

Bango PLC

("Bango" or the "Company")

2023 Full Year Results and 2024 Outlook

Cambridge, UK, 08 April 2024 - Bango (AIM: BGO) today announces its full year results for the 12 months ended 31 December 2023 and provides an update on the outlook for 2024.

FY23 Financial Overview:

Results for the 12 months ended 31 December 2023	FY23	FY22	YoY Change
Transactional Revenue ¹	\$32.7M	\$18.3M	+79%
DVM, Bango Audiences & One Off Revenue ²	\$13.4M	\$10.2M	+31%
Total Revenue	\$46.1M	\$28.5M	+62%
Annual Recurring Revenue (ARR) ³	\$8.8M	\$5.0M	+77%
Net Retention ⁴	137%	-	-
Adjusted EBITDA ⁵	\$6.4M	\$5.0M	+29%
Loss After Tax	(\$8.8M)	(\$2.1M)	(\$6.7M)
Net (debt)/cash at 31 December ⁶	(\$3.9M)	\$12.7M	(\$16.6M)

FY23 Operational highlights:

- 9 new Digital Vending Machine® ('DVM') license customers (total 18 at end of 2023)
- Bango DVM now used by 3 out of the top 5 US telcos
- 33 new subscription content providers added to the DVM, taking the total to 93 at the end of 2023
- DVM sales opportunity funnel is 7x larger in December 23 versus December 22
- DVM consumer interface released, enabling telcos to launch their DVM faster and providing Bango with more consumer behavior data

Outlook (unaudited)

Bango has delivered a strong first quarter, sustaining good momentum and growing in-line with the plan. We reiterate our guidance for the full year:

- Revenue in Q1 24 grew by over 20% from Q1 23
- Annualized Recurring Revenue at the end of March 2024 increased to \$11.0M
- The Tier 1 US telco (previously announced in FY23) launched in Q1 24, triggering the start of the initial license fee tier - minimum \$2M ARR
- 4 new DVM wins in Q1 24

- A leading European telco (one of the early DVM customers) extended their DVM contract for a further 3 years. The minimum contract value over the three year term is \$1.5M
- The first launch of telco bundling for the (previously announced) Global Technology Leader happened in the quarter.

NewDeep Limited Joint Venture

Bango and NHN Corporation, the two shareholders of the NewDeep Limited joint venture have agreed that it is in the best interests of both shareholders to wind down the joint venture. And, to transfer the technology developed in the joint venture to Bango and NHN so both can use it without restriction in their respective core businesses.

Investor Presentation:

Bango is hosting a presentation, open to all existing and potential shareholders, at 10.00am BST today. Investors can sign up to Investor Meet Company for free and register to join the call here:

<https://www.investormeetcompany.com/bango-plc/register-investor>

Bango CEO, Paul Larbey, said:

"This has been a year of significant development for Bango. Our strategic focus on capturing the subscription bundling opportunity with the Bango Digital Vending Machine® (DVM) is seeing growing momentum, with a doubling of the customer base and a strong growth of 77% in Annualized Recurring Revenue (ARR). Our technology is trusted by some of the largest companies in the world who rely on Bango to help them acquire and retain customers.

One major area of focus in 2023 was the ongoing integration of the acquired DOCOMO Digital business, which has materially accelerated our growth. The complexity of the integration was reflected in the low initial purchase price. The integration went well with all \$21M of cost synergies realized. With the end of year integration challenges having now been identified and addressed, we have a clear pathway to deliver further operational and cost synergies in 2024.

We entered 2024 with increased momentum, a significantly expanded pipeline and a larger customer base providing clear growth opportunities. In Q1 24, we won 4 new DVM customers and exited the quarter with ARR of \$11M.

The subscriptions market remains buoyant, with an increasing variety of services available beyond music and movies. As consumers add subscriptions in all aspects of their lives, it drives the need for a solution to manage these subscriptions and the opportunity for the Digital Vending Machine to become the standard industry platform for subscription bundling. With our product, partners and customers, the building blocks are firmly in place. In the year ahead, our focus is on driving DVM growth with careful control of costs, which, together with increasing long-term revenue visibility, gives us confidence in capturing this opportunity."

Notes:

The Annual Report, including full accounts, is available at, <https://bangoinvestor.com/reports-presentations/>, and will be sent to shareholders shortly.

¹ Transactional Revenue is revenue derived by charging a percentage of the retail price paid by the consumer and is made up of carrier billing, resale and e-Disti revenue share amounts.

² DVM, Bango Audiences & One Off Revenue includes all DVM license and support fees, revenue from Bango Audiences and one off fees including DVM set-up and change requests.

³ Annual Recurring Revenue is the expected annual revenues to be generated in the next 12 months based on contracted revenues recognized as at 31 December.

⁴ Net Retention is a measure of the retention and expansion of revenue from existing customers over a specific period and is calculated by dividing the ARR from existing customers at the end of a period by the ARR generated from those same customers at the beginning of the period.

⁵ Adjusted EBITDA is earnings before interest, tax, depreciation, amortization, negative goodwill, exceptional items, share of net loss of associate and share based payment charge

⁶ Net debt is cash and cash equivalents plus short-term investments less loans and borrowings.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No.596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain. The person responsible for making this announcement on behalf of Bango is Paul Larbey, Chief Executive Officer.

