Be where you thrive



bango®

Bango Annual Report 2018

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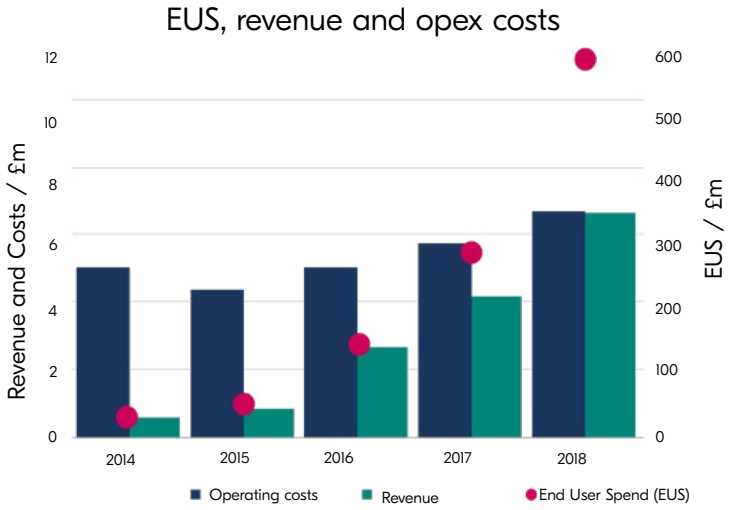
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- End User Spend (EUS) increased 106% to £558.2m (2017: £271.4m)
- Revenue increased 60% to £6.62m (2017: £4.15m)
- Adjusted LBITDA* improved to -£0.87m (2017: -£1.57m)
- Positive EBITDA for 4Q18

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



From mobile payments to mobile commerce

To accelerate and underpin growth, Bango continues to expand the use of its global payment platform, using the unique insights into consumer behavior gathered by the platform to grow payment volumes and improve user experience.



From mobile payments to mobile commerce

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

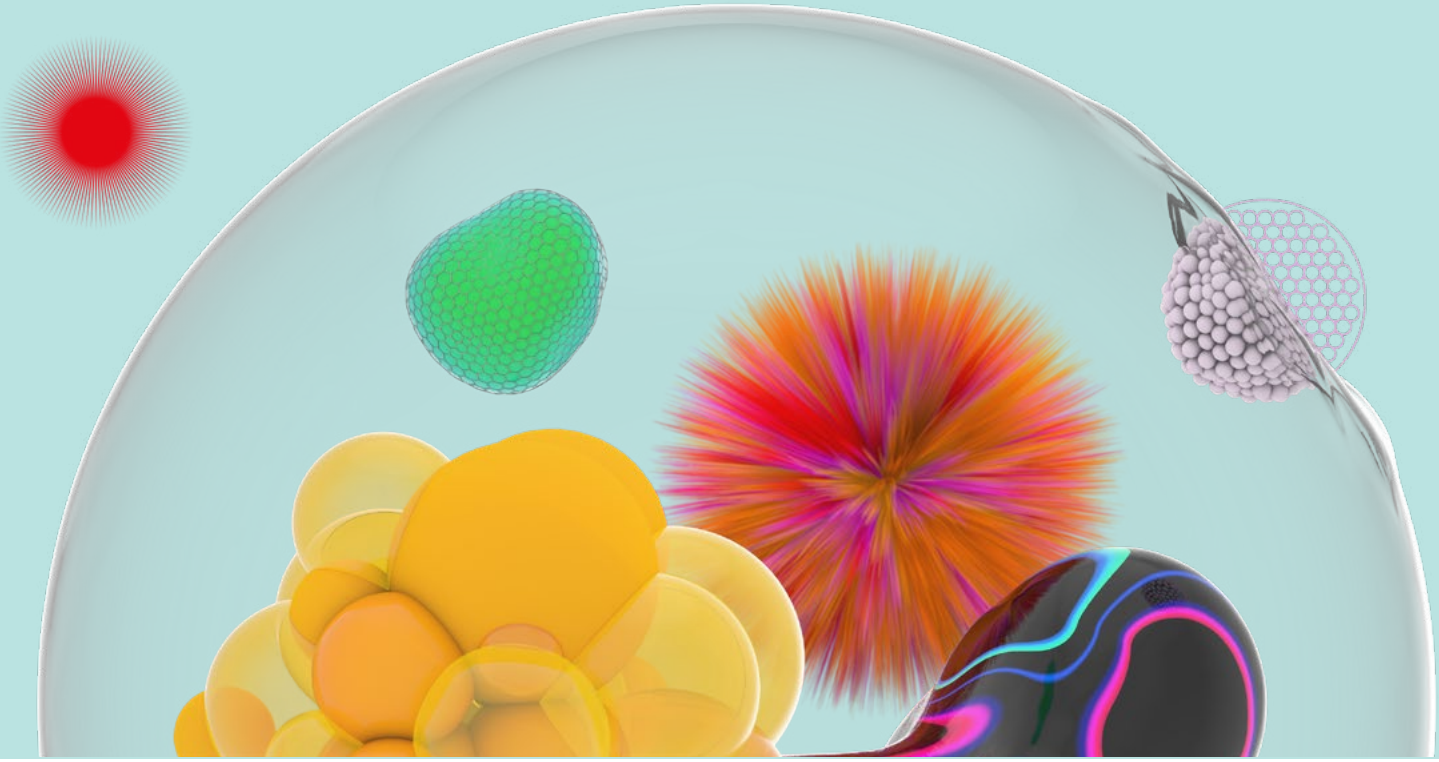
By bringing businesses together and powering e-commerce with unique data-driven insights, Bango delivers new business opportunities and new dimensions of growth for customers around the world. Being inside the Bango circle means global merchants including Amazon, Google and Microsoft can work together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

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. In 2018, the newly launched Bango Marketplace made the power of the platform 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 spent over $100B in app stores in 2018, and app developers around $50Bn in marketing to grow their businesses. For Bango, with its unique new product to improve marketing efficiency, there is a large and strategically valuable opportunity to become the place where developers and payment providers connect and thrive.



