



Annual Report 2019

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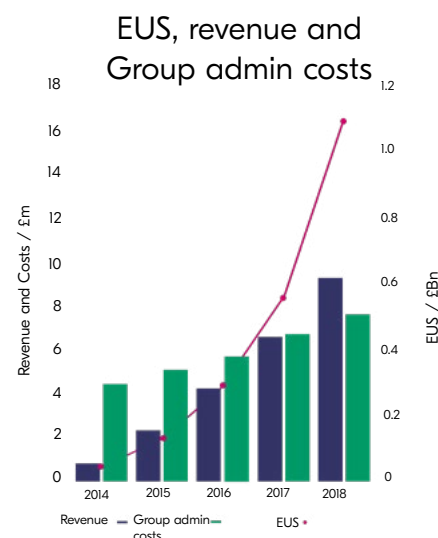
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Financial highlights

- 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 a 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.



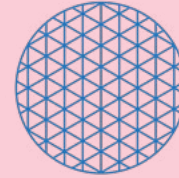
“Bundling a number of services is part of our strategy and working with partners such as Bango, I don’t have to do it myself. We’re very pleased to be one of their ecosystem partners and the work we’ve done on the Google Play store and Amazon Prime and Google is hopefully the start of a healthy relationship for many years to come.”

TELUS on Bango

Ibrahim Gedeon, Chief Technology Officer at Canadian operator TELUS talking about their partnership with Bango.

“It’s up to us and our partners to have an ecosystem that delivers both privacy and security, but at the same time inserts us into this new world order of how we would generate revenue. There’s a massive opportunity for us to leverage these insights to improve the client experience and generate revenue at the same time. We work with Bango because they share our DNA on how we treat customers’ security and privacy”

Bango mobile commerce



App developers, stores and payment providers cross the threshold into the Bango ecosystem to converge, grow and thrive.

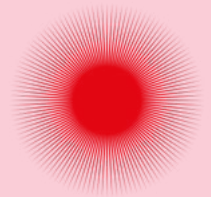
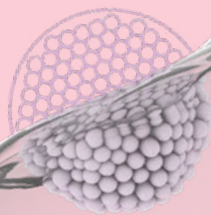
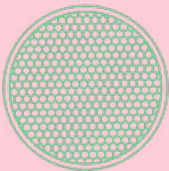
By bringing businesses together and powering e-commerce with unique data-driven insights, Bango places people at the centre of commerce delivering new business opportunities and new dimensions of growth for customers around the world. Being inside the Bango circle means global merchants including Amazon, Google and Microsoft can work together with payment partners from Africa to the Americas, accelerating the performance of everyone.

Bango. Think inside the circle.

The Bango strategy is to find new ways to monetize payment data, which in turn attracts more payment providers – such as mobile operators - to cross over to the Bango Platform, bringing more EUS and more data.

Global merchants continue to expand their use of the Bango Platform, benefiting from the unique insights into consumer behavior gathered by the platform to grow payment volumes and improve user experience. Bango Marketplace makes the power of these insights available to app developers for the first time. The data gathered during payment activity boosts the success of merchant marketing, which in turn drives more payments.

Consumer spending on apps and digital content continues to grow rapidly. Phone users spend over \$100Bn on apps a year, and app developers around \$50Bn in marketing to grow their businesses. For Bango, with its unique new product to improve marketing and payment efficiency, there is a large and strategically valuable opportunity to become the place where developers and payment providers connect and thrive, increasingly making Bango the technology behind every payment choice.



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 in 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



Bango Marketplace

When it comes to marketing your app, finding the people who pay in-app – the ones who increase your revenues - can be like looking for a needle in a haystack. But it doesn't have to be like that! Bango Audiences make it easy to get your campaigns straight to users who pay in apps.

Created by using payment information from billions of dollars of in-app purchases, Bango Audiences are filled with users from all over the world who have paid in-app. Paying to reach users who never pay is a waste of your money. Much better to bring into focus those who are most likely to spend and target your campaigns on them. It's a simple process: Choose the audience you want from Bango Marketplace and plug it straight into your Facebook campaigns, with zero integration required. Next? Wait for the cash to roll in.

The screenshot shows the Bango Marketplace interface with a search bar at the top. Below the search bar, there are several audience cards, each representing a different user segment. Each card includes the number of users, the daily revenue generated, a brief description of the audience, and a list of key characteristics. The cards are organized by region and user behavior.

Region/Behavior	Users	Revenue (USD/day)	Key Characteristics
Active payers in South Korea	900k	\$2,000	Lookalike audience of gamers; Active buyers form the basis of this lookalike audience; All paying users, including the most frequent spenders; Optimize...
Active payers in South Korea (Slice)	90k	\$200	Lookalike audience of gamers; Slice of full audience (1 of 10); Active buyers form the basis of this lookalike audience; All paying users, including th...
Gamers in South Korea	490k	\$1,000	Active mobile gamers; Game playing audience; All users have responded in campaigns for games content; Tried and tested with advertising campaign...
Gamers in South Korea (Slice)	49k	\$100	Active mobile gamers; Slice of full audience (1 of 10); Game playing audience; All users have responded in campaigns for games content; Tried ...
Active payers in Canada	72k	\$49	Recently monetized users; Over 85% of content payments are for games; Users who purchased between August 2019 to January 2020; All users in this au...
Active payers in Canada (lookalike)	240k	\$2,000	Monetize with recent spenders; Over 85% of content payments are for games; Users who purchased between August 2019 to January 2020; All users in this au...
Ready to pay now in Canada	16k	\$49	All users who can make a payment; Users with payment related activity within the last 12 months; Over 85% of content payments are for games; Includes Top S...
Highest spenders in Indonesia (lookalike)	1.4k	\$2,000	Top 1% of the highest value payers; Top payers form the basis for this powerful lookalike audience; Over 80% users made in-app payments; Whales in this regio...
Active payers in Indonesia	1.3M	\$1,500	Includes Top Spenders; All users in this audience are active purchasers; Over 80% users made in-app payments; Over 85% o...
Active payers in Indonesia (Slice)	130k	\$150	Payments made in the last 6 months; Slice of full audience (1 of 10); Includes Top Spenders
Ready to pay now in Indonesia	5k	\$1,000	All users who can make a payment; Includes Top Spenders and Paying Users; Users with payment related activity within the last 12 months
Highest spenders in Middle East (lookalike)	220k	\$1,500	Top 1% of the highest value payers; Top payers form the basis for this powerful lookalike audience

Strategy for growth

The Bango growth strategy is to process and analyze payment data to produce unique insights that drive more consumer spending. Payment data is collected through Bango payment processing activity and through partnerships with a range of payments businesses. Bango technology derives payment behavior insights and turns these into marketing audiences that are used by app developers and other online businesses.

The combination of payment processing with more effective marketing creates a virtuous circle. As increased marketing effectiveness attracts more paying customers, so the amount of payments processed grows, which produces more payment data. This can then be analyzed to produce further improvements in marketing effectiveness.

Growth drivers

Bango benefits from multiple factors that drive growth. First, Bango works with the world's largest internet businesses, including Google, Amazon and Microsoft who activate more routes, in new markets and offer new products and services through Bango. Secondly, the unique benefits of the Bango virtuous circle attract new customers to join the circle. Bango data insights enable merchants to derive more revenue from marketing activity. Finally, Bango technology enables these merchants to reach and acquire more customers.

Process increasing volumes of payments

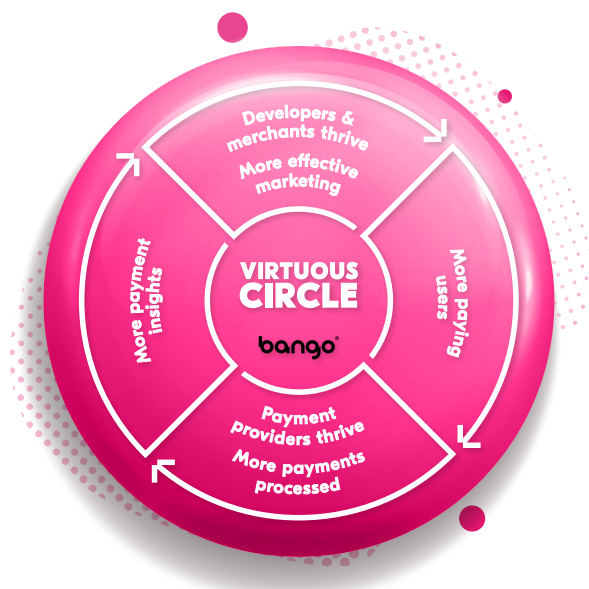
Leading online commerce businesses use the Bango Platform to process their customer payments on a global scale. They use it to activate new forms of payment such as Direct Carrier Billing and mobile wallets.

Bango processes hundreds of millions of transactions a year, including payments for physical and digital goods, and from the resale of digital services. As Bango partners expand their relationships into new markets, and offer new products and services, transaction volumes increase. New merchants are attracted by the success of existing partners and the opportunity to capitalize on the payment insights available through the Bango Platform.

The technology architecture needed to accommodate this high growth strategy

must be highly scalable, very robust and yet operate at a low and stable cost. Bango therefore builds the systems and software that together form the Bango Platform can be operated and evolved at low cost.

a heritage of billing grade privacy and security, the Bango Platform has the architectural flexibility and systems in place to accommodate current and future requirements. Developments such as General Data Protection Regulation (GDPR) and California Consumer Privacy Act (CCPA) benefit Bango as they standardize regulations and build consumer confidence.



Audience sales

The Bango strategy is to monetize data collected from payment providers, by enabling app developers to use audiences created from this data to improve marketing effectiveness. The Bango Platform creates audiences from payment transactions and other data sources, and offers these audiences to developers through Bango Marketplace. These unique audiences, are proven to increase the percentage of users that make a payment after they install an app.

Boost marketing effectiveness

The high volume of transactions the Bango Platform processes every year generates a vast pool of consumer payments data. Bango systems collect and organize this data securely and in compliance with the latest consumer data protection standards. Payment transactions generate valuable insights that help developers to boost revenue from their marketing activities.

A strategic challenge is to ensure that the analysis of data, and the preparation of insights and audiences meets evolving data regulations. With

Bango expects that its strategy will attract more customers to the Bango Platform. Bango has developed its platform and processes to engage with a larger number of customers, enabling significant scale through Bango Marketplace. To do this, Bango must continue to attract and retain employees with the necessary skills and experience. Therefore Bango has to continue to be a great place to work, and Bango must continue to deploy and develop its THRIVE values to support the personal and professional goals of talented employees.

CEO's 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.

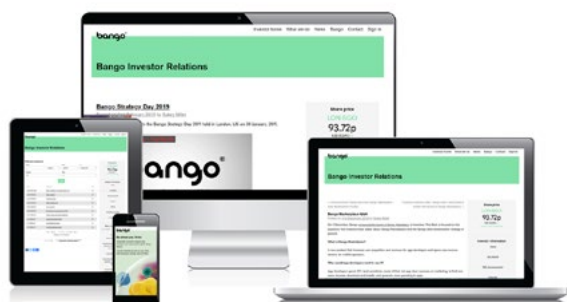
Bango Marketplace is already growing quickly as it captures a share of the \$60Bn/year app marketing spend. The wider opportunity, which can be addressed using the same core technology is even larger. The two Bango Marketplace resellers signed in 2019 are the first steps in expanding beyond app developers, 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



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CFO's 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



Section 172 statement

Decisions of the Board take into account not just short-term, but also medium- and long-term consequences, which are carefully considered and balanced, having regard to the sometimes conflicting needs and priorities of the business, its customers, partners, employees and other stakeholders. For example, the decision to invest cash generated from the payments business into the data business is based on the view that this strengthens customer relationships, creates a new revenue stream and boosts the value of the payment business in the long-term.

The Directors' report and Corporate governance report set out in greater detail Bango's policy towards its employees. Bango value is created through innovation, which is a product of motivated employees. They are of central important to Bango success, and the directors believe that the Bango culture and core values create an environment for engaged and successful employees. The Bango People team supports managers to look after employee needs, and the Directors review an independently conducted annual

employee engagement surveys, which ensures that employee interests and needs are at the kept at the forefront of the Board agenda.

Bango success depends on strategic relationships with key partners, customers and suppliers, so the Board maintains ongoing oversight of these. Monthly management packs report to the Board on the status of key relationships, which have Board-level engagement from an operational perspective. Product performance is constantly monitored, and customer feedback continuously captured through regular account meetings, which are always attended by management-level, and often director-level, representatives.

Bango seeks to make a positive contribution to its community, at local and global levels, and to minimize as far as possible its impact on the environment. Bango backs its employees' interests in community activities, supporting them in terms of time to attend to these commitments and financial backing. Further details on practical steps Bango has taken can be found in the Directors' report

and Corporate governance report. The Board's adoption and application of the QCA Corporate Governance Code further supports these principles, with more detail of the steps Bango has taken set out in the QCA website disclosures against Principles 3 and 9 to the Code, which can be found on the Bango website at bangoinvestor.com/aim-rule-26

Bango works with the global leaders of the technology and telecoms industries. Accordingly, the highest of standards of business are demanded. Bango works with these global leaders, at the forefront of business, industry and technological innovation, to ensure these standards are constantly challenged and improved.

The competing needs of the various stakeholders of the company are monitored and reviewed at management and Board level. Where conflicting needs arise, advice is sought from the wider Board and, as necessary, from Bango advisors. Through the careful balancing of stakeholder needs, Bango seeks to promote success for the long-term benefit of shareholders.

Principal risks and uncertainties

Financial risk management objectives and policies

Risks and uncertainties are scrutinized and monitored by the Board on an ongoing basis. The Board is supported in this vital task by the Company Secretary, Bango's solicitors, auditors and insurance brokers.

Risk is formally audited every year as a part of the standard audit process, and the CFO and Company Secretary undertake an annual review of risks and uncertainties with Bango's insurance brokers during the insurance renewal process.

The Board's monthly meetings are the main forum for the discussion of risk by the Board. Management reports are delivered to the Board in advance of their meetings. These are scrutinized for issues of risk, and relevant experts report and present to the Board on a regular basis. Where risk concerns arise, the Board is kept informed by the Executive Directors or Company Secretary, which supports and advises as required.

Bango has a formal risk management policy and risk register which are both proactively maintained.

The Bango Board and key management personnel regularly review known and potential risks and assess the processes and controls that have been put in place to mitigate them. The implementation of risk management is delegated to the Bango leadership team and key management personnel.

Bango has identified the following financial and operational risks to which it is exposed through its business activities.

Liquidity risk and going concern

Bango ensures sufficient liquidity is available to meet foreseeable needs and invests in cash assets safely and profitably. See note 20 for further information. Due to the nature of the business with long term relationships with operators and merchants, Bango does not have significant issues with bad debt and therefore the impact on Bango's liquidity is low. The Board review a detailed cash flow forecast to ensure that there is sufficient cash to continue to invest in the platform and future developments to meet the needs of current and future Bango customers.

Employee retention

Bango depends on its ability to recruit and retain people with the right experience and skills. Bango puts significant effort into providing an excellent working environment and benefits, including a share option scheme available to all employees (notes 7 and 12).