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About Bango

Bango enables content providers to reach more paying customers through global partnerships. Bango revolutionized the monetization of digital content and services, by opening-up online payments to mobile phone users worldwide. Today, the Digital Vending Machine® is driving the rapid growth of the subscriptions economy, powering choice and control for subscribers.

The world's largest content providers, including Amazon (NASDAQ: AMZN), Google (NASDAQ: GOOG) and Microsoft (NASDAQ: MSFT) trust Bango technology to reach subscribers everywhere.

Bango, where people subscribe. For more information, visit www.bangoinvestor.com

Chair statement

2023 was a landmark year for Bango. In the first full year following the acquisition of DOCOMO Digital, the team was focused on both incorporating the acquired business into Bango and on strengthening our position in the fast-emerging subscriptions bundling market. Measured by revenue growth, customer wins, market share gains, industry awards and product innovation, it was a successful year for Bango, with positive EBITDA returning - although slower than the market expected.

Paul's CEO report covers how the team was able to drive forward the core Bango business and in parallel how they implemented the substantial synergies arising from the DOCOMO Digital acquisition. There were a few negative surprises, such as uncovering some additional costs associated with legacy business, which are more fully explained in Matt's CFO report. But, we also had positive surprises, including the quality of talent and experience we discovered in the expanded team.

Revenue and market share in the payments business accelerated by 2 years due to the acquisition. The financial rationale for the acquisition started to bear fruit as the cost synergies kicked in, driving the return to positive EBITDA during the second half of 2023. The benefits of these synergy savings will increase as we move into 2024 and beyond. They will drive significant free cash flows from the established payments business, providing the basis for continued investment in the subscription bundling opportunity.

All of us have experienced the early stages of subscription bundling, perhaps adding a streaming video option to our mobile contract or adding a sport channel to our TV package. The broadly adopted streaming sports, movie and music channels are now being supplemented by more and more services targeting specific needs: lifestyle, education, productivity, home security, food delivery and health. Bango is experiencing rapid growth as an early market leader - with telcos as the primary distribution channel for bundled subscriptions. They see the trend towards customers selecting from an array of offers and services - super bundling - as key to growing revenue and retaining customers.

During 2023, the Bango Board therefore invested energy into evolving the strategy to build on Bango success with subscriptions and its strategic advantages.

The Board analyzed data from the success of early adopter telcos using Bango technology, and Directors were able to leverage their own networks and experience to get an independent assessment of the opportunity. In September, Darcy Antonellis, a veteran of the US media and technology industries, accepted an invitation to join the Board as a Non-Executive Director strengthening its go-to-market knowledge and customer understanding.

The strategy review confirmed that the position of Bango in the subscription bundling market is strong. The fast growing pool of subscription content providers coming to the Digital Vending Machine® (DVM) during 2023 were seeing success using telco super bundling. This in turn gave Bango competitive advantage and drove increasing interest from new telco customers.

The Board concluded that to increase shareholder value, Bango should concentrate on enhancing its importance as a vital technology for the growth of subscription bundling. The spearhead of this strategy is delivering content provider success through the telco bundling channel.

Bango is integrating its major technologies-such as cutting-edge APIs, subscription management knowledge, targeted marketing based on purchase behavior, and AI-driven cross-selling of subscription products into the DVM. This will enable customers to on-board faster, and to bundle, market and merchandize subscription products more successfully, supporting accelerated growth into this very large market opportunity.

The Board also determined that it was prudent to carefully manage the pace of investment, given current market conditions. As migrations complete and the free cash flows from the payments business rise, a priority is to use these to build cash reserves, repay any debt and invest in the rapid growth around the DVM.

The market opportunity is vast, and ideally suited to a business like Bango with its unique, scalable and relevant technology, global presence and vendor independence. The market for subscriptions in 2026 is expected to be worth over \$600B for content alone. Subscriptions distributed through bundling partners - mostly telcos - will be 25 - 50% of that business (Source: Omdia, 23).

Bango aims to help content providers benefit from this significant market opportunity by expanding its early lead as the go-to platform for subscription bundling. The Digital Vending Machine will be an essential tool for content providers and resellers, capturing a large portion of this business.

This journey, while marked by notable achievements, has also reminded us of the importance of staying vigilant and responsive to the ever-evolving landscape in which we operate. Bango is intent on consistent execution and the delivery of its strategic milestones, and providing a rewarding journey for our customers, employees and shareholders.

Ray Anderson

CEO statement

2023 was a pivotal year for Bango. While not without its challenges, the transformational DOCOMO Digital acquisition accelerated our revenue and market share growth by 2 years and we had continued success with our Digital Vending Machine® (DVM™) product, winning increased market adoption.

A key area of focus in 2023 was the integration of DOCOMO Digital and realization of the planned \$21M of cost synergies. While these were successfully achieved, additional costs (\$2M in 2023 and reducing to \$1M in 2024) were uncovered. However, these will be more than offset by additional optimizations that will be executed in 2024. Combined with a delay in customer launches, this impacted our year end profitability. With sufficient balance sheet strength and banking facilities, we remain well funded to see the business through to positive free cash flow.