Chair's statement

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

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

The acquisition of Audiens Srl., supported by shareholders, along with intense product development effort allowed Bango to bring forward the roll out of its product for app developers by about 12 months — launching as Bango Marketplace at the end of 2018.

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

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

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

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

David Sear

Chair

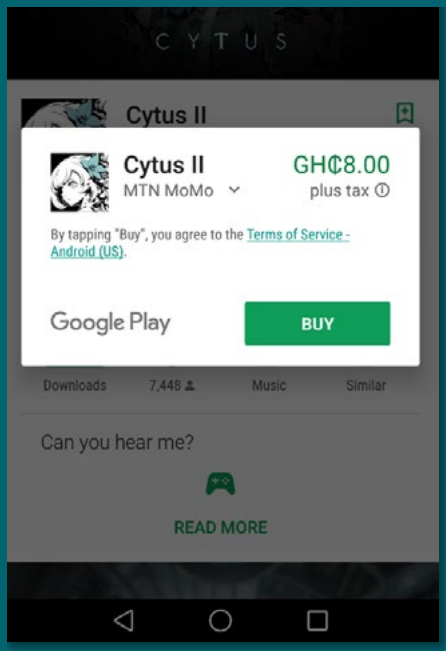
Bango expands carrier billing in key Android growth regions

Includes first Google Play Direct Carrier Billing in South America with Entel Chile, more routes in Africa

Through the Bango Platform, millions of Entel subscribers in Chile are now able to pay using their phone bill for the massive array of content and services sold in Google Play, including Minecraft, Tinder and Google Play Music. Pre and post-paid subscribers can simply click-to-buy using carrier billing, placing the charge on their Entel phone bill. This is the first Direct Carrier Billing launch for Google Play within South America. It follows the first Direct Carrier Billing launch for Google Play across all Latin America with AT&T Mexico in 2015, also through the Bango Platform.

Bango expanded coverage in Africa, a region dominated by Android smartphones, with the launches of Google Play DCB in Ghana and Tanzania, adding to South Africa and Nigeria.

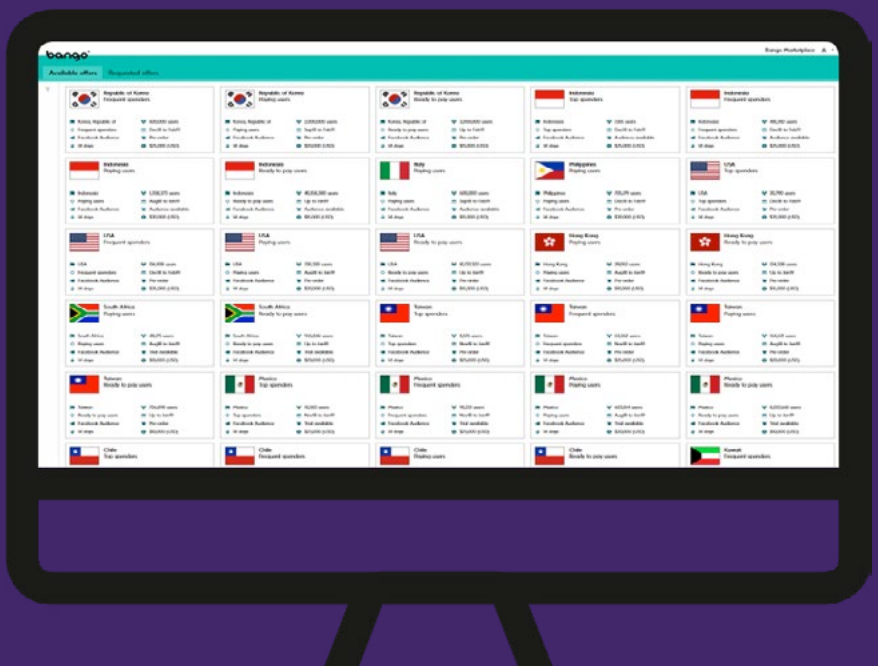
With over 1 billion monthly active users and 94 billion app installs in 2017, Google Play is the leading global app store pre-installed on all Android devices. Combining the reach of Google Play, with the enhanced billing performance delivered by the Bango Platform, gives subscribers the best payment experience available.



Bango Marketplace launch

Bango Marketplace launched in December 2018, bringing together the marketing power of the world's top app developers with the payment reach of MNOs. Using data insights produced from the Bango Platform, app developers and MNOs come together to acquire more users and increase revenues.

App developers spend 30% (and sometimes more) of their net app store revenues on marketing, to find new users, increase download and installs, and generate more spending in apps. App developers generate 5x more revenue from in-app purchases than from in-app advertising, but only about 5% of all users purchase. Finding these users is a "holy grail" of app marketing. Bango Marketplace enables developers to direct their marketing towards selected customer audiences that are more likely to respond, so their marketing money gets a better return. In addition, Bango can identify users with a propensity to spend, even if they have not made an in app purchase before.



App developers thrive with Bango

Smule, developer of the world's most popular karaoke app, ran user acquisition campaigns in Indonesia targeted using audiences from Bango Marketplace. Smule partnered with multiple Indonesian operators to target high spending users with a VIP product offer. Bango created and activated the data segments, which Smule applied to their marketing audiences. Consequently, Smule measured substantial increase in the conversion rate of free to paying users as a result of their campaign.

- Tighter targeting of offer using Bango-enabled customer data segment
- Significant increase in click-through rate
- Significantly higher conversion to paying customers compared with campaigns that were not targeted using Bango provided audiences

Audiens acquisition and integration

In January 2018, Bango acquired Audiens, a leading mobile data exchange platform, to speed up the launch of the Bango data business. The combination of Audiens marketing technology and market know-how, with the Bango Platform, creates new growth opportunities for developers, merchants, stores and operators.

Bango uses technology from derived from the Audiens Customer Data Platform to create segments and to feed them to developer marketing platforms, such as Facebook, Google, Oath, The Trade Desk and other places where they can be easily applied by app developer marketing teams. Using Bango Marketplace, app developers can now quickly and easily focus their marketing towards higher value customer segments, across a wide range of global markets. This focus increases the effectiveness of marketing spend significantly, and makes the Bango data insights very valuable.