Currency risk

Bango revenue streams and the assets of some of the Group's subsidiaries are transacted or held in currencies other than sterling. This results in an inherent currency risk, partly mitigated by sales and costs in the same country being largely offset. See note 21 for further information. Regular reviews of the impact of dramatic currency swings are undertaken to plan against any significant risks to Bango if these were to happen. No forward exchange or other such financial instruments have been used in the year for trading purposes.

Security Risk

Bango undertakes an annual external security risk assessment covering sensitive assets, the protection of assets, and consequences for the loss or compromise of data. The review also considers breaches of legislation and regulation, and reviews the Bango risk register. The cyber essentials framework is used, with additional requirements from major partners. Recommendations are brought to the attention of the Board, prioritized and actioned.

Data risk

Bango processes data belonging to customers and individuals as part of its business. There is a risk that such data could become public if there were a failure of systems or security. Policies, systems and procedures have been implemented, and products developed, with privacy in mind, to minimize risk to all. The extensive testing of Bango by its major partners as part of ongoing supplier monitoring, minimization of data, and the unique way Bango technology is used, gives assurance that this risk is appropriately mitigated. A data breach register is maintained and kept up to date.

Technology risk

Bango EUS is dependent on its technology keeping pace with developments in internet, mobile and payment technology. Bango manages this risk with a continued investment in Research and Development (R&D), combined with regular technology reviews with trading partners and sector specialists to ensure that market developments are understood and



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managed. Products are reviewed regularly for signs of impairment, based on single cash generating units and their ability to grow revenues.

Platform risk

The Bango Platform processes huge volumes of data, and is designed to ensure it has capacity to process ever growing volumes of EUS as well as short term spikes of data. The availability and stability of the platform is managed by closely reviewing the performance of the platform and stress testing the platform to ensure that there is huge capacity to scale.

Diversity of customers

The Bango strategy is based on a diversity of customers which use the Bango Platform because it can do things that no one customer can do themselves.

Extreme dominance of the market by one merchant or mobile operator could reduce the value of Bango. Bango has secured deals with leading stores and expects diversity of customers and operators to continue and increase over time. Even the largest internet companies do not monopolize the global commerce market.

EU related uncertainty

Bango leadership carefully monitors EU related activity. The benefits and drawbacks of having exited the EU, have been evaluated and are expected to be manageable or insignificant.

Covid-19

Bango commented on Covid-19 in the RNS issued with the 2019 full year results on 17 March. While there is uncertainty about how long countries will be required to deviate from “business as usual” to combat the spread of the virus, no

negative impacts to the Bango business have been identified so far. Prolonged responses to Covid may cause partners to reschedule some of their launches and marketing programs. Equally there is the potential for more consumer spending online, and more targeted investment in marketing. Information about how Bango assesses the potential impact on its business is published online through the Bango blog, which will be updated from time to time.

Gender of Directors

Bango has eight Directors, four identify as male, two as female, one as no gender and one as non-binary.

The strategic report which incorporates pages 3 to 11 was approved by the Board of Directors, and signed on its behalf by:

Paul Larbey
CEO

Key Performance Indicators (KPIs)

End User Spend (EUS)

This is the key metric to measure the growth and success of Bango. It is the total value of payment transactions through the Bango Platform. This metric is not only a measure of the payments being processed, it is also a measure of the amount of potentially monetizable payment data.

Bango closely monitors EUS growth and forecasts to ensure that there remains significant capacity in the platform to handle massive future volumes and temporary spikes in volume to ensure there are no barriers to future growth.

Cash balances

The Bango Board reviews a two year cash forecast on a monthly basis to ensure that Bango has appropriate resources. As Bango is reinvesting the cash from the payments business into the data monetization business, it is important that major stakeholders, particularly key

customers, have comfort that Bango has sufficient cash resources to continue trading and to invest in research and development.

Revenue

Bango payment revenue is the sum of all the fees charged across merchants and payment providers for the processing of carrier billing and resale/bundling transactions. Bango receives a fee from every transaction through the platform which varies by market and volume of transactions.

Bango data revenue is the sum of revenues charged when Bango provides data segments or customer data platform (CDP) licences to merchants or other advertisers. The transaction price for data activity is clearly defined in contracts and is based on the volume of data and duration it is shared.

Non-financial KPIs

These are monitored monthly by the Board and key management, and include business forecasts from key partners, sales pipelines for new route activations & merchant onboarding, app developer audience sales pipelines, and employee engagement. All these indicators align towards growing market share and EUS.

Net profit

This is monitored monthly by the Board and key management. Bango is a highly scalable platform that can handle huge additional volumes of EUS without increasing processing costs. Bango continues to reduce operating costs to drive up profitability of operations allowing investment in sales and marketing particularly for data monetization business. Management review the platform costs to ensure they are stable and closely review the investment in our new technology development and sales.

Drivers of exponential growth



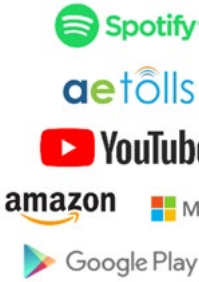
More users

X




More routes

X




More merchants



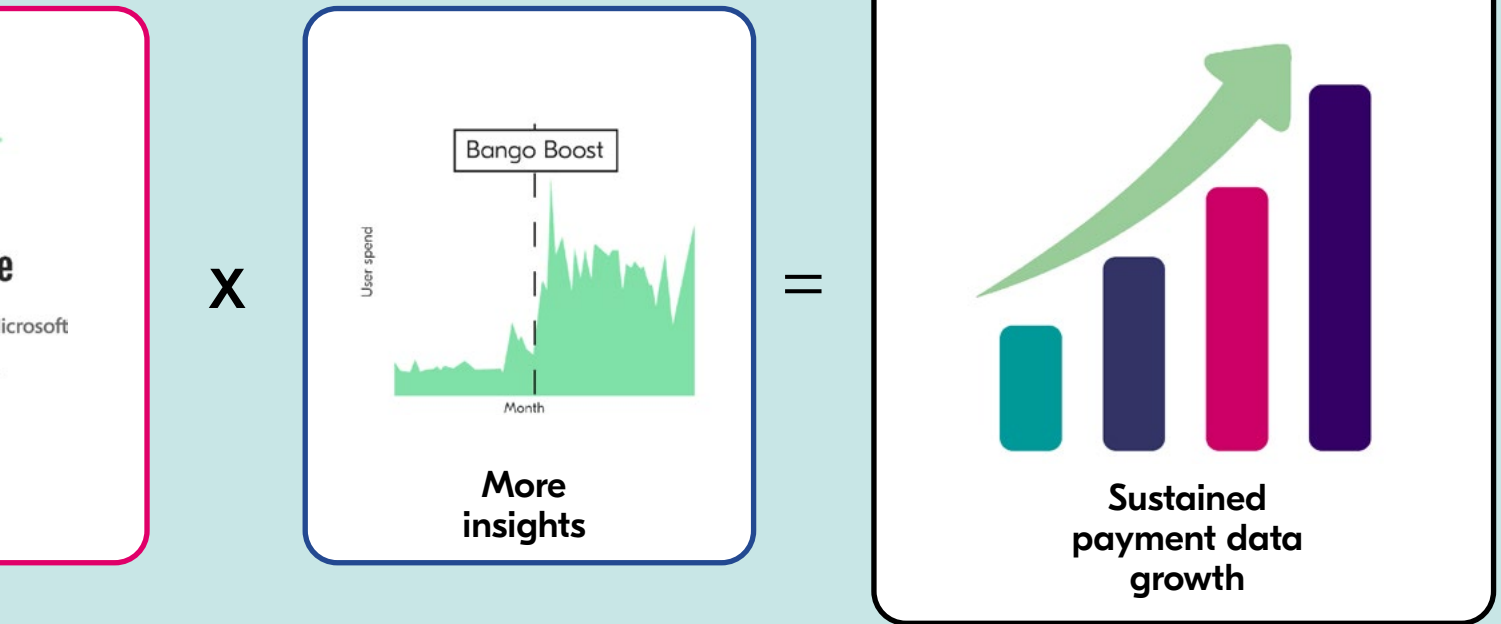
More users

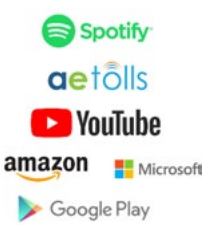
- 70% growth in unique users paying via DCB in last 12 months
- New technology opens-up subscription bundling to 3Bn pre-paid subscribers
- New Bango Boost technology to increase customer acquisition and conversion through targeted audience marketing – launched in 2020



More routes

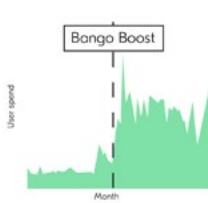
- New routes launched globally from Morocco to Myanmar
- Fixed, wireline and PayTV providers joined mobile operators inside the Bango circle
- Major retailer bundling complementary merchant subscriptions launched in 2020





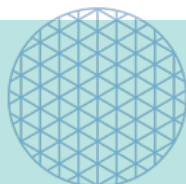
More merchants

- Streaming services driving growth as major merchants including Spotify and YouTube TV joined the Bango circle
- Added payment for virtual services with DCB for toll roads with AE Tolls
- 5G stimulating increasing demand for streaming game service - first launch with Hatch in USA



More insights

- Bango Boost identified over £100M additional EUS
- Bango Boost provided a 15% increase in subscription conversions
- Data insights enable merchants to maximize subscription renewal with new functionality to be launched in 2020



Directors

Paul Larbey - Chief Executive Officer

Paul leads the talented Bango team as they continue to innovate with industry leading technology. With years of experience scaling up businesses, Paul has a passion and track record in driving growth and transformational change which aligns to the creation of an ecosystem where merchants and payment providers converge, grow and thrive.

Paul joined Bango following his role as CEO at Velocix, a global leader in streaming technology. Paul grew Velocix from a small start-up to the world's leading IP video streaming specialist. As CEO, Paul led the Velocix team through its integration into Alcatel-Lucent and then Nokia. In 2018, Paul orchestrated the spin out of the division from Nokia to create a pure-play streaming technology company.

With over 20 years experience in the telecoms market, having held leadership positions in Cray Communications, Lucent, Alcatel-Lucent and Nokia, Paul has a strong track record of successfully bringing new technologies to market.

“

The opportunity to lead a high growth company that combines established and new business opportunities is extremely exciting. Couple this with a world-class team and winning culture and you have a very human company capable of superhuman achievements.

”

“

Being part of a global company where the goal is to grow our customers businesses is a refreshing change. Growing as our customers and partners grow makes creating value a common goal and that makes Bango so much fun.

”

Carolyn Rand - Chief Financial Officer

Carolyn is responsible for overall financial management of Bango, for corporate financial functions and financial relationships with Bango partners. The global reach of Bango requires a wide range of financial models, Carolyn ensures the smooth running of the team delivering this commercial flexibility. Carolyn has responsibility for innovation and management in critical finance functions, and is closely involved in budgeting, forecasting and monitoring the projected performance of Bango. Carolyn works with product development to ensure the Bango Platform can scale and handle complex requirements. Experienced in fast growing technology businesses and public companies, Carolyn is accomplished at maintaining tight financial control and driving profitability in global businesses. Before joining Bango Carolyn held executive roles at Zinwave, Isogenica, Birdlife and Sepura PLC. Carolyn is a Fellow and Chair for Chartered Institute of Management Accountants East Midlands and East Anglia Region and Chair for the Institute of Directors Cambridgeshire Region.

“

With the unique combination of payment processing and data insights, Bango is in a unique position to power some of the world's largest online companies. The opportunity to develop these partnerships and see them to success is why I arrive each day excited about what lies ahead.

”

Ray Anderson - Executive Chair

Ray has over 30 years experience in starting, growing and selling businesses. He was named 'Business Person of the Year' in 2012. Ray co-founded Bango in 1999 after realizing that the convergence of the internet with the ubiquity of mobile phones could open up huge opportunities for content and service providers. Prior to Bango Ray established IXI which created the industry standard network GUI – X.desktop. IXI was an early leader in the creation of the web. It sponsored the first ever WWW conference at CERN and shipped the world's first commercial web browser.

“

Enabling the internet goliaths to achieve things they can't achieve on their own is a great challenge that demands constant innovation. The agility of Bango coupled with the momentum of these big companies makes delivering new solutions extremely exciting.

”

Anil Malhotra Chief Marketing Officer

Anil is responsible for Bango's global marketing activities and partnerships with merchants, app stores and global network operators. Anil has extensive experience of creating successful partnerships between fast-moving innovators and major market players. Before co-founding Bango, Anil developed global partnerships for Cyberlife Technology, one of Europe's leading computer games technology developers, which resulted in the licensing of the company's AI technology to the world's leading games publishers including Warner and Hasbro. Before that he worked with Bango CEO Ray Anderson at IXI, establishing a technology called X.desktop as the global user interface standard for networked computers.

Nancy Cruickshank - Non-Executive Director

Nancy is a serial technology entrepreneur and Non-Executive Director. She presently leads a Digital Business Transformation programme at Carlsberg group, as a member of its Executive team. Her last start-up, MyShowcase, was named by the Sunday Times as one of the 15 fastest-growing start-ups in the UK in 2016. The business was acquired by Miroma Group in Feb 2018. Nancy is also a Non-Executive Director. at OnMobile (US\$100m turnover, listed in India). She chairs the Nomination and Compensation committee at OnMobile and is a member of the Risk & CSR committees. From 2012-16, Nancy was a Non-Executive Director at TelecityGroup (FTSE 250), one of Europe's most successful technology companies, with data centres in 14 European markets. The business was sold to Equinix for £2.35bn in January 2016. Nancy has worked in the digital industry for over 20 years, including launching Conde Nast online in 1996, overseeing Telegraph Media Group's Digital business and developing the Fashion & Beauty market leader Handbag.com between 2001- 2006, leading to a successful sale to Hearst Corporation in 2006.

“
The potential of the Bango data opportunity is simply huge. The focus on app developers is a great start but the market opportunity beyond is incredibly exciting. ”

“
For a highly nimble company Bango also has incredible scale. This combination is rare and made my decision to join the Board an easy one. Having been here for several years now I never fail to be astonished by the speed at which the team executes. ”

Gianluca D'Agostino - Non-Executive Director

Gianluca is an Angel investor and a pioneer in the mobile industry. He has more than 25 years' experience of founding, growing and investing in international mobile content and payment businesses. Gianluca has today a Non-Executive role on the OnMobile Global Ltd and on Coolgames BV boards, and on several UK and Italian startup boards. As Founder and CEO, he grew the Neomobile business organically and via M&A to become a leading mobile monetization enabler across Europe and Latin America. Before Neomobile, he held senior management roles at KPMG, Freever, TIM and Telecom Italia. He was named in the 'Top 50 Mobile Execs' 2009, 2010 and 2011 and 'Media Momentum Man of the Year' in 2011.

Sir Eric Peacock - Senior Independent and Non-Executive Director

Sir Eric Peacock joined Bango as Senior Independent and Non-Executive Director, to guide and support the expected rapid growth of Bango as it builds on its global relationships and capitalizes on its data monetization technology.

In addition to his experience in financial services and expertise in corporate governance, Eric has served in several government bodies including UKTI (Board member), FCO (Board), BIS (Directorate) and UKEF (Non-Executive and Member of the Audit Risk Committees), bringing extensive regulatory insight to Bango as it expands its data monetization business.