In 2023, we intensified our focus on the DVM product and the subscription bundling opportunity that the Bango DVM unlocks. Annualized Recurring Revenue (ARR) grew 77% to reach \$8.8M at year end. The launch of the third tier 1 US telco announced in March 2024, adding an additional \$2M.

Our focus was rewarded with 9 new DVM customer wins. This doubled the number of DVM contracted customers to 18 at the end of 2023, and our pipeline is stronger than ever.

Additionally, 33 more content providers signed-up to offer their subscription services in the Bango DVM, bringing the total to 93. This extensive and diverse ecosystem of subscriptions services makes the Bango Super Bundling proposition highly attractive to new customers.

With the subscriptions market continuing to expand and clear momentum in the business, we expect strong growth for Bango in 2024, and beyond.

Digital Vending Machine

Market Opportunity

The subscriptions market is estimated to reach \$600B by 2026 (source: Juniper, 2023), driven by an increasing variety of subscription services moving beyond music, games and movies to all aspects of our lives. Choice in streaming subscription services has never been greater. They have expanded further into learning, lifestyle, personal health, transportation, pet services, food, drink, insurance and even car purchases, all of which have introduced subscription-based offers.

Content providers and other merchants increasingly seek partnerships as a critical part of their subscriber acquisition strategies. Consequently, streaming services are now widely available as offers from third parties like telecommunications companies.

Analysts estimate that today about 20% of (telco) subscriptions are activated by consumers through these offers and bundles. That share is expected to grow to between 25% and 50%, depending on geography (Source: Omdia, 2023). Consequently, in a few years over \$150B of subscription spending will be delivered through these partner channels. This is the market the Bango DVM serves - enabling subscription services to be distributed through channels such as telcos.

The Digital Vending Machine - the proprietary Bango technology that delivers subscription bundling at scale - is needed to enable this market to grow successfully and operate efficiently. Both content providers and telcos benefit from an industry-wide standard for subscriptions bundling, simplifying integration, subscription management, payments, consumer experience, marketing and merchandizing. The DVM standardizes the functionality needed to deliver subscription bundles, and provides industry-wide data insights that cannot be acquired through any other bundling solution.

Content Providers

In 2023, 33 new content providers added their subscription services to the Digital Vending Machine (DVM) bringing the total to 93 at the end of the year. Each of these content providers offers one or more subscription products to consumers via channels such as telcos through the Bango DVM. Streaming video (or Subscription Video on Demand - SVOD) services continue to be the dominant category offered via the Bango DVM, both in terms of subscription volumes and the number of content providers (44 out of 93 total). Alongside these, the variety and breadth of subscription services included in the DVM continues to grow, from gaming services such as NVIDIA GeForceNow to home delivery services including Walmart+, to premium social media subscriptions such as Snapchat+.

Digital Vending Machine Customer Growth

All DVM customers saw good growth over 2023 driven by a variety of factors:

- More Choice - by adding more subscription services into the DVM, we see consumers adding more services and trialing new products. Services can be bundled together into 'Super Bundles' to increase offer attractiveness, introducing consumers to new and additional services. For example, one telco increased the number of subscription services available in their DVM by 50% in 2023.
- More Value - Who doesn't love a great deal? One telco offered the ad supported tiers for both Netflix and HBO Max for only \$10 a month - an annual saving of over \$80. This promotion brought the telcos existing customers to the DVM for the first time and drove a big increase in the total number of consumers using the DVM, many of whom then sign up for additional subscription services within the DVM.
- More Relevance - Certain events, especially sporting, create an immediate demand for related content and services. By satisfying this demand new customers can be captured and then upsold additional services beyond the initial content that attracted them to the DVM. For example, one customer offered a discounted NFL+ Premium subscription offer timed with the start of the new football season. This attracted new consumers, in this case American Football fans, to the DVM who then went on to purchase additional subscription services.
- More Subscription Customers - DVM telco customers can use exciting third-party services to attract new customers by linking bundled subscription offers to new customer activations, while maintaining the price point for the core broadband services. For example, one telco offered \$15 per month of subscription credits for a cost of only \$10. This offer attracted new customers to not only sign up for the broadband service but also to immediately engage in the subscription store.

The DVM license fee telcos pay to Bango is tiered, based on the number of subscriptions (not users) that the DVM manages. At the start of 2024, most larger telcos were still operating in the first large tier, but some smaller customers have now climbed beyond the first tier as demand rises, with one reaching their top defined tier and now paying monthly overage charges. Most of the license revenue growth so far has come from new customer launches. As these customers launch their DVM offers and the number of managed subscriptions increases, so the license revenue grows.

New DVM Customers

In 2023, we signed 9 new DVM customers including our third Tier 1 US telco, and a number of new deals were signed in Latin America.