CEO's statement

Payment platform growth

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

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

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

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

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

Boosting mobile commerce with payment data

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

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

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

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

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

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

Visit bango.com/marketplace

Audiens Customer Data Platform (CDP)

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

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

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

Strengthening the Bango team

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

A new CFO with significant global, public company, managerial and high growth experience was appointed at the end of 2018 in preparation for high growth from both existing and new business. A product marketing leader with experience at Amazon was brought in to drive Bango Marketplace and a senior sales leader from Visa, Mastercard and Docomo joined to head up business development. A very experienced new COO — who started in March 2019 — joined Bango from a CEO role in successful Nokia subsidiary.

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

Brand repositioning

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

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

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

Outlook

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

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

In 2019 Bango has two main areas of focus:

- Growth of EUS through the reliable and secure Bango Platform, expecting to achieve EUS growth in excess of 100% year-on-year. Bango expects to migrate over more routes and enable new global brands and commerce types to thrive on the Bango Platform. There is a strong pipeline of operators that can bring billions of dollars of EUS when they upgrade to Bango and gain new revenues for themselves.
- Gaining significant new revenue from the $50Bn app developers spend on app marketing by offering access to valuable audiences through Bango Marketplace. This additional revenue stream is expected to drive further growth in the payments business as partners become increasingly aware that by processing payments through Bango, they can also drive revenue from the data collected.

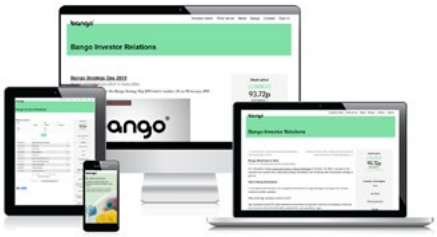
During 2018 additional operational expenditure was incurred to add the Audiens team in Milan and to establish a small data monetization linked sales and marketing team.. Further targeted expenditure to maximize the data opportunity is being incurred in 2019.

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

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

Ray Anderson

CEO



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CFO's statement

Bango business model

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

End User Spend (EUS)

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

In 2018 EUS increased 106% to £558.2m from £271.4m in 2017, due to growth from existing activations and additional EUS from new activations in the year. Bango continues to drive increasing transaction volumes at low fixed cost to grow Bango revenue and profit in 2018 and beyond.

Revenue

Bango earns payment revenue from every transaction processed through the Bango Platform. Revenue is either a fee based on the value of the transaction or a fixed fee per transaction. Each additional sale by a merchant using the Bango Platform adds to EUS and increased revenue.

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

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

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

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

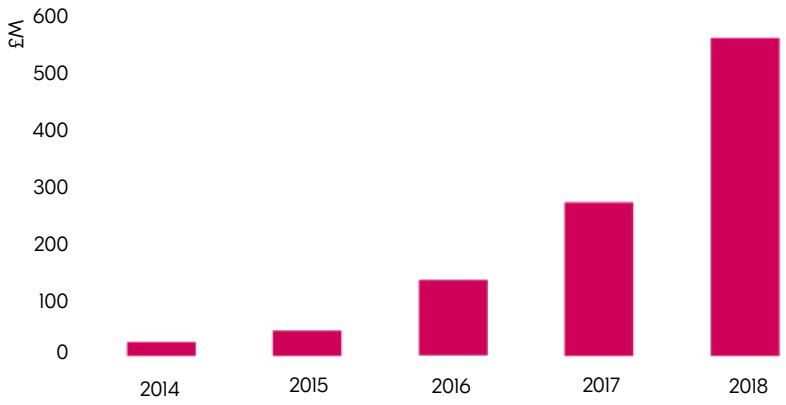
Revenue of £1.37m was generated from data activity in 2018. Revenue was generated from monthly fees and by third parties monetizing their data by using Bango technology to segment their data and sell it through Bango enabled channels. The revenue recognized is the value of the data sold through the channels.

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

Acquisition of Audiens S.R.L.

On 23 January 2018, Bango purchased 98.45% of Audiens S.R.L. from Digitouch S.p.A, for an initial consideration of €1.48m in cash and €0.63m paid in cash during 2018. Bango also issued 521,803 new Bango shares to the vendors of Audiens and 738,399 warrants over new

End User Spend (EUS)



Bango shares, exercisable at a price of £1.80 each, which will lapse after 10 years. Further deferred consideration, based on the growth of the business in the two years post acquisition is potentially payable to the CEO of Audiens, based upon an option agreement for the remaining 1.55% of Audiens. Bango currently expect this payment to be up to €0.95m.

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

Costs

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

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

The share-based payment charge for 2018 was £1.03m (2017: £0.68m) calculated using the Black-Scholes model. It relates to the Bango share option program that enables all Bango employees to share in the growing value of Bango. It is a vital recruitment and retention tool in a highly competitive employment market.

Amortization of intangible assets in the year was £1.35m (2017: amortization and impairment £1.40m) as R&D projects capitalized in prior years were deployed. Depreciation for the year totaled £0.27m (2017: £0.19m) reflecting the fixed asset additions in the year.

Statement of financial position

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

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

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

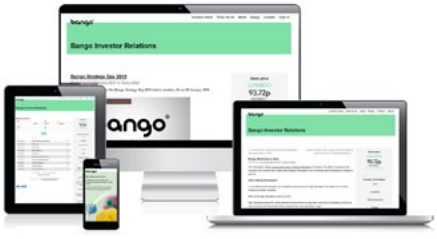
Total borrowings at 31 December 2018 were £0.3m (31 December 2017: £0.3m) and consist of finance lease liabilities used to purchase computer equipment and software.