He is currently Chairman of Buckley Jewellery Ltd and Stevenage Packaging Ltd and is also the Chairman of The Charity Big Cat Sanctuary which has the largest collection of endangered species of big cats in Europe and focusses on conservation, education, breeding and return to the wild.

“
Bango has a great team and culture. I felt excited the moment I walked through the door. The opportunity to help this team grow and expand globally made joining Bango the easiest decision I have ever made. ”

“
I have followed Bango's journey over many years from the outside and was thrilled to join the team. The growth and expansion plans require constant innovation in all areas of the business. ”

Frank Bury - Non-Executive Director

Frank Bury is managing partner at Bury Fitzwilliam-Lay & Partners LLP (BFLAP), a UK-based venture capital partnership focused on early and development stage technology investment. BFLAP has backed a number of successful UK tech companies that have gone onto a listing including Bango plc, Financial Objects and Servicepower Technologies plc. Frank is a Director of Domainex Ltd, Smartlogic Holdings LTD, and TSL Research Group LTD. Prior to founding BFLAP in 2005, Frank spent 12 years in the City of London; first at Cazenove & Co and then at Sloane Robinson Investment Management where he was a partner. Frank has an MBA from IESE in Barcelona.

Company information

Company registration number	05386079
Registered office	5 Westbrook Centre Cambridge CB4 1YG
Directors	R Anderson - Executive Chair P Larbey – CEO C Rand - CFO A Malhotra - CMO E Peacock – Non-Executive and Senior Independent Director F Bury – Non-Executive Director N Cruickshank – Non-Executive Director G D’Agostino – Non-Executive Director
Company Secretary	R Greenhalgh
Bankers	HSBC Bank PLC 8 Canada Square London E14 5HQ
Solicitors	Mills & Reeve LLP Botanic House 100 Hills Road Cambridge CB2 1PH
Independent auditor	RSM UK Audit LLP Chartered Accountants and Statutory Auditors City House 126-130 Hills Road Cambridge CB2 1RE
Nominated adviser and broker	finnCap Ltd 60 New Broad Street London EC2M 1JJ
Public relations advisor	FTI Consulting 200 Aldersgate Aldersgate Street London EC1A 4HD
US office	675 N. First Street Suite 1180 San Jose California 95112 USA www.bango.com investors@bango.com

Directors' report

The Directors present the Annual Report and audited financial statements of Bango PLC for the year ended 31 December 2019. This report should be read alongside the Bango Strategic report which sets out the principal risks, uncertainties and growth opportunities for Bango.

The Directors and their interests

The Directors who served Bango during the year, together with their beneficial interests in the shares of Bango were as follows:

	Ordinary shares of 20p each 31 Dec 2019	Ordinary shares of 20p each 31 Dec 2018
R Anderson	6,593,725	6,572,816
A Malhotra	3,973,271	3,982,371
C Rand	-	N/A
M Rigby ***	N/A	176,630
G D'Agostino	19,500	19,500
N Cruickshank	-	N/A
F Bury **	308,500	N/A
E Peacock**	-	N/A
D Sear*	-	-

* Non-Executive Director David Sear resigned on 22 January 2020.

** Frank Bury and Eric Peacock were appointed as Non-Executive Directors on 3 December 2019.

*** Non-Executive Director Martin Rigby resigned on 17 May 2019

Paul Larbey was appointed as an Executive Director on 22 January 2020. He holds 18,297 ordinary shares of 20p each in Bango.

For Directors' biographies and experiences see pages 14-15.

The Directors' interests in share options of Bango were as follows:

Date of grant	Option price	Options to buy ordinary shares of 20p each	
		31 Dec 2019	31 Dec 2018
R Anderson			
01 October 2019	£1.29	50,000	-
27 March 2019	£0.93	50,000	-
21 September 2018	£1.73	50,000	50,000
14 March 2018	£1.73	50,000	50,000
22 September 2017	£2.55	50,000	50,000
21 March 2017	£1.145	50,000	50,000
21 September 2016	£0.89	50,000	50,000
16 March 2016	£0.43	50,000	50,000
18 September 2015	£0.885	32,500	32,500
Total		432,500	332,500
C Rand			
01 October 2019	£1.29	50,000	N/A
27 March 2019	£0.93	50,000	N/A
03 January 2019	£0.90	100,000	N/A
Total		200,000	N/A
A Malhotra			
01 October 2019	£1.29	50,000	-

27 March 2019	£0.93	50,000	-
21 September 2018	£1.73	50,000	50,000
14 March 2018	£1.73	50,000	50,000
22 September 2017	£2.55	50,000	50,000
21 March 2017	£1.145	50,000	50,000
21 September 2016	£0.89	50,000	50,000
16 March 2016	£0.43	50,000	50,000
18 September 2015	£0.885	32,500	32,500
Total		432,500	332,500

Paul Larbey was appointed as an Executive Director on 22 January 2020. His interest in share options of Bango are as follows:

Paul Larbey			
18 September 2019	£1.375	50,000	N/A
27 March 2019	£0.93	250,000	N/A
Total		300,000	N/A

The share options were granted to Executive Directors under the Bango employee share option scheme. All share options are granted based on past and expected performance with the same conditions. Share options are granted only at market price on the date of the grant and vest over a three year period in twelve equal quarterly instalments. Vested options will lapse unless exercised within ten years of the date of grant or within 90 days of an employee leaving the business unless they are dismissed, in which case they lapse immediately.

Frank Bury and Gianluca D'Agostino both hold Bango shares but due to the size of their holdings, this is deemed to not affect their independence as Non-Executive Directors.

Share capital

Details of changes in the share capital of Bango during the year are given in note 7 to the financial statements.

Dividends

The Directors have not recommended a dividend (31 December 2019: £nil).

Research and development

Bango has continued to invest in research and development in the year. As a high growth technology company, the focus is to develop unique technology that takes Bango forward as the ubiquitous mobile commerce platform for not just direct carrier billing but all other forms of alternative payments that allow merchants to sell more goods to consumers. Bango has increased its focus on R&D in 2019 taking the platform forward with such enhancements as suspend/resume enabling pre-paid on resale, subscription renewal optimization algorithms all while improving resilience and increasing scalability. Further development was undertaken on new products including the Bango Marketplace, which was launched in December 2018 and details of the internal development work that has been capitalized in the year is in Note 5.

Directors' indemnity arrangements

Bango has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of itself and its Directors.

Employment policies

Bango follows the applicable employment laws in each territory in which it operates. Bango is committed to fair

Directors' report

employment practices, prohibits all forms of discrimination and strives to give equal access and fair treatment to all employees based on merit. Wherever possible Bango provides the same opportunities for disabled people as for others. If employees become disabled Bango would make reasonable efforts to keep them in employment, with appropriate training where necessary.

Bango supports the training needs of its staff and actively works to provide on the job and external training to continue the development of all staff. Bango maintains an exciting and interesting working environment to fully engage staff. Bango operates in a global business environment with rapidly changing needs. The Bango values are Transparent, Happy, Reliable, Innovative, Victorious and Expressive. (THRIVE values). The Bango annual goals are aligned with the THRIVE values and reviewed on a company wide basis at monthly all hands meetings. Following the Bango THRIVE values serves both employees' and customers' needs. Further detail on the Bango THRIVE values and employee personal development and welfare is set out within the Corporate Governance Report on page 19-22.

Health and safety policies

Bango conducts its business in a manner which ensures high standards of health and safety for its employees, visitors and the general public. Bango complies with all legal, regulatory and other applicable requirements.

Going concern

After making enquiries, at the time of approving the financial statements, the Directors retain a reasonable expectation that Bango has adequate resources to continue in operational existence for the foreseeable future. The Directors expect the current level of investing activities to continue which is supported by the cash on the statement of financial position. At 31 December 2019 Bango had cash reserves of £2.7m (2018:£3.8m) and based on detailed cash flows provided to the Board within the FY2020/21 budget, there is sufficient cash to see Bango through to profitability based on the standard Bango operating model. Revenue is expected to increase again in FY2020 as it did in FY2019 as a result of expansion of the existing Bango activity and new business opportunities known about and included in the FY2020/21 forecasts. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

Substantial shareholdings

At 31 December 2019 Bango PLC had been informed of the following interests in addition to the interests of R Anderson and A Malhotra, amounting to 3% or more in the issued ordinary share capital of the company:

	Number	%
Liontrust Asset Management	11,133,016	15.75%
Odey Asset Management LLP	8,684,300	12.29%
Herald Investment Management	8,589,600	12.15%
Hargreaves Lansdown Asset Management	7,339,504	10.38%
Cavendish Asset Management	4,005,683	5.67%

Directors' responsibility statement

The following statement, which should be read in conjunction with the report of the auditor set out on page 28, is made to distinguish for shareholders the respective responsibilities of the Directors and of the auditor in relation to the financial statements.

The Directors prepare the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have elected to prepare the parent company financial statements in accordance with IFRSs. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable IFRSs have been followed.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Bango will continue in business.

The Directors are responsible for keeping adequate accounting records, that are sufficient to show and explain Bango's transactions and disclose with reasonable accuracy at any time the financial position of Bango and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of Bango and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- In so far as each Director is aware there is no relevant audit information of which Bango's auditors are unaware
- The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BY ORDER OF THE BOARD

Company Secretary
R Greenhalgh

Corporate governance report

The Board

The Bango Board is responsible for the overall strategy for Bango, promoting shareholder interests and overseeing the delivery of long-term objectives. The Board provides support to the Bango management team, bringing experience and skills to complement those of management. The Board has a formal list of matters specifically reserved for its decisions and delegates authority to its various committees as required.

Corporate Governance code

The Board has adopted the Quoted Companies Alliance Code ("QCA Code"). The Board believes the pragmatic, principles-based approach to corporate governance set out in the QCA Code is a good fit to the nature, stage and size of the business of Bango and the sector in which it operates. The QCA Code principles support the core aims of Bango - to deliver innovative, reliable products in a dynamic, collaborative environment, achieving sustainable growth for all stakeholders.

At least once every year, the Board formally reviews corporate governance structures and practice, to ensure that Bango has robust systems and procedures in place, underpinned by a strong corporate culture and customer-focused ethos. Corporate governance matters, policies and procedures are monitored on an ongoing basis and updated as appropriate, to ensure best practice and continued compliance. The Board is confident that existing governance arrangements meet the interests of Bango and its stakeholders.

Bango has published disclosures against all the Principles of the QCA Code. Disclosures are contained either within this Annual Report or on the AIM Rule 26 section of www.bangoinvestor.com, which should be read in conjunction with each other.

Board composition

The Board of Bango PLC is made up of the Executive Chair, CEO, CFO, CMO, a Senior Independent Director and three further independent Non-Executive Directors. Details of the Board's experience and interests are shown below which demonstrate the range of skills and insight that they bring to Bango and the Board. It is important that the Non-Executive Directors bring a wide range of skills to the Bango Board in order to both challenge and support the Executive Directors, and to ensure that shareholders' and wider stakeholders' interests are represented.

Ray Anderson has a very successful track record, demonstrating strong entrepreneurial flair and technological vision. He has extensive experience in technology and product innovation and development, and strong product foresight. His passion for Bango, its products and customers inspires partners, investors and employees alike.

Paul Larbey brings over 20 years' experience in the telecoms market. He has a strong track record of successfully bringing new technologies to market, scaling businesses and driving growth and profitability. Paul has rapidly embraced the strategy and culture of Bango and has already delivered operational

improvements and efficiencies, placing Bango in a strong position to deliver upon its expectations for future growth.

Carolyn Rand brings long-standing CFO experience across a diverse range of businesses, including listed and private companies, in Europe and North America. The breadth and depth of this experience contributes significantly to day-to-day operations, regulatory and compliance issues, as well as strategic matters.

Anil Malhotra has many years' experience in global business development and is central to attracting and developing strategic relationships with key partners. His communication skills drive the strength of Bango messaging to both partners and investors. Anil is highly skilled at, and plays a central role in, both product and market strategy and success.

Sir Eric Peacock brings a wealth of experience across both executive and non-executive roles across a range of sectors and industries. He has a strong record of success with several market-leading businesses and an extensive network. His listed company experience, considered and balanced approach, and passion for employee engagement and delivering shareholder value equip him strongly for his role as Senior Independent Director.

Nancy Cruickshank joined the Board in January 2019. She built her career in start-ups, growth and world class businesses. Her considerable experience in data and online business models, and experience of doing business in different markets brings valuable insight to Bango. Her significant successes in technology ventures, her M&A and listed company experience, bolster the strength and depth of the Board's expertise in these important fields.

Frank Bury has significant experience in finance, investing in and managing technology businesses. This investment experience, in both publicly quoted companies and entrepreneurial ventures, and solid grasp of corporate governance issues, are of particular value of the Board. Frank also brings considerable global experience, especially in key Asian markets including Japan and Korea.

As well as mobile and payments industry experience, Gianluca D'Agostino brings a detailed understanding of data monetization to the Board. His investment and mergers and acquisitions experience have already contributed significantly to the Bango growth story with the acquisition by Bango of Audiens in 2018.

Two Directors identify as female, two as non-binary, and four as male. In addition, the Company Secretary identifies as female. All four Non-Executive Directors are deemed to be independent.

All Directors are subject to election by the shareholders at the first Annual General Meeting following their appointment, and to re-election thereafter every three years. After nine years the Non-Executive Directors are subject to re-election on an annual basis.

Board members are required to devote as much time as is necessary for the proper performance of their duties. Executive

Corporate governance report

Directors are required to work full time. Non-Executive Directors are contracted to commit to 11 or more days a year but all spend 20-30 days working for, and representing, Bango. Non-Executive Director (NED) commitments include attendance at and preparation for Board and Committee meetings, oversight and implementation of governance and Committee matters, meetings and communications with shareholders, contributing to and attending strategy days, meetings with Bango managers and employees, as well as other key stakeholders and partners, and overseeing, and as required, involvement in, strategic matters.

Role of the Chair and Chair Division of Responsibilities

On 22 January 2020, Ray Anderson succeeded David Sear as Chair of the Board. In line with corporate governance best practice, David Sear resigned as Chair and as a Director of Bango after a tenure of nine years.

Ray Anderson transferred his CEO responsibilities to Paul Larbey, but maintains an executive role in business strategy focusing on key strategic partnerships and developing the emerging data business. Therefore, in line with the QCA Code, before making this change, the Board sought the opinion of its key shareholders on board composition and succession planning.

The Board also took advice from the Company Secretary, its NOMAD and lawyers. Options for Board changes and composition were discussed. Positive feedback was received around the concept of having an Executive Chair, with some shareholders themselves raising this as their preferred alternative. It was also agreed by both shareholders and the Board that, if an Executive Chair were to be implemented, strict policies and procedures would be established and monitored to ensure continued strong and effective corporate governance and an independent Board.

To ensure the requirements for independence in the QCA Code, the Board implemented changes to strengthen Non-Executive governance. Nancy Cruickshank was appointed as a Non-Executive Director in January 2019, and Eric Peacock and Frank Bury joined the Board in December 2019. These new Directors bring skills and experience from a range of sectors and industries, and, crucially, all have strong corporate governance knowledge and expertise from the public sector. All Non-Executive Directors are independent.