The business model for DVM is different from Direct Carrier Billing (DCB) and has the following key features:

1. DVM contracts are multimillion dollar, multi-year commitments: DVM telcos pay an integration fee and recurring monthly license fee that scales as the number of managed subscriptions grows. Contracts are for a minimum of 3 years. This is a significant commitment for a telco meaning procurement processes can take many months to complete. To minimize this impact, Bango created and trained a new sales team - selling a SaaS product is very different from the business development activities associated with DCB revenue share deals.
2. DVM forms part of a broader consumer proposition: launching a DVM bundling proposition often requires the creation of a marketing strategy by the telco. This could include the creation of a brand e.g. Verizon's +play and SubHub from Optus. Understanding how to market the proposition and what offers to launch requires market testing and can take several months. After launching many services across the world Bango has gained a large knowledge-base and set of best practices that telcos can follow to help launch their service quickly and successfully. This data within the Bango Platform creates a unique advantage for Bango in helping telcos define and create new customer offers and bundles.
3. DVM solutions require a consumer front end: We learned during the early DVM launches that a large portion of telco effort went into the development of a user interface for consumers to manage their subscription services. The new Bango DVM CX - consumer user interface (UI) - provides an out of the box solution for telcos to simply configure and brand the DVM subscriptions hub, which enables the DVM to be launched faster.
4. The Bango DVM takes all the complexity out of the integration with content providers. Having launched 22 content providers for 1 DVM customer in less than 12 months, and connected services such as Disney+ in as little as 4 weeks from start to launch, the Bango DVM is the simplest and fastest way for telcos to connect to content providers. The slow part of the content provider discussions can be in the commercial agreement traditionally required between content providers and telcos. To simplify this, Bango offers a unique "eDisti" portfolio from leading content providers, with pre-agreed commercial terms, that can be supplied and provisioned by Bango. This reduces the commercial and legal effort from the telco, allowing Bango to deliver a DVM pre-stocked with attractive subscriptions.

Bango Audiences

In 2023, I identified 3 areas of focus for Bango Audiences. Taking each in turn:

1. Expand into brand marketing direct to clients and with agencies: We got traction with brands and advertising agencies based on the hypothesis that Purchase Behavior Targeting (PBT) drives more success higher-up the marketing funnel. From the early trials we came to the conclusion that while PBT delivered encouraging results, we lacked the breadth of data (including demographic characteristics) that this market demands. Consequently, we discontinued this area of focus.
2. Support content providers in the DVM to find new customers: Several DVM content providers adopted Bango Audiences to help them find more paying subscribers. Moving forward, we are integrating the technology and intelligence from Bango Audiences into the DVM to deliver a unique competitive advantage for content providers.
3. Focus on a smaller number of large app developers: The average spend per customer increased 35% from 2022 to 2023 as we focused on serving fewer but larger, app developers. A number of these larger developers have, or will launch subscription products and will ultimately join the Digital Vending Machine as content providers. Therefore, we have decided to stop the independent sale of Bango Audiences to app developers, focusing instead on providing this technology through the Digital Vending Machine.

DOCOMO Digital Acquisition

We completed the acquisition of DOCOMO Digital at the end of August 2022. We said at the time the acquisition would accelerate our growth by 2 years and it has done exactly that. We have extracted the \$21M of annualized cost synergies and when the platform migration completes, further cost savings will be realized as we continue to optimize the payments business.

We will continue to simplify the structure of the acquired business which was overly complex. This complexity was known and drove the very low purchase price (only \$900k after deducting the cash in the business). It was also the cause of the end of year additional costs that we announced in the January 2024 Trading Update. Having now operated the business through a full Bango fiscal year, we are confident there will be no such surprises in 2024. There is further simplification of operating models, contracts and legal entities that will complete during the year.

Alongside the enlarged customer base, an additional benefit of the acquisition was the availability of a skilled team with domain expertise. The two organizations are now fully integrated and acting as one Bango team, as evidenced in the continued, strong employee engagement score of 79%. This score is well above industry benchmarks and a pleasing result so soon after an integration that saw a significantly expanded team size. This team has played a key role in allowing us to increase our focus on the DVM across Bango, from engineering to marketing and sales.

Payments

Bango DCB continues to grow. In 2023, we launched both new content providers through existing routes and new payment providers. We expanded our partnership with TPAY to deliver new Google routes in the Middle East and Africa, from Egypt to Iraq. Looking forward, we expect further additional growth particularly in developing markets, but will focus only on new routes with significant potential (\$M's of End User Spend) as we manage this business both for cash generation and as a source of new DVM opportunities.

2024 and Outlook

Our focus for 2024 is to deliver continued DVM growth. Growth will come from:

- Launching the DVM contracts won in 2023,
- Growing existing customers usage so they climb up the license tiers.
- Winning new DVM deals in the telco market. We signed 9 DVM deals in 2023, at the start of 2024, the sales pipeline has 7 times more opportunities than entering 2023,
- We will also continue to evaluate additional verticals beyond telcos as we look for the next big Super Bundling market opportunity.

In 2024, we will continue to invest in the DVM product adding features and capabilities to help content providers sell even more subscriptions. The DVM CX consumer user interface will continue to evolve, enabling telcos to launch faster and allow more data to be collected by the DVM which will create a personalized experience for consumers.

Everybody in Bango is here to build the de-facto platform for subscription bundling. We made great progress towards this goal in 2023, delivering revenue growth of over 60% and generating a significant EBITDA increase in the second half. A combination of delayed revenue and some unexpected acquisition costs meant we missed the numbers shareholders were expecting in 2023. Therefore, our focus in 2024 is to demonstrate solid execution through the numbers we deliver, while we retain our primary focus of becoming the standard for subscription bundling - the place where people subscribe.