Going concern

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

Carolyn Rand

CFO



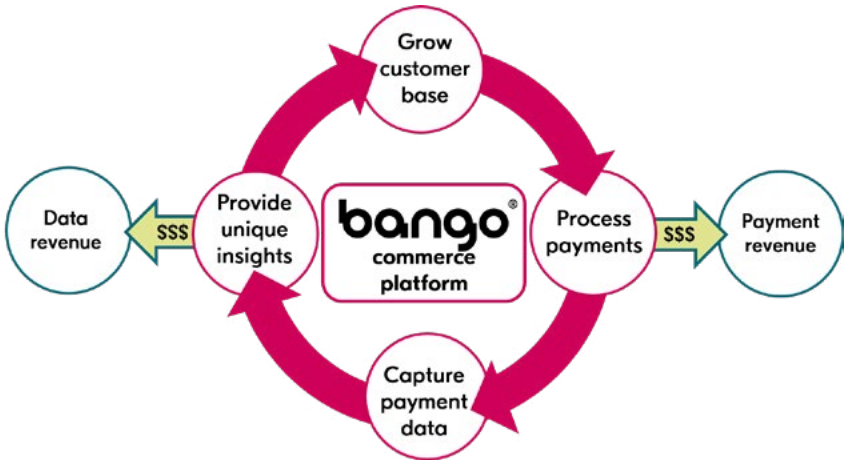
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Strategy for growth

The Bango growth strategy is to use the data generated from payment transactions to increase app developer marketing success, driving more payments and more revenues for all parties in the Bango circle.

The success of the Bango circle, in which online businesses converge, grow and thrive, attracts more customers who want to benefit from this momentum. As more customers bring more business into the circle, the value of the Bango Platform increases for everyone, opening-up new markets and increasing the opportunities available to these partners.



Grow customer base

Bango works closely with the world's largest internet businesses, such as Google, Amazon, Facebook and Microsoft to ensure they and their customers and partners benefit from Bango technology and the Bango circle.

Larger businesses move slowly but make changes that Bango accommodates to keep its other customers and partners thriving. Strong relationships built over many years with these larger players ensure that Bango can align its product evolution and positioning with their plans and aspirations. By providing Bango technology through a platform offering, all customers benefit from the evolving technology, and new features and functions. New customers are attracted by the strong product roadmap and benefit from the industry trends enabled through the Bango Platform.

Process increasing volumes of payments

The Bango Platform is used by leading online commerce businesses to process their customer payments on a global scale. These businesses contract with payment processors - such as Mobile Network Operators - and use the Bango Platform 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 relationship, into new markets, and offer new products and services, transaction volumes increase. New partners 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 needs to ensure its systems, software and expertise are well designed and can be operated and evolved at low cost.

Analysis of payment transactions

The high volume of transactions the Bango Platform processes every year generate a vast pool of consumer payments data. Bango systems collect and organize this data securely and reliably, and are designed to assure privacy. Payment transactions generate valuable payment insights that help merchants serve their customers better, and give developers unique information to boost the revenue from products and services offered online.

A strategic challenge is to ensure that the analysis of data, and the preparation of insights and audiences meets evolving data regulations. With its heritage of billing grade privacy and security, and by collaborating closely with its partners, Bango ensures that it has the architectural flexibility and systems in place to accommodate current and future requirements. Recent developments such as GDPR and AB375 are beneficial as they codify the operating regulations and reduce uncertainty in the market.

Audience sales

The Bango strategy is to monetize data collected from payment providers, to improve app developer marketing effectiveness, drive up payment volumes, and to generate additional revenues for the payment processors. The Bango Platform creates audiences from payment transaction and MNO data, offering them through Bango Marketplace. These unique audiences, derived from payment insights, are proven to increase conversion rates and provide a higher return on app developer marketing investment. More effective marketing also generates increased transactional volumes, which in turn produce more data insights.

Bango expects that its strategy will deliver a substantially larger number of customers to the Bango Platform than current or historic levels. Bango has acquired the skills and processes to engage a much larger number of customers than previously, enabling significant scale through Bango Marketplace. To do this, Bango must attract and retain a small number of 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 SPIRIT values to support the aspirations of talented employees.

Key Performance Indicators (KPIs)

End User Spend (EUS)

This is the key metric to measure the growth and success of the Bango Platform. It is the total value of all sales processed through the Bango Platform, excluding VAT or sales taxes. 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 currently using cash for cost and investment faster than it generates from its activities, 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 Platform revenue is the sum of all the fees charged across merchants for connection. Bango receives a fee from every transaction through the platform which varies by market and volume of transactions. Bango continue to recognize EUS revenue at the point in time that the transaction is completed

Bango data activity revenue is the sum of revenues charged when Bango provides data segments or licences platform access to merchants or other advertisers. The transaction price for data activity is clearly defined in contracts and is either one off or monthly fees.

These two streams have changed in 2018 following the acquisition of Audiens SRL.

Non-financial KPIs

These are monitored monthly by the Board and key management, and include business forecasts from key partners, sales pipelines for mobile operator upgrades, app developer audience sales pipelines, number of app developers registered in Bango Marketplace and employee engagement. All these indicators align towards growing market share and EUS.

Net profit

These are 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. Investment in sales and development for revenue growth on the highly leveraged platform will lead to profitability. Management review the platform costs to ensure they are stable. Management closely review the investment in our new technology development and sales.

Principal risks and uncertainties

Risk management policies and procedures

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 development 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

The 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.

Personal data risk

Bango processes data belonging to customers and individuals (some of which may be very sensitive) as part of its business. There is a risk that such data could become public if there were a failure of security. The extensive testing of Bango by its major partners as part of ongoing supplier audits, minimization of such data, and the unique way Bango technology is used, gives assurance that this risk is appropriately mitigated.

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 a major partner. 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 audits, minimization of such 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 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 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 — because Bango serves multiple customers. Extreme dominance of the market by one merchant of mobile operator could reduce the value of Bango. Bango has secured deals with leading stores and expects diversity of customers and operators to continue. Even the largest internet companies do not monopolize the global commerce market.

EU related uncertainty

Bango leadership maintains an eagle eye on EU related activity. The benefits and drawbacks of exiting the EU, remaining in the EU or in limbo have been evaluated and are expected to be manageable or insignificant.