The Board resolved that if it were to appoint an Executive Director as Chair, it must implement changes to its governance structure:

- Formal recognition of the Board position of Senior Independent Director, its role and responsibilities, within the Articles of Association of Bango.
- The appointment of one of the Non-Executive Directors as Senior Independent Director.
- Implementation of a clear delineation of roles and responsibilities as between CEO and Executive Chair.

Working with the Company Secretary, the Board resolved to implement the following:

- amend the Articles of Association at the company's forthcoming AGM as follows:
- To formally recognize the Board position of Senior Independent Director, its role and responsibilities.
- Where a Chair or Deputy Chair also holds an executive office, the Senior Independent Director shall be responsible for overseeing corporate governance matters, including matters relating to nominations and conflicts of interest. Accordingly, in such circumstances, the Senior Independent Director is responsible for monitoring and overseeing board performance. In addition, the casting vote of the Chair is removed.
- To appoint Eric Peacock as Senior Independent Director. Eric has a wealth of experience in fast-growth businesses and broad experience in a range of CEO, Chair and Non-Executive Director roles in both public and private companies. As such he was considered by the Board to be perfectly suited to take on this vital role. Eric was appointed Senior Independent Director when he was appointed to the Board in January.
- To implement a clear delineation of roles and responsibilities between Executive Chair and Senior Independent Director at board level, and between CEO and Executive Chair at a management level.

The Board adopted and implemented a policy whereby Board roles and responsibilities are strictly divided as follows:

Executive Chair

- Leads the Board and chairs Board meetings
- Oversees Board direction and effectiveness and Board agenda
- Oversees the Bango vision, strategy and financial issues
- Contributes towards annual review on the performance of the CEO which is undertaken by the Senior Independent Director, (with additional input from all other Non-Executive Directors)
- Ensures information flow between management and Non-Executive Directors

Senior Independent Director

- Oversees Board performance
- Chairs the Nominations Committee
- Oversees the performance and evaluation of the Chair, and the search for a new Chair if required
- Responsible for the quality of and approach to corporate governance, in place of the Chair
- Oversees the adoption, delivery and communication of the company's corporate governance model, in place of the Chair
- Sounding board and intermediary for the Chair and other Board members

From an operational standpoint, the role and responsibilities of the Executive Chair and CEO are clearly defined. In his management role, Ray Anderson is responsible for growing the data monetization activities of Bango Marketplace and the Audiens business. Ray is also responsible for driving key projects, as determined by the CEO or the Board, such as the development of strategic partnerships. As CEO, Paul Larbey is responsible for the delivery of the business model, alongside other Executive Directors, within the strategy set by the Board. He is responsible for the day to day operations of the business and oversees the performance of CFO and CMO, and in an

Corporate governance report

operational and management capacity only, the Executive Chair. The CEO reports to the Board and the Senior Independent Director, and not the Chair.

Further safeguards have been implemented within the policy, so that the Company Secretary reports directly to the Senior Independent Director on matters relating to Corporate Governance.

In relation to operational performance, risks and similar issues, the Executive Directors, including (and especially) the Chair, report to the Senior Independent Director and Non-Executive Directors. This ensures that the business remains aligned with the strategy, and avoids the risk of conflict and a lack of independent oversight on the basis the Chair is a founder, a major shareholder and an Executive Director.

Board meetings

The Board meets formally 11 times per year to discuss the strategy, direction and financial performance of Bango. Other additional Board meetings are arranged as required. The Board reviews a detailed management pack each month, which contains detailed financial information as well as extensive information on the KPIs for Bango. The Non-Executive Directors attend all Board meetings. Attendance at Board, Audit (Audit Co), Remuneration (Rem Co) and Nominations (Nom Co) meetings for 2019 was as follows:

	Board	Audit Co	Rem Co	Nom Co
David Sear** (Chair)	14 (15)	1 (2)*	4 (4)	-
Ray Anderson	15 (15)	1(2)*	3 (3)*	-
Carolyn Rand***	15 (15)	2 (2)*	3 (3)*	-
Anil Malhotra	13 (15)	1 (2)*	3 (3)*	4 (4)
Martin Rigby****	6 (7)	2 (2)	3 (3)	-
Gianluca D'Agostino	12 (15)	2 (2)	4 (4)	-
Nancy Cruickshank***	13 (15)	4 (4)	4 (4)	4 (4)
Eric Peacock ****	1 (1)	-	-	-
Frank Bury ****	1 (1)	-	-	-

(x) Number of meetings held

* By invitation of the committee

** resigned January 2020

*** appointed January 2019

**** appointed December 2019

***** resigned May 2019

Board performance

Board performance is essential to the success of Bango. The Board strives to be strong and effective, individually and collectively, and the correct mix of skills and experience is of crucial importance in achieving this.

An annual appraisal system is in place for all employees, including the Executive Directors. The CEO is responsible for overseeing the performance of the CFO, CMO and, in his management capacity, the Executive Chair. The CEO's effectiveness is monitored by the Board and ultimately the Senior Independent Director, and not the Chair, given the position of

Chair is held by an Executive Director. The contribution and performance of all Executive Directors is monitored and overseen by the Senior Independent Director and other Non-Executive Directors.

Executive remuneration incorporates performance-related elements to align their interests with those of Bango shareholders. These performance-related elements are set as a significant proportion of total remuneration, to incentivize, and to reward success.

Non-Executive Director performance is overseen by the Senior Independent Director in consultation with the Executive Directors. The Chair's performance is reviewed by the Senior Independent Director in consultation with all the Directors. The Non-Executive Directors' value and input to Bango is monitored to ensure they are actively contributing to Bango achieving its strategic and financial objectives.

The performance of the Board as a whole is evaluated continuously. The Board believes changes or actions that are identified through this process should be actioned immediately, instead of waiting for an annual or bi-annual review. In the second half of 2019 the composition and performance of the Board was formally reviewed, and the "skills matrix" that highlights the contributions of current Board members, and areas where the Board might benefit from additional support, was reviewed and approved. This formal review also identified the need for a Nominations Committee, which has been formally established by the Board. Further detail on the role and responsibilities of the Nominations Committee is set out below.

Further detail on board performance may be found in the AIM Rule 26 section of the Bango investor website, located at bangoinvestor.com/aim-rule-26.

Advisors to the Board

During 2019, there were no internal advisors to the Board, other than the Company Secretary. The Company Secretary supports and advises the Board on matters relating to corporate governance, AIM and industry compliance, as well as wider legal matters, such as, during 2019, the data privacy matters in relation to the Marketplace product and considerations, uncertainties and risks surrounding Brexit. The Company Secretary ensures the Board and its sub-committees meet regularly and oversees and monitors agenda items. The CFO keeps the Board updated on accounting, finance and taxation changes and practices.

In addition to the advisors listed on page 16, one further external advisor was appointed by the Remuneration Committee during 2019. As a part of its review of Executive Remuneration and remuneration policy, the Remuneration Committee appointed FIT Remuneration Consultants LLP to undertake a review of, and to benchmark, Executive Director remuneration. Further details of this are set out on page 25 in the Remuneration Committee report.

During 2019 Bango changed its Nominated Advisor ("NOMAD"). Cenkos Securities PLC acted as Bango's NOMAD before finnCap were appointed in July 2019. Other than FIT and Cenkos, no other

Corporate governance report

external advisors were appointed by either the Board or any of its sub-committees during 2019. Additionally, the Board did not seek external advice on any significant matter.

Communications with shareholders

The Board recognizes the importance of regular and effective communication with shareholders. The primary forms of communication are:

- Information provided at www.bangoinvestor.com
- The annual and interim statutory financial reports and associated investor and analyst presentations and reports.
- Announcements relating to trading or business updates released to the London Stock Exchange.
- The Annual General Meeting provides shareholders with an opportunity to meet the Board of Directors and to ask questions relating to the business.

All statutory financial reports, as well as accompanying presentations and additional independent analysts are published on www.bangoinvestor.com and are made available on a timely basis.

Additional Board committees

In line with best practice Bango has sub committees to focus on specific areas of good corporate governance. Separate Remuneration, Audit and Nominations Committees hold regular meetings and are each chaired by a different Non-Executive Director, with the Senior Independent Director in attendance. The members of these committees are assessed and considered to have the appropriate knowledge and skills to complete their tasks. They may seek advice and guidance from external parties as required.

Corporate culture

Bango has a strong corporate culture which is consistent with its objectives, strategy and business model. The Bango THRIVE values set out the core values that Bango aspires to, these are:



Compliance with Bango policies and the THRIVE values is actively monitored by senior management and implementation is overseen by the Board. Management reports are scrutinized at the monthly Board meetings. In addition, key management personnel are invited to present to board meetings on specific areas of focus, or when key issues of concern arise, and report to the Board when appropriate.

Employee personal development and welfare are paramount and reinforced through these THRIVE values, as well as through

employee benefits. Bango encourages diversity amongst its workforce, and actively enforces its equal opportunities, anti-bullying and harassment policies. Employee engagement surveys, which cover all aspects of the business, are conducted annually by an external human resources specialist, and their results reported to the Board. Where suggestions for improvement or concerns are raised, these are followed up by management who are accountable to the Board for implementation.

All these measures assist in minimizing risk and uncertainty. Further detail on corporate culture may be found in the AIM Rule 26 section of the Bango investor website, located at bangoinvestor.com/aim-rule-26.

Directors' skills

The Executive Directors are treated no differently to any other employee; the skills they bring to Bango, and their ongoing personal development, are central to the success of Bango. As with all other employees, the Executive Directors are required to actively identify and undertake training as necessary. Training extends not just to the ongoing enhancement of professional or technical skills, but also to wider skills, such as management training, communication skills, and similar. Bango conducts regular training sessions for all employees (which the Executive Directors attend), conducted by an external consultant, covering the THRIVE values. The Non-Executive Directors are responsible for ensuring their skillsets are kept updated as required. The Company Secretary is responsible for ensuring that the entire Board (and, as appropriate the wider company) are updated on relevant legal, regulatory and governance updates. The CFO updates the Board on accounting, tax and audit matters. They deliver briefing notes and training to the Board as required, supported by Bango's NOMAD, accountants and legal advisors. Industry-specific updates are delivered to the Board by the relevant expert, be it a director, an employee or an independent expert.

Further details on Corporate Governance

This document should be read in conjunction with the Corporate Governance disclosures set out in the AIM Rule 26 section of the Bango investor website, located at bangoinvestor.com/aim-rule-26. Those QCA Code principles not covered in detail in this Annual Report, which include detail on meeting shareholder needs and expectations, taking into account wider stakeholder and social responsibilities, more detail on board performance evaluation, governance structures and processes and shareholder communications, are covered in those website disclosures.

Index to Corporate Governance Disclosures

An index of all disclosures required by the QCA Code can be found on the AIM Rule 26 section of the Bango investor website, located at bangoinvestor.com/aim-rule-26.

Ray Anderson, Executive Chair;
Eric Peacock, Senior Independent Director

Audit committee report

The Audit Committee comprises the Senior Independent Director, Eric Peacock, and two other Non-Executive Directors, Frank Bury and Gianluca D'Agostino. The Audit Committee has considerable strength and depth in management and financial experience across a broad range of industries and sectors, from both the private and public sector, and is chaired by Frank Bury, who has over 25 years' of experience in finance.

Responsibilities

The Audit Committee meets at least twice a year to review the independent audit report and the wider responsibilities set out below:

- Monitor and challenge the integrity of the financial systems and statements of Bango.
- Oversee Bango's corporate reporting, internal controls and risk management systems.
- Assess and report to the Board on performance, identifying any matters in respect of which it considers that action or improvement is required.
- Ensure a formal channel is available for employees and other stakeholders to express any complaints in respect of financial accounting and reporting.

External Audit

In relation to Bango's external auditors the key responsibilities are:

- Make recommendations to the Board, for it to put to the shareholders for their approval in relation to the appointment of the external auditor and to approve the remuneration and terms of reference of the external auditor.
- Discussion of the nature, extent and timing of the external auditor's procedures and discussion of the external auditor's findings.
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.
- Develop and implement policy on the engagement of the external auditor to supply non-audit services.

The audit was put out to tender in 2019 after Bango shareholders voted against the continued appointment of Grant Thornton at the 2019 AGM. Following a comprehensive tender process, the Board determined that RSM UK Audit LLP was the strongest candidate and appointed them as auditors.

Internal control procedures

The Board is responsible for Bango's system of internal controls and risk management, and for reviewing the appropriateness and effectiveness of these systems having regard to the nature and complexity of Bango, its business, and the risks it faces. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives.

The key features of Bango's internal controls are:

- A clearly defined organizational structure with appropriate delegation of authority.
- The approval by the Board of a one-year budget, including monthly income statements, statements of financial position and cash flow statements. The budget is prepared in conjunction with senior managers to ensure targets are feasible.
- The business plan is updated on a periodic basis to take into account the most recent forecasts. On a monthly basis, actual results are compared to the latest forecast and market expectations and presented to the Board on a timely basis.
- Regular reviews by the Board and by the senior management team of key performance indicators.
- Dual authority is required for all bank payments. Payments are not permitted without an approved invoice signed in accordance with the Bango Delegation of Authority document.
- Reconciliations of key statement of financial position accounts are performed and independently reviewed by the finance team. Wherever possible segregation of duties is implemented to provide additional comfort and support on all finance processes.
- All employees must go through initial and periodic security screening in line with requirements from Bango's key customers.
- Appropriate physical security and virtual checks are in place at all Bango locations to protect Bango's assets (fixed and intangible).
- Appropriate whistleblowing and escalation points are established and communicated to staff to provide a safe and secure forum for employees to escalate matters.
- A disaster recovery plan and back-up system are documented and in place.

The Board in conjunction with the Audit Committee keeps under review Bango's internal control system on a periodic basis. An internal cross functional Infosec team also meets periodically to review the controls and processes in place for Bango.

Frank Bury
Audit Committee Chair

Nominations committee report

During its review of Board composition and succession planning in 2019, the Board decided to form a separate Nominations Committee.

Composition

The Nominations Committee is composed of two Non-Executive Directors, Eric Peacock and Nancy Cruickshank, and one Executive Director, Anil Malhotra (CMO). Eric Peacock, Senior Independent Director, joined the Committee (which previously comprised the remaining two Directors) as Chair when he was appointed as a Director in December 2019. The Committee is supported by the Company Secretary.

It meets at least twice a year, and more often if needed to consider changes to the composition of the Board.

Responsibilities

The Committee's main role and responsibilities are as follows:

- To review the make-up and skill set of the Board
- To make recommendations to the Board on board composition
- To oversee and monitor board performance
- To identify any areas of Board operation that need additional support or strengthening
- To manage appointments to the Board as needed
- To ensure that succession planning is discussed and developed

2019 Activities

During 2019 the Nominations Committee considered the future roles of the Board and worked with the Bango People team (which has responsibility for HR) on the development of key executives.

With the retirements of Martin Rigby and David Sear expected to take place during 2019, the Nominations Committee (as Nancy Cruickshank and Anil Malhotra) undertook an extensive review of board requirements for the future, with additional input from the wider Board and Company Secretary as appropriate. The Committee identified a need for at least two further Non-Executive Directors and a replacement Chair in place of David Sear. The Committee's search focused on two key areas where additional skills and experience were required to bolster and supplement those of the continuing Board members:

- Finance and corporate governance knowledge and expertise.
- Knowledge of and experience in Bango market opportunities and product offerings.