Paul Larbey

Chief Executive Officer

CFO statement

While Bango had to navigate some challenges at the very end of the year, 2023 was pivotal for Bango; the first financial period including a full year of trading post the acquisition of DOCOMO Digital and a step change in scale positioning Bango well for future growth. During the year revenue grew 61.8% year-on-year and 27.4% H1 to H2 FY23, highlighting the usual second half bias (44:56) from the increased activities around Amazon Prime events, Black Friday and Christmas and reflecting the increasing DVM transactions. Bango signed 9 DVM contracts in FY23 and the sales pipeline at the start of 2024 has seven times more opportunities in it than a year earlier. This revenue growth was achieved while still being impacted by the continuing strength of the US Dollar, in particular against the Japanese yen which, following the DOCOMO Digital acquisition, makes up an increasing percentage of Bango's revenue.

Bango completed the planned synergies (\$21M annualized) following the DOCOMO Digital acquisition and continued the investment needed to drive the rapid development of the DVM and additional features.

Bango revenue model

Bango continues to generate revenue from several streams. From FY23, these will be reported as follows to provide a more granular split :

- Transactional revenue (\$32.7M; FY22 - \$18.3M) which covers the transactional payments business where income is charged as a percentage of End User Spend going through the platform; and
- DVM License, One-off fees and Bango Audiences revenue (\$13.4M; FY22 - \$10.2M)

Revenue, such as integration fees, is recognized on completion of contractual milestones or on a percentage of completion and after consideration of the requirements of IFRS15 (Revenue from Contracts with Customers). Further consideration was also given to the separation between the integration fees and the subsequent ongoing platform license fees. It was judged, based on the contractual agreements, individual orders and discussions between customers and Bango, that these were two distinct revenue events.

Integration of DOCOMO Digital

Following the DOCOMO Digital acquisition, which completed on 29 August 2022, FY23 has seen great progress in the integration of the two businesses. The targeted \$21M of savings have been achieved and routes, relationships and new customers have been added. Bango no longer approaches this as two separate revenue streams but has consolidated services, sales teams and marketing efforts to focus on one Bango product. This approach has been rewarded with closer relationships with customers as well as DVM opportunities that have originated from previous DOCOMO Digital customer relationships.

The robust due diligence undertaken on the acquired entities, with assistance from external advisors, identified the complexity of the DOCOMO Digital organizational structure which was reflected in the original low purchase price. Despite this, some new facts came to light as the business became more integrated, including some additional costs of sale related to the acquired DOCOMO Digital routes.

During the year, there was an adjustment made to negative goodwill of \$3.8M relating to the fair value adjustment of a deferred tax assessment which is now not expected to crystallize.

Bango plans to complete the migration of routes and final integration activities during FY24 after which time it would expect operating costs to further reduce adding to on-going profitability.

Revenue and costs of sale

Total revenue from continuing operations increased 61.8% to \$46.1M (FY22: \$28.5M) despite the continuing effects of the strong US Dollar against the Euro and, in particular, against the Japanese yen, where revenue has increased significantly following the acquisition; the average JPY:USD exchange rate moved 9.3% between 2022 and 2023.

Annualized Recurring Revenue (ARR), calculated by annualizing the December revenue derived from ongoing, contracted, repeating revenues, increased 77% from December 2022 to \$8.8M (FY22 : \$5.0M) at December 2023. The launch of the third Tier 1 US Telco (announced in 1H22), which was expected in Q4 FY23, has contributed an additional \$2M ARR following its 1Q24 launch.

Bango has seen gross profit margins reduce this year to 86.0% (FY22: 90.6%), largely the result of some DOCOMO Digital routes. Bango plans to complete the migration of these routes onto the Bango Platform during FY24, which will see gross profit margins returning to the 90-95% range once completed.

Operating expenditure of continuing operations

As anticipated at the time of the acquisition, administration costs increased to \$44.8M (FY22: \$30.3M) reflecting the first full year of combined business costs and before the full impact of restructuring activities is reflected. The largest area of cost arises from other expenses which increased to \$11.0M (FY22: \$2.0M). Increased costs within this area include Cloud platform costs and customer support with work already undertaken to reduce these next year.

Adjusted EBITDA* for the year has increased to \$6.4M, (2022: \$5.0M). This was below the market expectations following delayed revenues (c.\$3M) and increased costs of sale from DOCOMO Digital acquired routes (c.\$2M). After discussion with the auditors, unrealized foreign exchange costs (\$0.9M) relating to an inter-company loan between pre-acquisition DOCOMO Digital companies were moved to reserves following IAS21. The additional costs of sale will continue at a reduced rate in FY24 and, internally, the inter-company loans are being addressed as part of a wider piece of work in FY24 to simplify the current Bango structure.

The share-based payment charge of \$2.3M (2022: \$1.6M) was again calculated using the Black-Scholes model. The share-based payments relate to the Bango share option program that enables all Bango employees to share in the growth in value of Bango. Share options are allocated to employees twice a year. It is a vital recruitment and retention tool in an increasingly competitive employment market. The increase over the prior year reflects the higher employee numbers following the acquisition.

As Bango continues to implement its capitalized R&D for commercial benefit, amortization and depreciation reflected this and increased to \$9.1M in FY23 (2022: \$6.0M).