Gender of Directors and senior managers

Bango has six Directors, three identify as male, two as non-binary and one as female. There are thirteen other key management personnel of which nine identify as male, three as female 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:

Ray Anderson

CEO

Bango Nexus in SE Asia

Creating profitable developer and operator partnerships

Google, Indonesian mobile operators and leading developers attend Bango event to accelerate their success

Bango hosted an exclusive event for mobile operators and leading app developers at The Ritz Carlton, Jakarta, Indonesia, in October 2018. Part of Bango's long running Nexus series, the event gathered leaders in mobile commerce to make new connections, share ideas, and ultimately help partners thrive through creating profitable developer and operator partnerships.





Focused on how operators and developers can amplify success by partnering for marketing activities, Bango Nexus Jakarta welcomed attendees from Google, Indonesian operators Telkomsel, XL, Indosat, Smartfren, US app developer Smule, and numerous leading Indonesian developers.

Bango shared details of how developers and mobile operators can partner, applying unique Bango Platform data to maximize customer acquisition and revenue growth through marketing campaigns. Smule, publisher of a popular karaoke app, shared the success they're seeing, giving a case study of campaigns run with Indonesian operators, targeting high spending users, which saw a significant increase in the conversion from non-paying to paying users.

Bango is hosting the next event for Mobile Network Operators and leading app developers in San Francisco on 19 March 2019, to coincide with the Game Developers Conference (GDC).



Senior hires as Bango expands mobile commerce partnerships

New additions to global business development, product and delivery teams strengthened the Bango commerce business in 2018. Key hires support customers' growth objectives and deliver on the unique opportunities enabled by the success of the Bango Platform.

Paul Larbey — COO

As Bango expands its payments business to a broader mobile commerce platform offering, and engages directly with app developers, Paul Larbey has joined Bango as Chief Operating Officer, with official start on 1 March, to ensure that Bango continues to deliver on the rapidly growth in customer engagement with the Bango Platform.

Paul joins in a newly created leadership role to drive the execution of ambitious growth plans at Bango. Paul will be directly responsible for the Operations, Customer Delivery and Customer Success teams, to scale the newly launched Bango Marketplace product.

Akitsugu Matsushima — Director Business Development APAC

Google Play developers are using the Bango Platform to increase sales and customer acquisition by activating the valuable data from mobile operators that partner with Bango. Akitsugu Matsushima joins the Bango team in Tokyo from a role managing app developer recruitment for the Huawei app store.

Guy Singh — VP Product Marketing

To accelerate adoption of Bango Marketplace through global partnerships, Guy Singh joined Bango to lead product marketing. Guy held roles at Amazon and Vodafone, and has focused on go-to-market strategies, product proposition and driving sales growth during his career in technology.

Kaushik Sthankiya — Senior Vice President Business Development

To support growth — particularly across Asia, Africa and the Americas — Kaushik Sthankiya joins Bango in October as Senior Vice President Business Development. Kaushik will lead the global team that works with partners as they expand payments coverage and increase marketing and acquisition activities worldwide, moving from a similar role at Docomo Digital.

Directors

Ray Anderson

Chief Executive Officer

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.

Anil Malhotra

Chief Marketing Officer

Anil is responsible for Bango's global marketing activities and partnerships with app store, OEMs 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.

Carolyn Rand

Chief Financial Officer

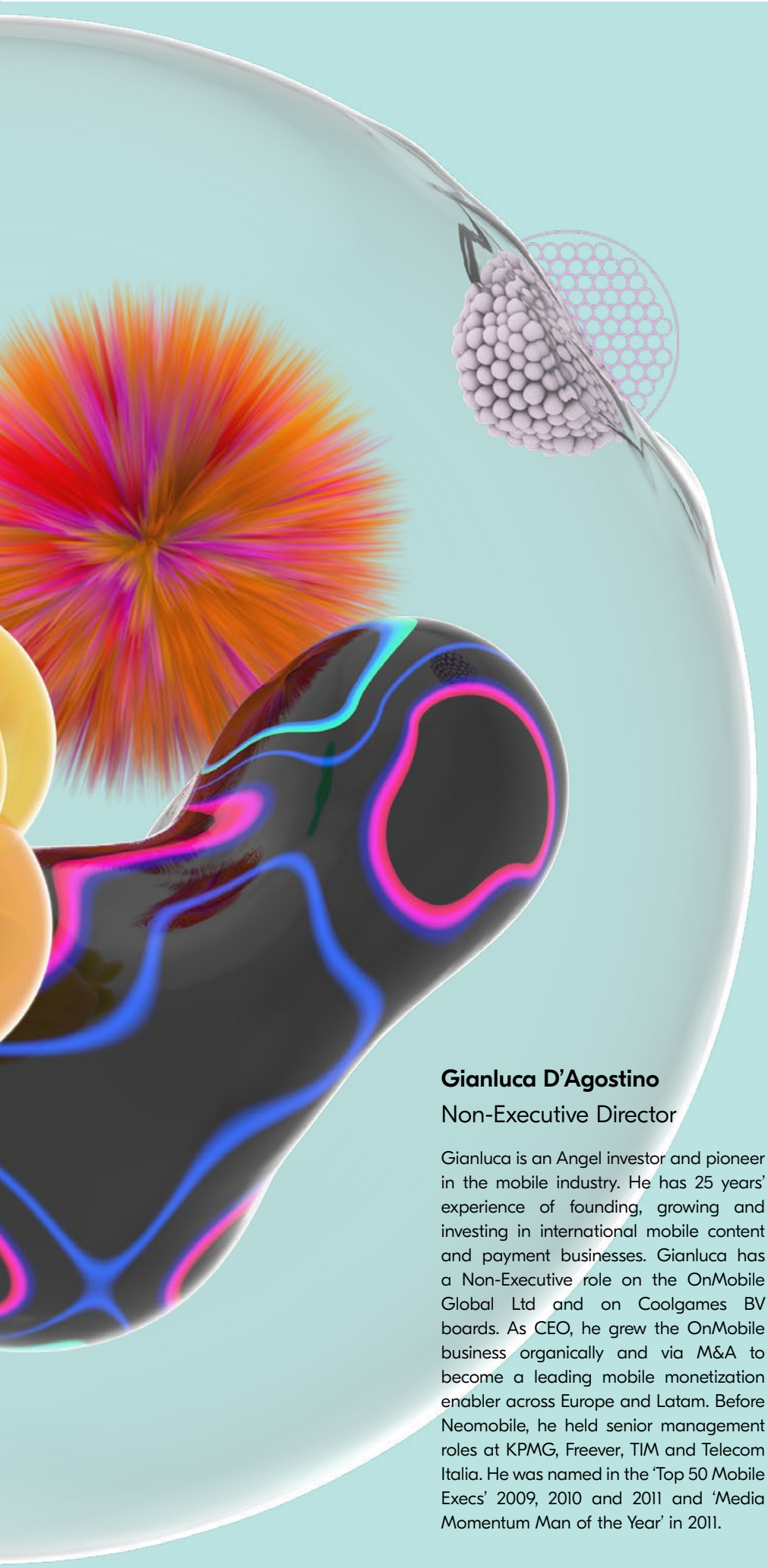
Carolyn is responsible for overall financial management of Bango, for corporate financial functions and financial relationships with Bango partners. The global reach of Bango requires a wide range of financial models, Carolyn ensures the smooth running of the team delivering this commercial flexibility. 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 CFO roles at 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.