The Committee is pleased to report the appointments made during 2019. Nancy Cruickshank joined the board as a Non-Executive Director at the start of 2019. At the same time, Carolyn Rand, Chief Financial Officer, joined the board as a Director.

After a number of interviews, the Nominations Committee identified and recommended Eric Peacock and Frank Bury as outstanding potential board members, who would contribute significantly to the next stages of growth for Bango as Non-Executive Directors. The recommendation of these two

candidates was endorsed by the Board, and they were formally appointed as Directors at the end of 2019.

The Nominations Committee proposed the changes to the Board that were formalized post-period in January 2020, with Paul Larbey becoming CEO and officially appointed to the Board, and Ray Anderson becoming Executive Chair to succeed David Sear.

The Senior Independent Director's role as Chair of the Nominations Committee is crucial given the Executive role undertaken by the Chair. The Senior Independent Director oversees the performance and evaluation of the Chair, ensuring the independence and integrity of the wider Board. Further detail on the division of roles and responsibilities as between the Chair and Senior Independent Director and the measures taken to ensure the integrity and independence of the Board may be found within the Corporate Governance report on pages 19-21.

Eric Peacock

Nominations Committee Chair and Senior Independent Director

Remuneration committee report

Composition

The Remuneration Committee comprises of three Non-Executive Directors – Eric Peacock (Senior Independent Director), Frank Bury and Nancy Cruickshank, who acts as Chair. The Committee meets at least twice a year and may meet more frequently due to the needs of the business.

Responsibilities

The Committee's main role and responsibilities are as follows:

- To review, and determine on behalf of the Board, remuneration policy, and the specific remuneration and incentive packages for each of Bango's Executive Directors.
- To review and make recommendations to the Board in respect of the design of remuneration structures and levels of pay and other incentives for employees of Bango, including share option awards and any adjustments to the terms of share ownership and share option schemes.
- To be responsible for reporting to Bango's shareholders in relation to remuneration policies applicable to Bango's Executive Directors.
- To monitor and approve the grants of all share option schemes to employees.

The Committee may invite the CEO and CFO to attend meetings of the Remuneration Committee. The CEO is consulted on proposals relating to the remuneration of the CFO and of other senior executives of the Group. The CEO and CFO are not involved in setting their own remuneration.

The Committee may use remuneration consultants to advise it in setting remuneration structures and policies. The Committee is exclusively responsible for appointing such consultants and for setting their terms of reference.

During 2019, the Committee undertook a review of remuneration policy and appointed FIT Remuneration Consultants LLP ("FIT") to review and benchmark the Executive Directors' salaries and benefits. FIT benchmarked against a pan-sector group of 60 AIM listed companies with a comparable market capitalization. Market capitalization was considered to be the best benchmark, reflecting a holistic valuation based on the market's view of future prospects, as well as current trading.

The Committee's terms of reference are reviewed and approved by the Board. These are available for inspection at Bango's registered office.

Remuneration policy

Bango's policy on remuneration is to provide a package of benefits to all employees, including salary, pension and share options, which provide incentives and reward individual contributions to Bango's overall performance appropriately, while avoiding paying more than is necessary for this purpose. The Committee considers Executive remuneration packages of comparable companies when making recommendations to the Board. Bango offers a base salary, performance related bonuses, as well as share options and a workplace pension to Executive Directors.

Annual salary

The FIT benchmarking exercise concluded that the fixed element of remuneration for both the CEO and the CMO ranked in the lower quartile, even taking into account their individual shareholdings. Fixed remuneration of the CFO was found to be competitive with the median position. Mindful of the importance of retaining high-quality executives through packages which are fair and attractive, but not excessive, and after careful consideration of FIT's findings as well as each individual director's performance and contribution to the business, the Remuneration Committee decided to adjust the salaries of the CMO and the then-CEO, Ray Anderson, in July 2019 so that both received fixed remuneration that benchmark within the market median. The fixed remuneration element of the CFO's salary was left unchanged.

Bonus scheme

Performance-related elements of remuneration are designed to align the interests of Executive Directors with those of shareholders and accordingly are set as a significant proportion of total remuneration. The awarding of a bonus is based upon a series of success factors set by the Remuneration Committee, including financial and non-financial criteria. These success factors are linked to the long-term development of Bango. The success factors include company financial goals (such as EUS targets, revenue and profitability) shared by all Directors and individual targets for each Director based on their roles and responsibility.

The Board reserves the right to enforce claw back terms related to the bonus if it is discovered that any of the terms under which the bonus was granted change.

FIT's review of the performance-related elements remuneration confirmed that the policy applied is appropriate and bonuses paid to Executive Directors are in line with market median levels.

Share options

Bango considers that active participation in a share option plan is an effective means of incentivizing and retaining high quality people. The Bango employee share option scheme has been successfully operated since 2005 and is a key benefit for all staff. Alongside all employees, Executive Directors are eligible to participate in the scheme on completion of an agreed probationary period. The number of options awarded to all staff, including Executive Directors, is directly related to their contribution to Bango and its future growth.

Share options are granted following a review of staff performance by the wider leadership team, who then make recommendations to the Committee. Share options may only be granted after approval by the Committee and in line with the restrictions set out under the Bango share option plan. All options are granted at the market rate at the date of grant. Options only deliver value if the share price rises and do not fully vest for three years, thereby incentivizing all employees, as well as Directors, in Bango's medium to long-term growth, aligning their interests with those of shareholders.

Remuneration committee report

Further details of the option plan and outstanding options as at 31 December 2019 are given in note 7 to the financial statements.

Details of share options and shares held by Directors in Bango are shown in the Directors' report on page 17.

Pensions

Executive Directors may participate in the Bango defined contribution pension scheme or chose to pay into their own private pension scheme. In line with requirements for all employees the pension contribution is 5% under auto-enrolment rules. There have been no changes to the Bango pension policy in the year and there are no unfunded pension contributions in the year.

Non-executive Directors are not able to participate in the Bango pension scheme.

Service agreements

The Executive Directors have service agreements with Bango.net Ltd. The agreements include restrictive covenants which apply during employment and for a period of twelve months after termination. The agreements can be terminated on twelve months' notice in writing by either Bango or by the Executive Director.

Non-Executive Directors

The remuneration of the Non-Executive Directors is determined by the Executive Directors. Their appointments can be terminated on three months' notice in writing by Bango.

Nancy Cruickshank

Remuneration Committee Chair

Remuneration committee report

Directors' emoluments

Details of remuneration in respect of the Directors is as follows:

31 December 2019	Wages and salaries	Variable pay	Pension and other benefits	Total
	£	£	£	£
R Anderson	198,919	50,000	8,317	257,236
A Malhotra	162,619	50,000	7,525	220,144
C Rand	144,379	-	46,870	191,249
M Rigby*	8,625	-	-	8,625
G D'Agostino	22,500	-	-	22,500
D Sear	62,000	-	-	62,000
N Cruickshank	22,500	-	-	22,500
	621,542	100,000	62,712	784,254

* Non-Executive Director Martin Rigby resigned on 17 May 2019.

During the year Bango was invoiced £18,700 by Egan and Talbot Limited, a company of which Martin Rigby is a Director. The amount invoiced relates to consultancy work carried out by Martin Rigby in the year.

31 December 2018	Wages and salaries	Variable pay	Pension and other benefits	Total
	£	£	£	£
R Anderson	165,000	52,200	5,105	222,305
A Malhotra	147,500	36,000	5,219	188,719
R Elias-Jones**	122,103	17,400	3,191	142,694
M Rigby	22,500	-	-	22,500
G D'Agostino	22,500	-	-	22,500
D Sear	62,000	-	-	62,000
	541,603	105,600	13,515	660,718

**R Elias Jones Resigned November 2018

Nancy Cruickshank
Remuneration Committee Chair

Independent auditor's report to the members of Bango PLC

Opinion

We have audited the financial statements of Bango plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise consolidated and company statements of financial position, consolidated statement of comprehensive income, consolidated and company cash flow statements, consolidated and company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorized for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group key audit matters

- Revenue recognition – Under international auditing standards there is a rebuttable presumed risk of fraud that revenue may be misstated due to improper revenue recognition. We considered the controls over the determination of end user spend and the corresponding billing of revenue. In addition, we performed cut-off testing and substantive testing procedures to validate the recognition of revenue throughout the year. We also considered the adequacy of the Group's revenue recognition accounting policy as disclosed in note 3. Was in line with contractual arrangements.

Development costs - We focused on the capitalization of development costs due to its impact on reported earnings and the judgements involved in assessing whether the IAS 38 criteria for capitalization have been suitably met with no impairment required. We understood management's basis for capitalizing development costs and reviewed whether the costs had been appropriately capitalized in accordance with IAS 38 and in accordance with the accounting policy in note 3. Our procedures included an assessment over the appropriateness of any management judgements including the future expected economic benefit of capitalized projects and substantive testing of the costs capitalized. We also assessed the reasonableness of the

Independent auditor's report to the members of Bango PLC

amortization policies in place and potential impairment. We also considered the adequacy of the Group's research and development accounting policy as disclosed in note 3. Capitalized development costs are disclosed in note 5.

Parent company key audit matters

- Impairment – We critically assessed the impairment review performed by management over the carrying value of investments and group debtor balances as this assessment incorporates a significant level of management judgement. Our work included a review of the client's latest board approved forecasts and discounted cashflow calculations to assess whether the assumptions appeared reasonable and achievable. We also evaluated the key assumptions to ascertain the extent of change in those assumptions that individually or collectively would be required to lead to an impairment.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. During planning materiality for the group financial statements as a whole was calculated as £200,000, which was not significantly changed during the course of our audit. Materiality for the parent company financial statements as a whole was calculated as £80,000, which was not significantly changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £10,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our group audit approach focused on the parent company, the trading subsidiaries and the consolidation which have been subject to a full scope audit to group materiality. These audits covered 100% of group revenue, 83% of group loss before taxation and 99 % of group's total assets. In addition, we have performed analytical procedures on the overseas subsidiaries corroborating any significant differences from expectations.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

Independent auditor's report to the members of Bango PLC

- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Neil Stephenson (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Second Floor, North Wing East, 126-130 Hills Road, Cambridge CB2 1RE

16 March 2020

Consolidated statement of financial position

	Note	31 Dec 2019 £ '000	31 Dec 2018 £ '000
ASSETS			
Non-current assets			
Property, plant and equipment	5	283	568
Intangible assets	5	12,201	11,928
Right of use assets	5	931	-
		13,415	12,496
Current assets			
Trade and other receivables	6	2,588	2,815
Research and development tax credits	6	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	7	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	8	3,421	3,409
Lease liabilities	5	303	122
		3,724	3,531
Non-current liabilities			
Lease liabilities	5	748	152
Deferred tax liability	15	118	109
		866	261
Total liabilities		4,590	3,792
Total equity and liabilities		19,287	19,761

These financial statements were approved by the Directors on 16 March 2020 and are signed on their behalf by:

P Larbey
Director

C Rand
Director

Company registration number 05386079

The notes on pages 35 to 62 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2019

	Note	2019 £ '000	2018 £ '000
Alternative performance measure (Non-IFRS)			
End User Spend	4	1,093,440	558,173
Revenue	4	9,310	6,620
Cost of sales		(1,413)	(796)
Gross profit		7,897	5,824
Other administrative expenses	10	(7,448)	(6,691)
Exceptional items	11	(165)	-
Share based payments		(806)	(1,035)
Depreciation	5	(476)	(270)
Amortization	5	(1,723)	(1,345)
Total administrative expenses		(10,618)	(9,341)
Operating loss		(2,721)	(3,517)
Interest payable	14	(58)	(68)
Movement in put and call option	11	(309)	-
Investment income	14	12	15
Loss before taxation	11	(3,076)	(3,570)
Income tax	15	740	706
Loss for the financial year		(2,336)	(2,864)
Other comprehensive Income			
Foreign exchange on consolidation		(85)	84
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	16	(3.32) p	(4.11) p
Diluted loss per share	16	(3.32) p	(4.11) p

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

The notes on pages 35 to 62 are an integral part of these consolidated financial statements

Consolidated cash flow statement

	Note	2019 £ '000	2018 £ '000
Net cash generated from operating activities	17	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

The notes on pages 35 to 62 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	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	162	(40,100)	15,969
Share based payments	-	-	-	806	-	-	806
Transfer for exercised options	-	-	-	(161)	-	161	-
Exercise of share options	83	260	-	-	-	-	343
Transactions with owners	83	260	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

The notes on pages 35 to 62 are an integral part of these consolidated financial statements.

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, is given on page 16. 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 and a targeted audience.

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.

Bango has prepared its Report and accounts for the year ended 31 December 2019, in accordance with International Financial Reporting Standards ("IFRS") as adopted by 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 and Company'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 note 3.

These financial statements are presented in pounds sterling (GBP) because that is the presentation currency of Bango PLC.

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. Refer to note 5 Leases.

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 unavoidable 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.

Following the adoption of IFRS 16 the group has used the following practical expedients permitted by the standards:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- excluding initial direct costs for the measurement of the right of use asset at the date of initial adoption

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

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

- Property, plant & equipment – decreased by £269,000
- Right of use assets – increased by £1,258,000
- Lease liabilities – increased by £984,000

2.1 Going concern

Bango had cash of £2.7m at 31 December 2019 (31 December 2018: £3.8m) and financing debt of £0.2m (31 December 2018: £0.3m). Bango grew its EUS and revenue in 2019 in line with prior year trends, cash consumption reduced in 2019, mainly due to the stable cost basis of the platform. The Board believes there is sufficient cash and resources to support both planned investments to grow sales, and to develop new products. For this reason, the going concern basis has continued to be adopted in the preparation of the financial statements.

3 Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

3.1 Basis of consolidation

On 9 June 2005 Bango PLC acquired the entire issued share capital of Bango.net Limited by way of a share for share exchange. As the shareholders were the same before and after this transaction, the share for share exchange qualifies as a common control transaction and fell outside of the scope of IFRS 3, Business Combinations.

No goodwill has been recorded and the difference between the parent company's cost of investment and Bango.net Limited's share capital and share premium is presented as a merger reserve within equity on consolidation.

The consolidated financial statements incorporate the financial statements of Bango PLC and all entities controlled by it after eliminating internal transactions. Control is achieved where the Group has the power to govern the financial and operating policies of a Group undertaking so as to obtain economic benefits from its activities. Subsidiary undertakings' results are adjusted, where appropriate, to conform to Group

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accounting policies.

3.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Residual values and useful economic lives are assessed annually. Depreciation is provided to write off the cost of all property, plant and equipment to its residual value on a straight-line basis over its expected useful economic lives, which are as follows:

Leasehold improvements	20% straight-line
Office equipment	20% straight-line
Computer equipment	33.3% straight-line

3.3 Intangible assets

Intangible assets are measured initially at historical cost and are amortized on a straight-line basis over the expected useful economic lives:

Domain names	3 years straight-line
Internal development	5 – 8 years straight-line

3.3.1 Goodwill

Goodwill is the difference between the amount by which the fair value of the cost of a business combination exceeds the fair value of net assets acquired. Goodwill is not amortized and is stated at cost less any accumulated impairment losses. The goodwill is tested for impairment annually or when events would indicate that it might be impaired. Impairment charges are deducted from the carrying value and recognized immediately in profit or loss. For the purpose of impairment testing, goodwill is allocated to the trade and assets acquired. An impairment loss recognized for goodwill is not reversed in a subsequent period.