Exceptional items

Exceptional costs for the year of \$3.9M (2022 : \$11.0M) include the impact of the closure of the Net-M subsidiary in the year and the write-down of development costs incurred on the former DOCOMO Digital platform that would ordinarily be capitalized under IAS 38, but due to the planned migration to the Bango Platform, have been expensed. Costs related to unsuccessful attempts to secure a new office for Bango have also been included within exceptional costs.

Associate company

Bango and NHN Corporation, the two shareholders of the NewDeep Limited joint venture have agreed that it is in the best interests of both shareholders to wind down the joint venture and to share the technology developed in the joint venture to Bango and NHN so both can use it without restriction in their respective core businesses. The technology is particularly relevant to the Bango DVM.

The Bango share of the net loss from the NewDeep associate totaled \$1.8M in FY23 (2022:\$1.4M). No significant costs related to NewDeep are expected in 2024. Bango also decided to fully impair its NewDeep investment in FY23, resulting in a \$2.8M non-cash cost recognized in the profit & loss statement within the share of net loss of associate.

Loss for the financial year and earnings per share

The total loss after tax of \$8.8M (2022 : loss \$2.1M) includes the Bango share of net loss from the NewDeep associate of \$4.6M (2022 : loss £1.4M). Exceptional costs of \$3.9M (2022 : \$11.0M), share-based payments of \$2.3M (2022 : \$1.6M), a negative goodwill adjustment \$3.8M (2022 : \$10.2M) and R&D tax credits from Bango investment in driving forward its technology of \$1.4M (2022: \$1.3M). This loss, though \$6.7M higher than in the previous year, does include the impairment of the investment in the associate company, increased amortization of \$2.9M as Bango uses its intangible investments and does not yet reflect the full impact of the synergy savings which will become more apparent in FY24.

Basic and diluted loss per share was 11.51 cents (2022 Basic and diluted loss per share : 2.81 cents).

Statement of financial position

Net assets at 31 December 2023 decreased to \$27.4M (31 December 2022: \$31.4M). Bango continues its investment in intangible assets that form the core of the business leading to an increase from \$27.2M to \$37.7M.

Cash, net debt and cashflow

Bango had cash, cash equivalents and cash held in short term investments of \$3.8M at 31 December 2023 (31 December 2022: \$12.7M), financing debt from leases of \$2.8M (31 December 2022: \$2.6M) and an external loan of \$7.9M (31 December 2022: \$nil). The external loan carries a fixed annual interest rate of 6 per cent with repayment in eight quarterly instalments commencing in September 2024, or earlier if Bango chooses. There is no early repayment penalty and the loan is unsecured. In connection with the loan, the provider has been granted 314,380 5-year warrants with a fair value of \$285k, which have been capitalized against the loan, to purchase new ordinary shares in Bango at 202p each (the average closing share price over the 30 trading days preceding the agreement).

Cashflow saw an increase from operating activities (\$4.7M; FY22 - negative \$5.0M) prior to movements in working capital (negative \$3.1M; FY22 - \$10.8M). A significant level of investment in internally generated R&D as detailed below saw outflow from investing activities rise by \$17.6M (2022 - \$9.6M) which was supported by initial cash reserves and the loan from NHN in June 2023 (\$7.9M)

Intangible assets

Intangible assets net book value increased \$10.5M to \$37.7M (2022: \$27.2M) largely reflecting the increase in internally generated R&D (\$17.6M; FY22 - \$9.6M) from the investment in the DVM including base platform and advanced features to user interface development, together with core platform developments, data features and migration related R&D. Bango expects this level of investment to decline as the migration related work ends. Internally generated R&D is calculated in line with the principles of IAS38 and is based on data from timesheets

related to key projects which are then amortized over 5 to 7 years, commencing upon deployment, with projects assessed in relation to their individual cash generation ability.

Liabilities

Overall current liabilities have remained fairly constant at \$34M (2022 : \$33M) although the split has seen an increase in other creditors in respect of amounts owed to content providers offset by reductions in trade payables, social security and other taxes and the restructuring accrual. Right of Use lease liabilities at 31 December 2023 have remained level post acquisition at \$2.7M (2022: \$2.6M).

Going concern

With continued high growth of the Bango Digital Vending Machine® and stable growth of the legacy payments (carrier billing) business detailed in previous sections, the Board believes there continues to be sufficient cash and resources to support further planned investments to drive sales growth and to continue the development of the platform and new products. In addition Bango has an overdraft facility with Barclays Bank PLC for £3.0M which was undrawn at the end of 2023.

For the above reasons and having taken into account the wider macro-economic effects, including foreign exchange and interest rate fluctuations, the Directors have concluded that the going concern basis remains appropriate.