David Sear

Chairman and Non-executive Director

David has been an entrepreneur and investor in FinTech companies for the last two decades. He is currently Chairman of IXARIS (a virtual card issuer) and Semafone, a payments technology business which protects consumer privacy. He is also a non-executive Director of Planet Group, a tax-free shopping and cross-border payments business. Previously David was Group Chief Executive of Skrill. He went to Skrill from Weve, the joint venture between EE, Telefonica UK (O2) and Vodafone UK, where he was Chief Executive. Prior to that at Travelex, the world's largest non-bank payments provider, he spearheaded the global roll out of the CASH PASSPORT travel card business and Travelex Global Business Payments. In 1999 he was a founder of WorldPay.





Nancy Cruickshank

Non-Executive Director

Nancy is a serial technology entrepreneur & NED. She presently leads a Digital Business Transformation programme at Carlsberg group, as a member of its Executive team. Her last startup, 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 NED 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 NED at TelecityGroup [FTSE 250], one of Europe's most successful technologies 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.

Gianluca D'Agostino

Non-Executive Director

Gianluca is an Angel investor and pioneer in the mobile industry. He has 25 years' experience of founding, growing and investing in international mobile content and payment businesses. Gianluca has a Non-Executive role on the OnMobile Global Ltd and on Coolgames BV boards. As CEO, he grew the OnMobile business organically and via M&A to become a leading mobile monetization enabler across Europe and Latam. 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.

Martin Rigby

Non-executive Director

Martin Rigby is founder and managing director of ET Capital, an early investor in Bango, which has managed a series of venture funds investing in innovative technology. He was co-founder and CEO of Psonar, the internet music service operating in SE Asia. He is non-executive Chairman of FSE Fund Managers, a venture fund management firm, and of MJog, the medical messaging services provider. He is an advisory board member of the Bettany Centre for Entrepreneurship at Cranfield University.

Directors' report

Company registration number	05386079
Registered office	5 Westbrook Centre Cambridge CB4 1YG
Directors	D Sear - Non-executive Chair R Anderson - CEO A Malhotra - CMO C Rand - CFO G D'Agostino — Non-executive Director M Rigby — Non-executive Director N Cruickshank — Non-executive Director
Company Secretary	R Greenhalgh
Bankers	HSBC Bank PLC Vitrum St Johns' Innovation Park Cambridge CB4 0DS
Solicitors	Mills & Reeve LLP Botanic House 100 Hills Road Cambridge CB2 1PH
Independent auditor	Grant Thornton UK LLP Chartered Accountants and Statutory Auditors 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
Nominated adviser and broker	Cenkos Securities PLC 6.7.8 Tokenhouse Yard London EC2R 7AS
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 2018. The Directors' report should also be read in conjunction with 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 2018	Ordinary shares of 20p each 31 Dec 2017
R Anderson	**6,572,816**	6,567,260
A Malhotra	**3,982,371**	3,976,815
R Elias-Jones	**4,100**	4,100
M Rigby	**176,630**	176,630
G D'Agostino	**19,500**	37,500
D Sear	**-**	-

Rachel Elias-Jones resigned as a Director on 24 October 2018.

Carolyn Rand was appointed as a Director 1 January 2019.

Nancy Cruickshank was appointed as a Non-Executive Director 1 January 2019.

The Directors' biographies and experiences are shown on pages 14-15.

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

		Options to buy ordinary shares of 20p each	
Date of grant	**Option price**	**31 Dec 2018**	31 Dec 2017
R Anderson			
21 September 2018	£1.73	**50,000**	-
14 March 2018	£1.73	**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		**332,500**	232,500
A Malhotra			
21 September 2018	£1.73	**50,000**	-
14 March 2018	£1.73	**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		**332,500**	232,500
R Elias-Jones			
21 September 2018	£1.73	**50,000**	-
14 March 2018	£1.73	**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	**100,000**	100,000
18 September 2015	£0.885	**20,000**	20,000
16 March 2015	£1.060	**20,000**	20,000
22 October 2014	£1.010	**20,000**	20,000
01 April 2014	£1.360	**20,000**	20,000
4 October 2013	£1.260	**12,000**	12,000
26 March 2013	£2.325	**8,000**	8,000
20 September 2012	£1.665	**7,500**	7,500
Total		**457,500**	357,500

The share options were granted to executive Directors under the Bango employee share option scheme. All share options are granted 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.

Martin Rigby 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 2017: £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, not just for 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 2018 taking the platform forward by enabling both the complexities of physical goods and resale to be enabled on the Bango Platform. Further development has begun for new products including the Bango Market Place, which was launched in December 2018 and details of the internal development work that has been capitalized in the year is in Note 5.2.