3.3.2 Acquisition related intangible assets

Net assets acquired as part of a business combination includes an assessment of the fair value of separately identifiable acquisition related intangible assets, in addition to other assets and contingent liabilities purchased. These are amortized over their useful lives which are individually assessed. The estimated useful economic life for customer contracts and relationships is 5 years and for acquired software is 8 years.

3.4 Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from Bango's development activities is recognized only if all of the following conditions are met:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- Bango intends to complete the intangible asset and use or sell it.
- Bango has the ability to use or sell the intangible asset.
- The intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits.

- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Internally-generated intangible assets are amortized on a straight-line basis over their useful economic lives. Where no internally-generated intangible asset can be recognized, development expenditure is recognized as an expense in the period in which it is incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the intangible asset to be capable of operating in the manner intended by management. Directly attributable costs comprise employee salary and other employment costs incurred, on a time apportioned basis, as well as a proportion of attributable overhead costs. Development costs previously recognized as an expense are not included in the amount recognized as an asset. Until completion of the project, these assets are subject to impairment testing only. Amortization commences upon completion of the asset and is shown within administrative expenses in the statement of comprehensive income.

3.5 Impairment of property, plant and equipment and intangible assets

At each statement of financial position date, Bango reviews the carrying amounts of its property, plant and equipment and intangible assets for any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the fair value less costs to sell and value in use. Until completion of the development project, when amortization will be charged on the intangible asset, the assets are subject to an annual impairment test.

3.6 Current financial assets

a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits available on demand, together with other short term highly liquid investments.

b) Trade and other receivables

Trade and other receivables are recognized initially at fair value and are measured subsequent to initial recognition net of any provision for impairment. Any change in their value through impairment or reversal of impairment is recognized in profit or loss.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. The expected loss rate against certain balances is adjusted where there are specific indicators that the trade receivable is either irrecoverable or the risk of loss is high. Indicators include, amongst others, the failure of a debtor to engage in a repayment plan with the group or a failure to make contractual payments for a period greater than 120 days past due.

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3.7 Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

3.8 Income taxes

Current income tax liabilities comprise those obligations to fiscal authorities relating to the current or prior reporting period, that are unpaid at the statement of financial position date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement, except where it relates to items recognized outside profit or loss.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by Bango and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to Bango are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted at the statement of financial position date.

Deferred tax is recognized as a component of tax expense in the income statement, except where it relates to items charged or credited directly to other comprehensive income, when it is recognized in other comprehensive income. Deferred tax relating to items recognized directly in equity is recognized directly in equity.

3.9 Leases

As in note 2, the group has changed its accounting policy for leases where the group is a lessee. The new policy is detailed in note 5 with the impact of the change shown in note 2. Until 31 December 2018, leases of property, plant and equipment where substantially all the risks and rewards of ownership were transferred to the Group were classified as finance leases and shown in note 9.

The finance leased asset is recognized at an amount equal to the lower of its fair value and the present value of minimum lease payments.

Minimum lease payments made under finance leases were apportioned between the financial expense and the reduction of the outstanding liability. The finance expense is allocated

to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leases where the risks and rewards of ownership are not transferred are charged to the profit or loss net of any incentives received from the lessor on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognized as a right of use asset with a corresponding liability at the net present value at the date on which the asset is available for use by the group. Lease liabilities include the net present value of the remaining lease payments; fixed and variable payments less any incentive; and residual amounts and purchase or extended options where it's reasonably certain to exercise the option; The lease payments are discounted using the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

Right of use assets are measured at cost to include the lease liability, direct and restoration cost and are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short term leases of equipment and vehicles and all leases of low value assets are recognized on a straight-line basis as an expense in the profit and loss.

3.10 End User Spend

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 – a key factor in driving competitive edge for Bango alongside the unique Bango technology.

This is reported on the consolidated statement of comprehensive income as a non IFRS KPI and in Note 4 on revenue as EUS is directly linked to Bango's revenue.

3.11 Revenue recognition

Revenue is measured by reference to the fair value of consideration receivable by Bango for services provided, excluding taxes. There are two separable revenue streams in Bango. One revenue stream relates to payment transactions processed by the Bango Platform and the other stream relates to data activity.

3.11.1 Revenue linked to Payment activity

Bango payment revenue is contractually determined as the fee from every transaction processed through the Bango Platform or as a fee based on the value of the transaction or a fixed fee per transaction or connection. The revenue is recognized on the basis of completion of performance obligations, which for EUS revenue is to ensure that the Bango Platform is always available and that payments are enabled to take place and be accounted for between payment providers and sellers of goods.

Revenue from other fees relates to revenue such as integration or support fees:

- Integration fees – where Bango charges the payment provider or the merchant for connecting to the Bango Platform. Revenue is recognized on completion of contracted milestones, including signing of commercials, delivery of technical design and activation of routes.

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- Support fees – where Bango provides period services which are recognized at point of invoice.

3.11.2 Data activity

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.

Revenue is recognized at point of supply for data activity.

3.12 Employee benefits

All accumulating employee-compensated absences that are unused at the statement of financial position date are recognized as a liability.

Payments to defined contribution retirement benefit schemes are charged as an expense in the period to which they relate.

3.13 Share-based payment transactions

Bango issues equity settled share-based compensation to certain employees (including Directors). Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the estimate of the shares that will eventually vest. These estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods.

Fair value is measured by an external valuer using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. No adjustment is made for performance conditions as these do not form a condition of the option agreement.

On the exercise of share options, an amount equal to the fair value of the option at the date it was granted is transferred from the share-based payments reserve into retained earnings.

Where the company grants options over its own shares to the employees of its subsidiaries it recognizes, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognized in its consolidated financial statements with the corresponding credit being recognized directly in equity.

3.14 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange prevailing at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the date of the transaction. Exchange gains and losses are included in the profit or loss for the period.

The functional currency of the Group is Sterling. Exchange differences arising from the translation of foreign operations are recognized in other comprehensive income and accumulated in a foreign currency translation reserve within equity.

3.15 Segment reporting

In identifying Bango operating segments the chief operating decision maker reviews two service lines. These are the provision of a mobile payment platform allowing end users to purchase goods and services, and the provision of data segments to digital merchants and other organizations. The revenue generated from each of these segments is separately reported but where costs and assets are managed and utilized on a group basis, these are not allocated to a segment.

3.16 Financial instruments

Bango uses a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. Bango uses its historical experience and forward-looking information to calculate the expected credit losses.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in profit or loss. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument.

Dividends and distributions relating to equity instruments are debited direct to equity. Interest income and expenses are reported on an accrual basis using the effective interest method.

3.17 Share capital and reserves

Share capital

Ordinary shares are classified as equity. Equity instruments issued by Bango PLC are recorded at the proceeds received, net of direct issue costs.

Share premium account

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Merger reserve

The merger reserve represents the difference between Bango PLC's cost of investment and a subsidiary's share capital and share premium where a group reorganization qualifies as a common control transaction and the excess over nominal value for equity shares issued as part of a business acquisition where at least 90% of the entity is acquired.

Share-based payment reserve

The share-based payment reserve represents equity-settled

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share-based employee remuneration recognized over the vesting period and the initial present value of warrants issued over equity shares.

Foreign exchange reserve

The foreign exchange reserve represents translation differences arising from the translation of the Bango subsidiaries financial statements which are held in local currency into the consolidated Bango accounts which is reported in GBP. This reserve only arises at consolidation.

Retained earnings

Retained earnings include all current and prior period retained profits.

3.18 Exceptional items

Exceptional items are those significant one off items which are disclosed by virtue of their size of incidence to enable a full understanding of the financial performance.

3.19 Significant accounting estimates and judgements

Revenue recognition

There are a number of key judgements taken by management in determining the most appropriate presentation of revenues generated from services to end users based principally on the basis of the gross profit generated from each segment and the nature of the revenue. The Directors have considered IFRS 15 and determined that the current recognition and presentation is appropriate.

Deferred tax

A deferred tax asset is recognized where Bango considers it probable that a tax credit will be received in the future. This specifically applies to tax losses and to outstanding vested share options at the statement of financial position date. No deferred tax asset is currently being recognized due to the unpredictability of future taxable trading profits from which these differences may be deducted (note 15).

Development costs

Judgement is applied when deciding whether the recognition requirements for development costs have been met, based on the information available at each statement of financial position date. The economic success of any product development is uncertain at the time of recognition as it may be subject to future technical problems and therefore impairment reviews are completed for each project on the statement of financial position date. The carrying value of capitalized development costs is £6,566,000 (2018: £5,778,000).

No projects are considered to be impaired based on expected

future revenues.

Acquisition accounting

Acquired assets are accounted for in accordance with IFRS3 Business Combinations following a detailed review of the fair value of the assets by an independent third party. The business separates out the underlying assets which include software, customer relationships and trade names based on the attributable values that can be apportioned directly to them, and the remaining difference in the value is shown as goodwill. The acquired assets are amortized over a five to eight year period, goodwill is not amortized. All acquired assets not subject to amortization are tested annually for impairment.

No impairment is recognized based on current estimates of future revenue streams expected to be derived from acquired assets.

Impairment of goodwill

The Group tests goodwill for impairment on an annual basis in line with the accounting policy noted above. This involves judgement regarding the future development of the business and the estimation of the level of future growth, cash flows and an appropriate discount rate to support the carrying value of goodwill.

3.20 Standards and interpretations not yet applied by the Group

For the purpose of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2019. There was no impact on the presentation of financial statements of Bango PLC other than those shown in the notes. No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 January 2020, or later periods, have been adopted early.

The new standards and interpretations are not expected to have any significant impact on the financial statements when applied.

3.21 Related party transactions

Bango's related parties include its Directors and key management personnel. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are settled in cash.

The only transactions with Directors are noted in the Directors remuneration note in the accounts, see note 13.

Notes to the financial statements

4 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 Bango and to assist users of these financial statements, Bango includes this additional reporting.

	2019	2018
	£ '000	£ '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. In line with its revenue streams, one revenue stream relates to payment transactions processes by the Bango Platform and the other stream relates to data activity. 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 operations 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.

Year 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			(7,448)	(7,448)
Exceptional item			(165)	(165)
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

Notes to the financial statements

Year 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

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 generated from fees and by third parties monetizing their data by using the Bango Data Platform to segment their data and sell it through the trading desk integrations. 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 the Audiens are shown in this segment.

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

(c) Geographical analysis

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

	2019 £ '000	2018 £ '000
United Kingdom (country of domicile)	173	30
EU	2,440	1,339
USA and Canada	1,546	1,559
Rest of the 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 World and £1.0m comes from a partner in USA and Canada. (2018: £0.9m USA and Canada, £2.7m from two partners in Rest of the World).

Notes to the financial statements

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

	2019 £ '000	2018 £ '000
United Kingdom (country of domicile)	11,007	10,817
EU	2,408	1,679
	13,415	12,496

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

5 Non-current assets

5.1 Property, plant and equipment

	Leasehold improvements £ '000	Office equipment £ '000	Computer equipment £ '000	Total £ '000
Cost				
At 1 January 2019	365	274	2,463	3,102
FX Revaluation	-	(1)	-	(1)
Additions	11	30	106	147
Transfer to leases	(85)	-	(760)	(845)
At 31 December 2019	291	303	1,809	2,403
Depreciation				
At 1 January 2019	319	168	2,047	2,534
Charge for the year	13	32	117	162
Transfer to leases	(60)	-	(516)	(576)
At 31 December 2019	272	200	1,648	2,120
Net book value				
At 31 December 2019	19	103	161	283

From 2019 leased assets are presented as a separate line item in the balance sheet and shown in Note 5.2. Refer to Note 2 for the details about the changes in accounting policy. Finance leases recognized as at 31 December 2018 have been transferred to right of use assets.

	Leasehold improvements £ '000	Office equipment £ '000	Computer equipment £ '000	Total £ '000
Cost				
At 1 January 2018	360	183	2,278	2,821
Additions	5	91	185	281
At 31 December 2018	365	274	2,463	3,102
Depreciation				
At 1 January 2018	286	150	1,828	2,264
Charge for the year	34	18	218	270
At 31 December 2018	320	168	2,047	2,534
Net book value				
At 31 December 2018	45	106	417	568

Notes to the financial statements

Prior to the current year, leases were classified as either operating or finance leases. From January 1 2019, leases are recognized as a right to use asset with a corresponding liability. Assets and liabilities are initially measured at the present value at the initial date using the implied company rate. These include all payments, residual values and termination charges.

5.2 Leases

	31 Dec 2019 £ '000	1 Jan 2019 £ '000
Right of use assets		
Building	797	984
Computer equipment	126	244
Others	8	30
	<u>931</u>	<u>1,258</u>
Lease liabilities		
Current	303	237
Non-current	748	1,021
	<u>1,051</u>	<u>1,258</u>

Amounts recognized in profit or loss

	2019 £'000	2018 £'000
Depreciation charge of right of use assets		
Building	179	-
Computer equipment	118	-
Others	17	-
	<u>314</u>	<u>-</u>
Interest expense (included in finance cost)	35	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	14	-

The total cash outflow for leases in the year was £333,000.

The company leases a building and equipment with varying terms ranging from 12 months to 10 years.

All leases amounts are recognized where there's a reasonable certainty that the leases will be extended beyond its break point, the assumption made is that the lease will continue to the end of the lease term.

Notes to the financial statements

5.3 Intangible assets

	Domain Names	Internal Development	Acquired intangibles (Software)	Acquired intangibles (Contracts)	Acquired intangibles (Brand)	Goodwill	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Cost							
At 1 January 2019	33	11,490	2,679	541	124	3,804	18,671
Additions	-	2,088	-	-	-	-	2,088
FX revaluation	-	(19)	(69)	(13)	(1)	(29)	(131)
At 31 December 2019	33	13,559	2,610	528	123	3,775	20,628
Amortization							
At 1 January 2019	33	5,712	670	289	39	-	6,743
Charge for the year	-	1,283	322	109	9	-	1,723
FX Revaluation	-	(2)	(26)	(10)	(1)	-	(39)
At 31 December 2019	33	6,993	966	388	47	-	8,427
NBV at 31 December 2019	-	6,566	1,644	140	76	3,775	12,201

	Domain Names	Internal Development	Acquired intangibles (Software)	Acquired intangibles (Contracts)	Acquired intangibles (Brand)	Goodwill	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Cost							
At 1 January 2018	33	8,916	786	517	44	1,200	11,496
Additions	-	2,574	1,856	-	78	2,548	7,056
FX revaluation	-	-	37	24	2	56	119
At 31 December 2018	33	11,490	2,679	541	124	3,804	18,671
Amortization							
At 1 January 2018	33	4,884	263	172	14	-	5,366
Charge for the year	-	828	390	104	24	-	1,346
FX revaluation	-	-	17	13	1	-	31
At 31 December 2018	33	5,712	670	289	39	-	6,743
NBV at 31 December 2018	-	5,778	2,009	252	85	3,804	11,928

Amortization is shown within administrative expenses in the income statement. Bango regularly reviews its intangible assets to ensure that they are not impaired through periodic impairment testing in line with IAS 36. Assets are reviewed separately in relation to the revenue that will be generated from them as a discreet product. They are therefore separately assessed for signs of impairment using a discounted cash flow with a 20% discount rate (20% in prior year) and using the latest available financial forecasts. No projects had any indication of impairment.