Matt Garner

Chief Financial Officer

*Adjusted EBITDA is earnings before interest, tax, depreciation, amortization, negative goodwill, exceptional items, share of net loss of associate and share based payment charge

Consolidated statement of comprehensive income For the year ended 31 December 2023

Revenue	2023 \$ 000	2022 \$ 000
	46,098	28,490
Cost of sales	(6,476)	(2,671)
Gross profit	39,622	25,819
Other operating income	-	1,123
Administrative expenses	(44,767)	(30,343)
Adjusted EBITDA	6,395	4,951
Exceptional items	(3,857)	(10,960)
Negative goodwill	3,799	10,203
Share based payments	(2,345)	(1,634)
Depreciation	(1,052)	(760)
Amortization	(8,085)	(5,201)
Operating (loss)	(5,145)	(3,401)
Finance costs	(497)	(58)
Finance income	15	57

Share of net loss of associate accounted for using the equity method	<u>(4,577)</u>	<u>(1,393)</u>
(Loss) before taxation	(10,204)	(4,795)
Income tax credit	<u>1,378</u>	<u>2,655</u>
(Loss) for the financial year (attributable to equity holders of the company)	(8,826)	(2,140)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign exchange on consolidation	1,701	(4,921)
Currency movement in net investment	<u>(922)</u>	<u>-</u>
	<u>779</u>	<u>(4,921)</u>
(Loss) and total comprehensive income for the financial year	<u>(8,047)</u>	<u>(7,061)</u>
(Loss) per share attributable to the equity holders of the parent		
Basic (loss) per share	<u>(11.51) c</u>	<u>(2.81) c</u>
Diluted (loss) per share	<u>(11.51) c</u>	<u>(2.81) c</u>

Consolidated Statement of Financial Position as at 31 December 2023

	31 December 2023 \$ 000	31 December 2022 \$ 000
ASSETS		
Non-current assets		
Property, plant and equipment	1,271	1,145
Right of use assets	2,734	2,640
Intangible assets	37,670	27,244
Investments accounted for using the equity method	-	3,690
Other investments	50	76
Trade and other receivables	<u>250</u>	<u>-</u>
	<u>41,975</u>	<u>34,795</u>
Current assets		
Trade and other receivables	22,526	22,016
Research and development tax credits	1,412	2,030
Short-term investments	40	41
Cash and cash equivalents	<u>3,720</u>	<u>12,657</u>
	<u>27,698</u>	<u>36,744</u>
Total assets	<u>69,673</u>	<u>71,539</u>
EQUITY		
Capital and reserves attributable to equity holders of the parent company		
Share capital	24,584	24,471
Share premium account	63,161	62,411
Merger reserve	2,886	2,886

Share-based payments reserve	7,218	4,029
Foreign exchange reserve	(2,033)	(2,812)
Accumulated losses	<u>(68,323)</u>	<u>(59,541)</u>
Total equity	<u>27,493</u>	<u>31,444</u>
LIABILITIES		
Current liabilities		
Trade and other payables	30,841	32,533
Lease liabilities	1,013	841
Loans and borrowings	<u>1,925</u>	<u>-</u>
	<u>33,779</u>	<u>33,374</u>
Non-current liabilities		
Loans and borrowings	5,776	-
Trade and other payables	196	512
Lease liabilities	1,770	1,801
Deferred tax	<u>659</u>	<u>4,408</u>
	<u>8,401</u>	<u>6,721</u>

Consolidated Statement of Financial Position as at 31 December 2023 (continued)

	31 December 2023 \$ 000	31 December 2022 \$ 000
Total liabilities	<u>42,180</u>	<u>40,095</u>
Total equity and liabilities	<u>69,673</u>	<u>71,539</u>

Consolidated cashflow statement For the year ended 31 December 2023

	2023 \$ 000	2022 \$ 000
Cash flows from operating activities		
Net cash flow from operating activities	<u>1,638</u>	<u>5,867</u>
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	-	9,179
Acquisitions of property plant and equipment	(275)	(1,435)
Expenditure on capitalized development costs and intangible assets	(17,663)	(9,640)
Short-term investments	1	904
Interest received	15	57
Additional investment in associate	<u>(636)</u>	<u>-</u>
Net cash flows from investing activities	<u>(18,558)</u>	<u>(935)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares, net of issue costs	863	433
Interest paid on borrowings	(322)	(10)
Proceeds from borrowings	7,873	-
Lease payments	(954)	(451)
Interest payment on leases	<u>(128)</u>	<u>(48)</u>
Net cash flows from financing activities	<u>7,332</u>	<u>(76)</u>

Net (decrease)/increase in cash and cash equivalents	(9,588)	4,856
Cash and cash equivalents at 1 January	12,657	8,706
Effect of exchange rate fluctuations on cash held	651	(905)
Cash and cash equivalents at 31 December	3,720	12,657

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2023

	Share capital \$ 000	Share premium \$ 000	Merger reserve \$ 000	Share based payment reserve \$ 000	Foreign currency translation \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2023	24,471	62,411	2,886	4,029	(2,812)	(59,541)	31,444
Loss for the year	-	-	-	-	-	(8,826)	(8,826)
Foreign exchange translation	-	-	-	603	(603)	-	-
Other comprehensive income	-	-	-	-	1,382	-	1,382
Total comprehensive income	-	-	-	603	779	(8,826)	(7,444)
Issue of warrants	-	-	-	285	-	-	285
Share-based payment transactions	-	-	-	2,345	-	-	2,345
Transfer for exercised options	-	-	-	(44)	-	44	-
Exercise of share options and warrants	113	750	-	-	-	-	863
Transactions with owners	113	750	-	2,586	-	44	3,493
At 31 December 2023	24,584	63,161	2,886	7,218	(2,033)	(68,323)	27,493