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 is committed to following the applicable employment laws in each territory in which it operates. Bango is committed to fair employment practices including the prohibition of all forms of discrimination and attempts as far as possible 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. It is important to maintain an exciting and interesting working environment to fully engage its staff. Bango operates in a global business environment

Directors' report

with rapidly changing needs. The Bango values are Success, Personable, Individual, Reliable, Innovation and Transparency (SPIRIT values). The Bango annual goals are aligned to these SPIRIT values and reviewed on a company wide basis at monthly all hands meetings. Following the Bango SPIRIT values serves both employees and customers' needs. Further detail on the Bango SPIRIT values and employee personal development and welfare is set out within the Corporate Governance Report at page 19.

Health and safety policies

Bango is committed to conducting 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 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 2018 Bango had cash reserves of £3.8m (£3.5m net of debt) and based on detailed cash flows provided to the Board within the 2019/20 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 2019 as it did in 2018 as a result of expansion of the existing Bango activity and new business opportunities known about and included in the 2019/20 forecasts. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements and to provide reasonable, but not absolute assurance against material misstatement or loss.

Substantial shareholdings

At 31 December 2018 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	11,119,316	15.82
Herald Investment Management	8,689,600	12.37
Odey Asset Management LLP	8,655,852	12.32
Hargreaves Lansdown Asset Management	5,390,467	7.67
Cavendish Asset Management	3,117,840	4.44
Hargreave Hale	3,034,600	4.32

Directors' responsibility statement

The following statement, which should be read in conjunction with the report of the auditor set out on page 25, is made to distinguish for shareholders the respective responsibilities of the Directors and of the auditor in relation to the financial statements.

The Directors are responsible for preparing 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 IFRS. 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 and profit or loss of the Company and the Group for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable IFRSs have been followed subject to any material departures disclosed and explained in the financial statements.
- 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 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's principles support the core aims of Bango; to deliver innovative, reliable products in a dynamic, collaborative environment, achieving sustainable growth for all stakeholders.

The Board seized the introduction of the new QCA Code in 2018 as an opportunity to undertake a comprehensive review of its corporate governance structures and practices. This review concluded that Bango already has robust systems and procedures in place, underpinned by a strong corporate culture and customer-focused ethos. Policies and procedures have been expanded or tightened as appropriate, but the review concluded that no significant changes were required to existing governance arrangements.

Corporate governance matters are kept under regular review by the Board. Safeguarding the interests of shareholders, and those of wider stakeholders, are paramount and central to Board decision making.

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 independent Non-Executive Chair, CEO, CFO, CMO, two other independent Non-Executive Directors, and one further Non-Executive Director. Details of the Board's experience and interests are shown on pages 21 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' interests are represented.

Raymond Anderson has a very successful track record, demonstrating instinctive entrepreneurial flair. He has extensive experience in technology and product innovation and development, and strong product foresight. His infectious passion for Bango, its products and customers, complement his leadership skills to inspire partners, investors and employees alike.

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 are central to the strength of Bango messaging, to both partners and investors. Anil is also highly skilled at, and plays a central role in, product strategy and market entry.

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.

David Sear contributes a wealth of experience across telecoms, financial services and data monetization businesses. He brings widespread product and market experience, and has a strong record of success with several market-leading technology businesses. His listed company experience, and considered and balanced approach, equip him strongly for his role as Chair.

Martin Rigby has a strong entrepreneurial background and significant experience investing in technology and payments businesses. This investment experience and solid grasp of corporate governance issues are of particular value of the Board.

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.

The recent appointment of Nancy Cruickshank as a Non-Executive Director enhances the Board's capabilities in digital technologies and data. Her significant successes in technology ventures, her mergers and acquisitions and listed company experience, bolster the strength and depth of the Board's expertise in these important fields.

Two out of seven Directors identify as female, two as non-binary, and three as male. In addition, the Company Secretary identifies as female. Three Non-Executive Directors are deemed to be independent. The final Non-Executive Director, Martin Rigby, served on the Board during 2018. Mr Rigby was appointed to the Board on 29 March 2007. The Board is confident that, in light of the way in which he discharges his duties as a member of the Board and its Committees, Mr Rigby remains independent in character and judgement. However, in line with good corporate governance practice, Mr Rigby will retire from the Board at the Annual General Meeting, to be held on 17th May 2019.

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 election on an annual basis.

Board members are required to devote such time as is necessary for the proper performance of their duties. Executive directors are required to work full time. Non-Executive Directors are contractually required to commit to no less than 11 days per annum. However, Non-Executive Directors invariably spend at least 20 — 30 days per annum working for, and representing, Bango; the Chair typically more than this. This includes

Corporate governance report

attendance at and preparation for Board and Committee meetings, meetings and communications with shareholders, contributing to and attending strategy days, meetings with Bango managers and employees, as well as other key stakeholders, and overseeing, and as required, involvement in, strategic matters.

Role of the Chair

The Chair is charged with leading and overseeing the effectiveness of the Board, and the implementation of Bango's corporate governance structures and practices. They ensure the Board is focused on strategic and financial issues. The Chair is not involved in the day-to-day functioning or management of the business, but ensures the Board is kept informed of key operational and management matters so that advice and support may be provided to the Executives where appropriate. They are responsible for overseeing the CEO's effectiveness and performance.

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 enables them to fulfil all of their duties of stewardship. This management pack contains detailed financial information as well as extensive information on the KPIs for Bango. The Non-Executive Directors attend all Board meetings.

	Board	Audit Committee	Remuneration Committee
David Sear	15 (15)	2 (2)	4 (4)
Ray Anderson	15 (15)	2 (2)*	4 (4)*
Rachel Elias-Jones**	13 (13)	2 (2)*	4 (4)*
Anil Malhotra	15 (15)	1 (2)*	4 (4)*
Martin Rigby	15 (15)	2 (2)	4 (4)
Gianluca D'Agostino	15 (15)	2 (2)	4 (4)

(x) Number of meetings held

* By invitation of the committee

** Resigned from the Board 24th October 2018

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 and CMO, and the CEO's effectiveness is monitored by the Chair. The contribution and performance of all Executive Directors is monitored and overseen by the 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, excluding the Chair, is overseen by the Chair in consultation with the Executive Directors. The Chair's performance is reviewed by a 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 and informally. 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 early 2018 the Board formally reviewed composition and performance of the Board, and created a "skills matrix" that highlighted the contributions of current Board members, and areas where the Board might benefit from additional support. This led to the creation of a non-exec skills profile, which resulted in retaining Nancy Cruikshank as an additional Non-Executive Director on the Board. The Chair takes responsibility for monitoring Board performance. They are overseen by a senior independent director and supported by the Company Secretary.