Goodwill is reviewed annually for signs of impairment. Goodwill relates to the acquisition of BillToMobile Inc, £0.9m in May 2016 and Audiens SRL in 2018, £ 2.9m. The recoverable amount of the goodwill is determined from the value in use, after the assessment of future expected revenue and costs. The key assumptions are the discount rates (20% used consistent with review of intangibles) growth rates (assumptions have compared the growth rate since acquisition) and net margin. The Directors have reviewed the acquired goodwill and do not consider there are any indicators of impairment.

The goodwill relating to the acquisition of BillToMobile Inc has been allocated to the EUS activity business segment and goodwill relating to the acquisition of Audiens SRL has been allocated to the Data activity segment. Cash flows for a period of 8 and 9 years have been reviewed in assessing the goodwill, for goodwill in Audiens SRL and BillToMobile Inc respectively and there are no indicators of impairment following sensitivity analysis.

Notes to the financial statements

6 Trade and other receivables

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Trade receivables	1,566	1,443
Other receivables	171	224
Prepayments and accrued income	907	1,153
	<hr/>	<hr/>
Expected credit loss of trade receivables	2,644 (56)	2,820 (5)
	<hr/>	<hr/>
Research and development tax credits	2,588 597	2,815 635
	<hr/>	<hr/>
Total	3,185	3,450

At 31 December 2019, some of the unimpaired trade receivables are past their due date. The age of financial assets past due but not impaired is as follows:

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Not more than one month	398	612
One to two months	272	160
Three to twelve months	157	103
More than twelve months	4	-
	<hr/>	<hr/>
	831	875

Trade and other receivables are usually due within 30-60 days and do not bear any effective interest rate. Trade receivables from digital merchants consist of numerous accounts with no significant individual balances. Allowance for expected credit losses is provided for.

As at 31 December 2019

	Current £ '000	One to three months £ '000	Three to twelve months £ '000	Over twelve months £ '000	Total £ '000
Expected credit loss rate	0.5%	0.5%	1.5%	5%	
Gross carrying amount	398	272	157	4	831
Lifetime expected credit loss	2	1	2	-	5

The fair value of these financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value. There is no material difference between fair value and book value. A specific provision of £51,000 has been recognized for a debt due from a client.

As at 31 December 2018

	Current £ '000	One to three months £ '000	Three to twelve months £ '000	Total £ '000
Expected credit loss rate	-	-	5%	
Gross carrying amount	613	159	103	875
Lifetime expected credit loss	-	-	5	5

The fair value of these financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value. There is no material difference between fair value and book value.

Notes to the financial statements

A reconciliation of allowance for expected credit losses for trade receivables is provided below:

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Brought forward provision	5	5
Increase in provision	51	-
	<hr/>	<hr/>
Carry forward provision	56	5

7 Share capital and employee share options

Allotted, called up and fully paid:
Ordinary shares of 20p each in Bango PLC

	No	£ '000
As at 31 December 2017	66,422,803	13,285
Issue of new shares	3,310,693	662
Exercise of share options	534,412	107
	<hr/>	<hr/>
As at 31 December 2018	70,267,908	14,054
Exercise of share options	417,834	83
	<hr/>	<hr/>
As at 31 December 2019	70,685,742	14,137

During the year 417,834 share options were exercised at exercise prices between 44 pence and 136 pence and a par value of 20 pence per share. The total proceeds were £0.34m of which £0.08m was recognized as share capital and £0.26m as share premium.

On 23 January 2018, Bango also issued to the vendors of Audiens 738,399 warrants over new Bango shares, exercisable at a price of £1.80 each, which will lapse after 10 years.

The Group issues share options to Directors and to employees under either an HM Revenue and Customs approved Enterprise Management Incentive (EMI) scheme or an unapproved scheme. Employees resident overseas are eligible to participate in the scheme or schemes but their options do not qualify as HM Revenue and Customs approved.

The grant price for share options is equal to the average quoted market price of the company shares on the date of grant. Options do not fully vest for three years. The options lapse if share options remain unexercised after a period of ten years from the date of grant or if the employee leaves the Group.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	31 Dec 2019		31 Dec 2018	
	Average exercise price per share	Options	Average exercise price per share	Options
	p		p	
Outstanding at 1 January 2018	138	4,181,059	129	4,079,616
Granted	110	1,676,000	163	1,410,000
Lapsed	163	(793,608)	164	(774,145)
Exercised	83	(417,834)	98	(534,412)
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at 31 December	129	4,645,617	138	4,181,059
	<hr/>	<hr/>	<hr/>	<hr/>
Exercisable at 1 January	138	4,181,059	128	2,121,501

The weighted average share price at date of options exercised during the year was 128.62 pence (2018: 145.96 pence).

The fair value of options granted during the year, determined using the Black-Scholes valuation model, were between 64-76 pence. Significant inputs into the model include a weighted average share price of 110 pence (31 December 2018: 163 pence) at the grant date, the exercise prices, volatility of 60% (31 December 2018: 55.4-58.4%), dividend yield of nil (31 December 2018: nil), an expected option life of five years (31 December 2018: five years) and an annual risk-free interest rate of 0.22-0.90% (31 December 2018: 1.04-1.17%). The forfeiture rate is assumed to be 20% (31 December 2018: 5%) of the options issued.

For the most recent share awards there was sufficient share price data for Bango PLC to calculate the company's volatility, which is based on five years historical share prices.

Notes to the financial statements

At 31 December 2019, Bango PLC had the following outstanding options and exercise prices:

Expiry date	Average exercise price per share	Options	31 Dec 2019		Average exercise price per share	Options	31 Dec 2018	
			Remaining Contractual Life	Months			Remaining Contractual Life	Months
16 March								
2020	59.50	7,125	3		59.50	8,875	15	
24 September	167.00	8,875	9		167.00	8,875	21	
17 March	82.50	10,875	15		82.50	10,875	27	
2021	82.00	10,620	20		82.00	10,620	33	
9 September	142.50	16,322	27		142.50	18,322	39	
2022	166.50	31,323	33		166.50	46,323	45	
23 March	-	-	-		218.00	-	-	
2022	-	-	-		-	-	-	
06 November	232.00	55,000	39		232.00	71,000	51	
2023	218.50	10,000	39		218.50	10,000	51	
26 March	-	-	-		-	-	-	
2023	-	-	-		-	-	-	
02 April	126.00	55,000	45		126.00	70,000	58	
2023	136.00	37,000	51		136.00	64,500	64	
27 June	101.00	82,040	58		101.00	114,331	70	
2023	106.00	106,872	63		106.00	152,620	75	
04 October	88.50	228,118	69		88.50	303,905	81	
2024	43.00	335,674	75		43.00	457,310	87	
01 April	89.00	301,266	81		89.00	438,430	93	
2024	114.50	351,177	87		114.50	479,448	99	
22 October	255.00	389,000	93		255.00	534,000	105	
2025	173.00	429,500	99		173.00	613,500	111	
16 March	156.50	305,500	105		156.50	449,500	117	
2025	173.00	150,000	105		173.00	200,000	117	
18 September	113.00	100,000	106		113.00	100,000	118	
2026	90.00	100,000	109					
16 March	92.50	836,830	112					
2026	83.00	335,674	75					
21 September	89.00	301,266	81					
2027	114.50	351,177	87					
21 March	255.00	389,000	93					
2027	173.00	429,500	99					
22 September	156.50	305,500	105					
2028	173.00	150,000	105					
14 March	113.00	100,000	106					
2028	90.00	100,000	109					
19 September	92.50	836,830	112					
2029	137.50	537,500	117					
21 September	128.50	150,000	118					
2029								
03 January								
2029								
27 March								
2029								
18 September								
2029								
1 October								
2029								
At 31								
December		<u>4,645,617</u>	<u>94</u>			<u>4,181,059</u>	<u>96</u>	

8 Trade and other payables

Note	31 Dec 2019	31 Dec 2018
	£ '000	£ '000
Trade payables	1,314	1,711
Social security and other taxes	259	203
Put and call option	990	681
Accruals and deferred income	858	814
	<u>3,421</u>	<u>3,409</u>

Trade and other payables are due within one year and are non-interest bearing. There is no material difference between book value and fair value.

Notes to the financial statements

9 Commitments

From 1 January 2019, leases are recognized as a right of use asset with a corresponding liability. Assets and liabilities are initially measured at the present value at the initial date using the implied company rate. These include all payments, residual values and termination charges.

Bango leases two offices and some small office equipment under non-cancellable operating leases for which the future aggregate minimum lease payments were as follows:

	31 Dec 2018 £ '000
No later than 1 year	247
Later than 1 but no later than 5 years	899
More than 5 years	76
	<u>1,222</u>

The UK lease expires on 17 November 2023.

Bango has finance leases for technical computer equipment, software and leasehold equipment. The leases will terminate between October 2020 and November 2021. The lease agreement includes fixed non-cancellable lease payments and does not contain any further restrictions. Finance lease liabilities are secured by the related assets held under finance lease.

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Gross lease liabilities		
Within one year	136	134
Between two and five years	54	158
	<u>190</u>	<u>292</u>
Future interest	(9)	(18)
	<u>181</u>	<u>274</u>

10 Expenses by nature

	2019 £ '000	2018 £ '000
Employee benefit expense	7,065	6,518
Depreciation and amortization	2,199	1,615
Other expenses	1,354	1,207
	<u>10,618</u>	<u>9,340</u>
<i>Analyzed as:</i>		
Administrative expenses	7,448	6,690
Exceptional items	165	-
Share based payments	806	1,035
Depreciation	476	270
Amortization and impairment	1,723	1,345
	<u>10,618</u>	<u>9,340</u>

Notes to the financial statements

11 Loss before taxation

Loss before taxation is stated after charging / (crediting):

	2019 £ '000	2018 £ '000
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	6	6
Fees payable to the Group's auditors for other services: audit of Group's subsidiaries	69	68
Other services relating to other assurance services	-	10
Other services relating to taxation compliance services	-	7
Other services relating to taxation advisory services	-	29
Other services relating to international taxation advisory and compliance services	-	35
Operating lease expenses:		
Land and buildings	-	237
Exchange rate variances	127	(59)
Depreciation on property, plant and equipment – lease assets	-	112
Depreciation on property, plant and equipment – owned assets	162	158
Depreciation on property, plant and equipment – right of use assets	314	-
Amortization of intangible assets	1,723	1,345
Movement in put and call option	309	-
Exceptional items	165	-

Exceptional items relate to costs spent during the year on the re-branding of Bango following the acquisition of Audiens and the decision to create a new product named Marketplace. This is a new product which focuses on creating insights and extending customers reach using the Bango platform.

Put and call option – deferred consideration relates to the additional charge arising from the movement in the fair value of the call option which was offered as part of the acquisition of Audiens. The remaining 1.55% was acquired on 15 January 2020.

12 Employee benefit expense

The average number of staff employed by Bango during the financial year amounted to:

	2019 No	2018 No
Admin & marketing staff	23	21
Technical & support staff	68	75
	91	96

The aggregate payroll costs of the above were:

	2019 £ '000	2018 £ '000
Wages and salaries	5,450	5,050
Social security costs	499	471
Other pension costs	310	433
Share based remuneration	806	1,035
	7,065	6,989

Included in the above payroll costs is £2,004,000 (31 December 2018: £2,359,000) capitalized within internal development (note 5.3).

Notes to the financial statements

The Directors have identified eleven (31 December 2018: nineteen) key management personnel, including Directors. Compensation to key management is set out below:

	2019 £ '000	2018 £ '000
Short term employee benefits	1,205	1,721
Employers national insurance	147	199
Post-employment benefits	83	56
Share based compensation	301	515
	<u>1,736</u>	<u>2,491</u>

13 Directors

Remuneration in respect of Directors was as follows:

	2019 £ '000	2018 £ '000
Emoluments	<u>784</u>	<u>661</u>

Further details can be found in the Remuneration Committee Report. The highest paid Director received total salary of £249,000 (2018: £217,000), pension contributions of £8,000 (2018: £5,000), and share based compensation of £56,000 (2018: £88,000).

The number of Directors who accrued benefits under pension schemes was three (2018: three).

The total share based compensation for Directors was £140,000 (2018: £265,000).

For details of Directors options please see the Directors and their interest section of the Directors' report.

14 Investment income and interest payable

	2019 £ '000	2018 £ '000
Bank interest receivable	<u>12</u>	<u>15</u>
Finance lease interest payable	<u>58</u>	<u>68</u>

15 Taxation

	2019 £ '000	2018 £ '000
Income tax		
UK taxation		
R&D tax credits receivable	(465)	(635)
Under provision of prior year credit	(4)	(17)
Foreign taxation		
R&D tax credits receivable	(145)	-
Under provision of prior year R&D credit	(154)	-
Tax paid overseas	6	9
Under provision of prior year overseas tax	13	(14)
Total current tax	<u>(749)</u>	<u>(657)</u>
Deffered tax for current year	(20)	(49)
Under provision in respect of prior year	29	-
	<u>(740)</u>	<u>(706)</u>

Notes to the financial statements

Income tax expense for the year differs from the standard rate of taxation as follows:

	2019 £ '000	2018 £ '000
Loss on ordinary activities before taxation	<u>(3,076)</u>	<u>(3,570)</u>
Loss on ordinary activities multiplied by standard rate of tax of 19.00% (2018: 19.00%)	(584)	(678)
Effect of:		
Expenses not deductible for tax purposes	30	24
Deferred tax not recognized	536	614
R&D tax credits	(610)	(635)
Adjustments in relation to prior years	<u>(112)</u>	<u>(31)</u>
Total tax	<u>(740)</u>	<u>(706)</u>

At 31 December 2019, the unutilized tax losses carried forward amounted to £34 million (at 31 December 2018: £33m).

Deferred tax assets/ (liabilities):

	Provided 31 Dec 2019 £000	Provided 31 Dec 2018 £'000	Unrecognized 31 Dec 2019 £000	Unrecognized 31 Dec 2018 £000
Share option deduction	-	-	34	365
Tax losses	665	723	4,864	4,176
Accelerated capital allowances and capitalized development costs	<u>(783)</u>	<u>(832)</u>	-	-
	<u>(118)</u>	<u>(109)</u>	<u>4,898</u>	<u>4,541</u>

All unrecognized deferred tax balances relate to the UK. No deferred tax asset has been recognized in respect of the above temporary differences due to the unpredictability of future taxable trading profits.

16 Loss per share

(a) Basic

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

	2019 £ '000	2018 £ '000
Loss attributable to equity holders of Bango PLC	(2,336)	(2,864)
Weighted average number of ordinary shares in issue	70,474,897	69,736,418
Earnings (basic) per share	(3.32) p	(4.11) p

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary share options.

The weighted average number of shares and the loss for the year 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.