	Share capital \$ 000	Share premium account \$ 000	Merger reserve \$ 000	Share based payment reserve \$ 000	Foreign currency translation \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2022	24,392	62,057	2,886	3,635	2,109	(58,265)	36,814
Loss for the year	-	-	-	-	-	(2,140)	(2,140)
Foreign exchange translation	-	-	-	(376)	376	-	-
Other comprehensive income	-	-	-	-	(5,297)	-	(5,297)
Total comprehensive income	-	-	-	(376)	(4,921)	(2,140)	(7,437)
Share-based payment transactions	-	-	-	1,634	-	-	1,634
Transfer for exercised options	-	-	-	(864)	-	864	-
Exercise of share options and warrants	79	354	-	-	-	-	433
Transactions with owners	79	354	-	770	-	864	2,067
At 31 December 2022	24,471	62,411	2,886	4,029	(2,812)	(59,541)	31,444

1 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 2023, in accordance with UK-adopted International Accounting Standards ("IFRS"). 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 and Company's accounting policies.

These financial statements are presented in US Dollars (USD), the presentation currency of Bango PLC Group. The Group's functional currency is GBP Sterling. The directors have reviewed the functional currency of the group and are comfortable that their assessment of GBP remains appropriate for the Group's functional currency.

In accordance with Section 435 of the Companies Act 2006, the Group confirms that the financial information for the years ended 31 December 2023 and 2022 are derived from the Group's audited financial statements and that these are not statutory accounts and, as such, do not contain all information required to be disclosed in the financial statements prepared in accordance with UK-adopted International Accounting Standards. The statutory accounts for the year ended 31 December 2022 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 31 December 2023 have been audited and approved but have not yet been filed. The Group's audited financial statements for the year ended 31 December 2023 received an unqualified audit opinion and the auditor's report contained no statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information contained within this full year results statement was approved and authorised for issue by the Board on 5 April 2024.

2 Revenue

Revenue by product:

	2023	2022
	\$ 000	\$ 000
Transactional revenue	32,737	18,260
DVM, Audiences & One off revenue	13,361	10,230
	46,098	28,490

Transactional revenue is derived by charging a percentage of the retail price paid by the consumer and is made up of carrier billing, resale and e-Disti revenue share amounts. DVM, Audiences and one-off revenue includes all DVM license and support fees, revenue from Bango Audiences and one-off fees including DVM set-up and change requests.

Most income is currently recognized at a point in time rather than over time. Bango PLC believes that any further breakdown could reveal commercially sensitive information.

	2023	2022
	\$ 000	\$ 000
Annual recurring revenue	<u>8,788</u>	<u>4,963</u>
	<u>8,788</u>	<u>4,963</u>

Annual recurring revenue is the expected annual revenues to be generated in the next 12 months based on contracted revenues recognized as at 31 December.

Geographical analysis

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

	2023	2022
	\$ 000	\$ 000
United Kingdom (country of domicile)	1,784	1,242
EU	5,818	3,765
USA and Canada	10,053	8,078
Rest of the World	<u>28,443</u>	<u>15,405</u>
	<u>46,098</u>	<u>28,490</u>

All turnover is spread over many territories, of which \$17.3M comes from three partners in the Rest of the World. (2022: \$3.5M from the partner in the USA and Canada, \$8.7M from two partners in the Rest of the World).

3 (Loss) per share

(a) Basic

Basic (loss) per share are calculated by dividing the profit attributable to equity holders of Bango PLC by the weighted average number of ordinary shares in issue during the year.

	2023	2022
	\$ 000	\$ 000
Basic (loss) per share		
(Loss) for the financial year	<u>(8,826)</u>	<u>(2,140)</u>
Weighted average number of ordinary shares in issue	<u>76,709,473</u>	<u>76,173,439</u>
Basic (loss) per share attributable to equity holders	<u>(11.51) c</u>	<u>(2.81) c</u>
Basic adjusted (loss)/earnings per share		

Adjusted earnings per share is a key financial information which discloses the financial performance of the core business for which the directors have direct control. Adjusted basic earnings per share is determined as the profit attributable to equity holders of Bango PLC

excluding the Bango PLC share of the net loss of associate for the period, negative goodwill and exceptional items divided by the weighted average number of ordinary shares in issue during the year.

	2023 \$ 000	2022 \$ 000
Profit attributable to equity holders of Bango PLC:		
From continuing operations	(8,826)	(2,140)
Exceptional items	3,857	10,960
Negative goodwill	(3,799)	(10,203)
Share of net loss of associates accounted for using the equity method	<u>4,577</u>	<u>1,393</u>
(Loss) / profit attributable to equity holders of Bango PLC	<u>(4,191)</u>	<u>10</u>
Weighted average number of ordinary shares in issue	<u>76,709,473</u>	<u>76,173,439</u>
Adjusted basic (loss) / earnings per share attributable to equity holders (c)	<u>(5.46) c</u>	<u>0.01 c</u>

(b) **Diluted**

Diluted loss per share is in line with basic loss per share. The weighted average number of shares for the purposes of calculating diluted loss per share are the same as for the basic loss per share calculation. This is because the outstanding share options would have the effect of reducing the loss per share and would not, therefore, be dilutive under the terms of IAS 33.

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