and liabilities relate to sums owed to data owners. Liabilities also relating to the deferred consideration for Audiens are shown in this segment.

12 months to 31 December 2018

	End user activity	Data activity	Group	Total
	£	£	£	£
Segment revenue	5,248,299	1,371,429	-	6,619,728
Cost of sales - payment providers	-	(796,180)	-	(796,180)
Segment gross profit	**5,248,299**	**575,249**	**-**	**5,823,548**
Administrative expenses	-	-	(6,690,482)	(6,690,482)
Share based payments charge	-	-	(1,034,824)	(1,034,824)
Depreciation	-	-	(270,070)	(270,070)
Amortization	-	-	(1,345,187)	(1,345,187)
Interest payable	-	-	(67,696)	(67,696)
Interest income	-	-	14,805	14,805
Segment net profit/ (loss)	**5,130,454**	**693,094**	**(9,393,454)**	**(3,569,906)**
Segment assets	1,518,168	559,864	17,682,829	19,760,862
Segment liabilities	(83,130)	(438,248)	(3,270,984)	(3,792,362)
Net assets	**1,435,038**	**121,616**	**14,411,845**	**15,968,500**

12 months to 31 December 2017

	End user activity	Data activity	Group	Total
	£	£	£	£
Segment revenue	4,151,939	-	-	4,151,939
Cost of sales - payment providers	(2,439)	-	-	(2,439)
Segment gross profit	**4,078,548**	**-**	**-**	**4,149,500**
Administrative expenses	-	-	(5,717,516)	(5,717,516)
Exceptional items	-	-	(59,463)	(59,463)
Share based payments charge	-	-	(679,023)	(679,023)
Depreciation	-	-	(188,496)	(188,496)
Amortization and impairment	-	-	(1,396,541)	(1,396,541)
Interest payable	-	-	(51,458)	(51,458)
Interest income	-	-	20,858	20,858
Segment net profit/ (loss)	**4,078,548**	**-**	**(8,071,639)**	**(3,922,139)**

Segment assets	1,451,542	-	12,517,017	13,968,559
Segment liabilities	(2,479,707)	-	(765,414)	(3,245,121)
Net assets	**(1,028,165)**	**-**	**11,751,603**	**10,723,438**

Bango's non-current assets are divided into the following geographical areas.

	31 Dec 2018	31 Dec 2017
	£	£
United Kingdom (country of domicile)	**10,816,562**	6,687,053
EU	**1,678,951**	-
	12,495,513	6,687,053

Non-current assets are allocated based on their physical location.

(c) Geographical analysis
Bango's revenue from external customers is divided into the following geographical areas.

	31 Dec 2018	31 Dec 2017
	£	£
United Kingdom (country of domicile)	**29,541**	12,264
EU	**1,338,890**	58,719
USA and Canada	**1,559,025**	2,050,162
Rest of World	**3,692,272**	2,030,794
	6,619,728	4,151,939

Segment revenue is based on the location of the partners. All turnover is spread over many territories, of which £0.6m is driven mainly by the activity of two partners in EU, £2.7m comes from three partners operating in Rest of World and £0.9m comes from two partners in USA and Canada. (2017: £1.8m USA and Canada, £0.6m Rest of World and £0.4m Rest of World).

All other notes to the accounts are included in the "Bango Annual Report 2018" which is available to download from bangoinvestor.com

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