Notes to the financial statements

17 Cash generated from / (used by) operations

	2019 £ '000	2018 £ '000
Loss for the financial year	(2,336)	(2,864)
Depreciation, amortization and impairment	2,199	1,615
Taxation in income statement	(740)	(706)
Investment income	(12)	(15)
Interest payable	367	68
Foreign exchange movement	33	(45)
Share-based payment expense	806	1,035
(Increase)/decrease in receivables	227	(417)
Increase/(decrease) in payables	(297)	(691)
	<hr/>	<hr/>
Corporation tax rebate	247	(2,020)
Tax paid overseas	787	438
	<hr/>	<hr/>
Net cash used by operations	1,034	(1,591)

18 Financial assets and liabilities

Financial assets included in the statement of financial position relate to the following IFRS 9 categories:

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Financial assets held at amortized cost	<hr/> 4,661	<hr/> 5,253
Total financial assets	<hr/> 4,661	<hr/> 5,253

Notes to the financial statements

These financial assets are included in the statement of financial position within the following headings:

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Short term financial assets		
Trade and other receivables	1,974	1,438
Cash and cash equivalents	<u>2,687</u>	<u>3,815</u>
Total financial assets	<u><u>4,661</u></u>	<u>5,253</u>

Financial liabilities included in the statement of financial position relate to the following IFRS 9 categories:

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Financial liabilities measured at amortized cost	<u>3,162</u>	<u>3,206</u>
Total financial liabilities	<u><u>3,162</u></u>	<u>3,206</u>

These financial liabilities are included in the statement of financial position within the following headings:

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Financial liabilities		
Trade payables	2,303	1,711
Accruals	<u>859</u>	<u>1,495</u>
Total financial liabilities	<u><u>3,162</u></u>	<u>3,206</u>

19 Credit risk analysis

Bango's exposure to credit risk is limited to the carrying amount of financial assets and cash and cash equivalents recognized at the statement of financial position date, as summarized in note 18.

Bango continuously monitors the default of partners and other counterparties and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and / or reports on customers and other counterparties are obtained and used. Bango's policy is to deal only with creditworthy counterparties.

Bango's management considers the expected credit loss on financial assets that are past due. See note 6 for further information on trade receivables that are past due.

None of Bango's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, Bango is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Bango completes regular credit checks on those payment providers accounting for significant individual balances. In addition, the terms and conditions of trade with some digital merchants allow the group to withhold payment of the relevant part of the digital merchant earnings until payment is received from the payment provider.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

20 Liquidity risk analysis and capital management

Bango manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly basis. Long-term liquidity needs are identified on a quarterly basis, taking account of operating activities and investing activities.

Notes to the financial statements

At 31 December 2019 Bango's financial liabilities had contractual maturities which are summarized below:

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Trade and other payables within 6 months	3,162	3,206
Finance lease obligations within 6 months	-	60
Finance lease obligations 6 to 12 months	-	62
Finance lease obligations 1 year to 5 years	-	152
Right to use obligations within 12 months	303	-
Right to use obligations 1 year to 5 years	748	-
	<hr/>	
Financial liabilities	4,213	3,480

Bango's capital management objectives are to ensure Bango's ability to continue as a going concern and to provide an adequate return to shareholders. Going concern is assessed based on sufficiency of cash resources, through trading and equity issues to mitigate liquidity risk.

At 31 December 2019 Bango only had lease liabilities including liabilities related to the right of use assets.

21 Market risk analysis

21.1 Interest risk sensitivity

Bango has no borrowings on which it is subject to interest rate risk. The risk associated with interest earned on cash balances is low, given the low level of interest currently being earned.

21.2 Foreign currency sensitivity

Exposure to currency exchange rates arise from the Bango's overseas sales and purchases, which are primarily denominated in US Dollars and Euros.

The amounts to be paid and received in a specific currency are expected to largely offset one another, so no hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities, translated into sterling at the closing rate, are as follows.

Nominal amounts	31 Dec 2019			31 Dec 2018		
	£ Financial assets	£ Financial liabilities	£ Net assets/ (liabilities)	£ Financial assets	£ Financial liabilities	£ Net assets/ (liabilities)
US \$	1,518	653	865	1,203	974	229
USD						
Euro	1,536	1,302	234	1,059	1,136	(77)
EUR						
Australian \$	36	-	36	58	-	58
AUD						
Canadian \$	102	-	102	70	-	70
CAD						
Indonesia Rp						
IDR	39	-	39	27	-	27
South African Rand						
ZAR	16	-	16	14	-	14
Saudi Arabian Riyal						
SAR	73	-	73	41	-	41
Japanese Yen JPY	703	83	620	794	21	773
Other	55	3	52	54	20	34
	<hr/>					
Short term exposure	4,078	2,041	2,037	3,320	2,151	1,169

Sensitivity analysis has been performed on the financial assets and liabilities to assess the exposure of the group to foreign exchange movements. If exchange rates moved so that the sterling strengthened by 5% then the effect on the statement of financial position would be a loss of £97,000 and if it moved by 10% then there would be a total loss of £185,000.

Notes to the financial statements

22 Post balance sheet event

On 23 January 2018, Bango purchased 98.45% of Audiens S.R.L. from Digitouch S.p.A, for an initial consideration of €2.11 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 deferred 1.55% shares in Audiens were purchased for a consideration of £0.99m (€1.16m), the value being based on the growth of the business in the two years post acquisition.

Statement of financial position of Bango PLC

	Note	31 Dec 2019 £'000	31 Dec 2018 £'000
ASSETS			
Non-current assets			
Investment in subsidiary	IV	49,236	48,431
Trade and other receivables due after one year	V	6,238	6,277
		<u>55,474</u>	<u>54,708</u>
Current assets			
Trade and other receivables due within one year	V	178	29
		<u>178</u>	<u>29</u>
Total assets		<u>55,652</u>	<u>54,737</u>
EQUITY			
Capital and reserves			
Share capital	VIII	14,137	14,054
Share premium account	IX	36,057	35,796
Share-based payment reserve	IX	1,673	1,673
Retained earnings	IX	3,634	3,160
Total equity		<u>55,501</u>	<u>54,683</u>
LIABILITIES			
Trade and other falling due within one year	VI	151	54
Total liabilities		<u>151</u>	<u>54</u>
Total equity and liabilities		<u>55,652</u>	<u>54,737</u>

The company has taken the exemption under section 408 of the Companies Act 2006 not to present a full income statement, but the loss for the year for the company was £332,000 (2018: £247,000).

These financial statements were approved by the Directors on 16 March 2020 and are signed on their behalf by:

C Rand
Director

Paul Larbey
Director

Company registration number 05386079

The notes on pages 59 to 62 are an integral part of these Company financial statements

Statement of changes in Equity of Bango PLC

For the year ended 31 December 2019

	Share capital £ '000	Share premium account £ '000	Share-based payment reserve £ '000	Retained earnings £ '000	Total £ '000
Balance at 1 January 2018	13,285	31,248	-	2,372	46,905
Share based payments	-	-	-	1,035	1,035
Exercise of share options	107	419	-	-	526
Issue of shares	662	4,462	939	-	6,063
Expenses of share issue	-	(333)	-	-	(333)
Issue of warrants	-	-	734	-	734
Transactions with owners	769	4,548	1,673	1,035	8,025
Loss for the year	-	-	-	(247)	(247)
Balance at 31 December 2018	14,054	35,796	1,673	3,160	54,683
Balance at 1 January 2019	14,054	35,797	1,673	3,160	54,683
Exercise of share options	83	260	-	-	344
Share based payments	-	-	-	806	806
Transactions with owners	83	260	1,673	806	1,150
Loss for the year	-	-	-	(332)	(332)
Balance at 31 December 2019	14,137	36,057	1,673	3,634	55,501

The notes on pages 59 to 62 are an integral part of these Company financial statements

Cashflow statement of Bango PLC

	2019 £'000	2018 £'000
Loss for year	(332)	(247)
Cash flows from operating activities		
(Increase)/decrease in receivables	(109)	(9)
Increase/(decrease) in payables	97	45
Net cash used by operating activities	(344)	(211)
Cash flows generated from investing activities		
Loan to group undertaking	-	(5,002)
Net cash used by investing activities		(5,002)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	344	5,546
Costs associated with issuance of ordinary shares	-	(333)
Net cash generated from financing activities	344	5,213
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

The notes on pages 56 to 58 are an integral part of these Company financial statements

Notes to the financial statements

I. Accounting policies

Basis of accounting

The separate financial statements of Bango PLC are presented as required by the Companies Act 2006. They 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 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 accounting policies. The main judgement in respect of the company is the carrying value of investments and group debtors which are supported by future forecasted cashflows.

The principal accounting policies are summarized below. They have all been applied consistently throughout the year.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Share based payments

Bango PLC issues equity settled share-based compensation to certain employees (including Directors) of its trading subsidiaries. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is credited to reserves on a straight-line basis over the vesting period, together with a corresponding increase in the book value of Bango PLC's investment in subsidiaries, based upon the estimate of the shares that will eventually vest. These estimates are subsequently revised if there is any indication that the number of options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods.

Fair value is measured by an external valuer using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, as measured by the date of modification, over the remaining vesting period.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the due date of the cancellation, and any expense not yet recognized for the transaction is recognized immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

Share capital

Ordinary shares are classified as equity. Equity instruments issued by Bango PLC are recorded at the proceeds received, net of direct issue costs.

Share premium account

Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.

Share-based payment reserve

Share-based payment reserve represents the excess over nominal value for equity shares issued as part of a business acquisition where at least 90% of the entity is acquired and the initial present value of warrants issued over equity shares.

Retained earnings

Retained earnings include all current and prior period retained profits.

II. Directors, employees and key management personnel

Details of Directors' interests in the shares and options of Bango PLC are provided in the Directors' report on page 17. There are no employees employed directly by Bango PLC.

Details of Directors' remuneration and key management personnel are disclosed in notes 12 and 13 of the Group accounts. A charge of £136,429 (31 December 2018: £110,691) has been recognized within the parent company's own figures relating to wages and salaries.

III. Auditor's remuneration

The auditor's remuneration for audit and non-audit services to Bango PLC was borne entirely by Bango.net Limited, a wholly owned subsidiary.

Notes to the financial statements

IV. Investments

	£ '000
Cost	
Shares in subsidiary undertakings at 31 December 2018	48,430
Share based payments	806
	<hr/>
Shares in subsidiary undertakings at 31 December 2019	49,236
	<hr/>
Net book amount	
At 31 December 2019	49,236
	<hr/>
At 31 December 2018	48,430
	<hr/>

Fixed asset investments are shown at cost less provision for impairment.

Details of subsidiary undertakings at 31 December 2019 are as follows:

	Country of incorporation	Class of share capital held	Held by the company	Nature of business
Bango.net Limited ¹	England & Wales	Ordinary	100%	Development, marketing and sale of technology for mobile phone users to purchase services for their mobile phones
Bango Movil ³	Spain	Ordinary	100%	Support for Bango.net Limited
Bango SP Limited ¹	England & Wales	Ordinary	100%	Non-trading
Bango Employee Benefits Limited ¹	England & Wales	Ordinary	100%	Non-trading
Bango do Brasil Cessão de Licenças de Programas de Computador Ltda * ⁴	Brazil	Ordinary	100%	Non-trading
Bango Mobile Limited ** ⁵	Nigeria	Ordinary	100%	Trading entity in Nigeria
Bango Kabushiki Kaisha ⁶	Japan	Ordinary	100%	Sales and support office for Bango.net Limited
Bango Holdings Inc ²	USA	Common	100%	Holding company
BillToMobile Inc ²	USA	Common	100%	Trading entity in USA
Bango Inc ²	USA	Common	100%	Sales and support office for Bango.net Limited
Bango Payments Limited ¹	England & Wales	Ordinary	100%	Non-trading
Bango Deep Limited ¹	England & Wales	Ordinary	100%	Holding company
Audiens Limited ¹	England & Wales	Ordinary	100%	Non-trading
Audiens SRL *** ⁷	Italy	Ordinary	98.45%	Trading entity in Italy

*99% owned via Bango Movil and 1% owned by Bango Plc

**49% owned via Bango PLC, 51% owned by Bango.net Ltd (100% owned subsidiary of Bango PLC)

***98.45% owned by Bango Deep Ltd (100% owned subsidiary of Bango PLC)

¹ 5 Westbrook place, Westbrook Drive, Cambridge, CB4 1YG, United Kingdom

² 675 N. First Street, Suite 1180, San Jose, California, 95112, United States

³ Paseo de la Castellana 141, Edificio Cuzo IV, Madrid, 28046, Spain

⁴ 1912 Av. Brigadeiro Faria Lima, Jardim Paulistano, 01451-907, Sao Paulo, Brazil

⁵ 1 Murtala Muhammed Drive, Ikoyi, Lagos, Nigeria

⁶ Spline Aoyama Tokyu Building 6F, 3-1-3 Minami-Aoyama, Minato, Tokyo, 107-0062, Japan

⁷ Piazza della Repubblica, 14-16, Milano, 20124, Italy

Notes to the financial statements

V. Receivables

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Amounts due from Group undertakings (due after one year)	6,238	6,277
Other receivables (due within one year)	178	29
	<u>6,416</u>	<u>6,306</u>

Interest in inter-company loans from the parent company to the subsidiary undertakings are charged at a reasonable market rate of interest, calculated monthly on the balance outstanding.

VI. Payables

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Trade payables	89	18
Accruals	62	36
	<u>151</u>	<u>54</u>

VII. Financial assets and liabilities

Financial assets included in the statement of financial position relate to the following IFRS 9 categories:

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Financial assets held at amortized cost	<u>6,416</u>	6,307
Total financial assets	<u>6,416</u>	<u>6,307</u>

These financial assets are included in the statement of financial position within the following headings:

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Current financial assets		
Other receivables	178	29
Non-current financial assets		
Amounts due from Group undertakings	<u>6,238</u>	6,278
Total financial assets	<u>6,416</u>	<u>6,307</u>

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Financial liabilities held at amortized cost	<u>151</u>	54
Total financial liabilities	<u>151</u>	<u>54</u>

Notes to the financial statements

These financial liabilities are included in the statement of financial position within the following headings:

	31 Dec 2019 £ '000	31 Dec 2018 £ '000
Current financial liabilities		
Trade payables	89	18
Accruals	62	36
	<hr/>	<hr/>
Total financial liabilities	151	54

VIII. Share capital

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	No	£ '000
As at 31 December 2017	66,422,803	13,285
Issue of new shares	3,310,693	662
Exercise of share options	534,412	107
	<hr/>	<hr/>
As at 31 December 2018	70,267,908	14,054
Exercise of share options	417,834	83
	<hr/>	<hr/>
As at 31 December 2019	70,685,742	14,137

During the year 417,834 share options were exercised at exercise prices between 90.00 pence and 137.50 pence and a par value of 20 pence per share. The total proceeds were £0.34m of which £0.08m was recognized as share capital and £0.26m as share premium.

During the year 1,670,000 options were granted to employees. Details of number of options granted to Directors is given in the Directors report of the Group accounts.

At the year-end 4,645,617 options were outstanding. Further details relating to employee share options are provided in note 7 in the Group financial statements.

IX. Related party

	Purchases from 31 Dec 2019 £'000	31 Dec 2018 £ '000
Subsidiary	136	136
Others	22	7
	<hr/>	<hr/>
	158	143

	Receivables outstanding 31 Dec 2019 £ '000	31 Dec 2018 £'000	Creditors outstanding 31 Dec 2019 £'000	31 Dec 2018 £ '000
Subsidiary	5,192	6,278	171	-
	<hr/>	<hr/>	<hr/>	<hr/>
	5,192	6,278	171	-