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 2018, 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 2018, the introduction of GDPR and uncertainties and risks surrounding Brexit. The Company Secretary ensures the Board and its sub-committees meet regularly, and oversees and monitors agenda items.

Other than the advisors listed on page 16, no external advisors were appointed by either the Board or any of its sub-committees during 2018. 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.

Corporate governance report

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.

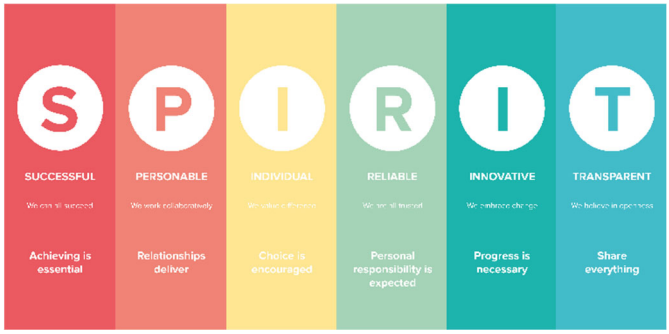
Additional Board committees

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

Bango does not currently have a nominations committee, instead this role is filled by the Non-Executive Directors, supported by the CEO. This is in line with the QCA Code, which acknowledges that some small and mid-size quoted companies will use the whole Board to consider matters of nomination.

Corporate culture

Bango has a strong corporate culture which is consistent with its objectives, strategy and business model. The Bango SPIRIT values set out the core values that Bango aspires to represent, and that Bango expects its employees to exhibit. These are:



Compliance with Bango policies and SPIRIT values is actively monitored by senior management and implementation is overseen by the Board. Management reports are scrutinized at the Board's monthly board meetings. In addition, key management personnel are invited to present to board meetings by rotation, 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 SPIRIT values, as well as through employee benefits. Bango is committed to encouraging 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 consultant, 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 SPIRIT values, with each session concentrating on a different value. 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 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.

David Sear
Non-executive Chair

Corporate governance report

Composition

The Audit Committee comprises the Chair and all other Non-Executive Directors. The Audit Committee as in prior years is chaired by Martin Rigby.

Responsibilities

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

- Monitor the integrity of the financial statements of Bango.
- Review Bango's internal financial controls and risk management systems.
- Report to the Board, 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 2018, following the continued appointment of Grant Thornton for 13 years. Following the tender process, the Committee re-appointed Grant Thorton as external auditors.

Internal control procedures

The Board is responsible for Bango's system of internal controls and risk management, and for reviewing the effectiveness of these systems. 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 described below:

- 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.

Martin Rigby
Audit Committee Chair

Remuneration committee report

Composition

The Remuneration Committee comprises of the Non-Executive Directors and is chaired by Gianluca D'Agostino. 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, 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. In 2018 no independent consultants were consulted, as the Committee were deemed to have sufficient skills to determine the appropriate levels of remuneration.

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, including salary, performance-related bonuses and share options, which reward success and individual contributions to Bango's overall performance appropriately, while avoiding paying more than is necessary for this purpose. In addition, the Committee considers remuneration packages of comparable companies when making recommendations to the Board. Bango only offers a base salary, performance related bonuses, share options and a workplace pension to Directors.

Annual salary

Salaries are set at a level appropriate for the role and the individual in relation to the performance of the business and the current market rates. A review of salaries to market rates is conducted in assessing the rates for the Executive Directors.

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 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 and reducing LBITDA) 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.

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. Executive Directors and employees are eligible to participate in the scheme on completion of an agreed probationary period. The number of options awarded to all staff is directly related to their contribution to the future growth of Bango.

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. The options do not fully vest for three years, if an employee or Director does not perform in their role then their contract of employment is terminated and their share options lapse immediately.

Further details of the option plan and outstanding options as at 31 December 2018 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 and following a mandatory legal increase, the pension contribution percentage increased in the year from 3% to 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

Remuneration committee report

Directors' emoluments

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

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	62,730	-	-	62,730
	542,333	105,600	13,515	661,448

During the year Bango was invoiced £28,379 by Fusion Mobile Value Limited, a company of which Gianluca D'Agostino is sole director. The amount invoiced relates to consultancy work carried out by Gianluca D'Agostino in the year.

During the year Bango was invoiced £6,600 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 2017	Wages and salaries	Variable pay	Pension and other benefits	Total
	£	£	£	£
R Anderson	150,000	56,250	2,255	208,505
A Malhotra	140,000	48,750	3,412	192,162
R Elias-Jones	126,667	-	2,866	129,533
M Rigby	22,500	-	-	22,500
G D'Agostino	22,500	-	-	22,500
D Sear	55,333	-	-	55,333
	517,000	105,000	8,533	630,533

Gianluca D'Agostino
Remuneration Committee Chair

Independent auditor's report to the members of Bango PLC

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Bango plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018, which comprise the Consolidated statement of financial position, the Consolidated statement of comprehensive income, the Consolidated cashflow statement, the Consolidated statement of changes in equity, the notes to the financial statements 1 to 23 ('group notes') including a summary of significant accounting policies for the group, the parent company Statement of financial position, the parent company Statement of changes in equity , the parent company Cashflow statement and notes to the financial statements 1 to 11, including a summary of significant accounting policies for the parent company. The financial reporting framework that has been applied in the preparation of the group financial statements 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 2018 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 provisions of 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 the 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 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 authorised for issue.

Overview of our audit approach

- Overall materiality: £165,000, which represents 2.5% of the group's revenues;
- Key audit matters were identified as the recognition of acquired intangible assets, the capitalization and carrying value of internal development costs and goodwill, and the presumed risk of improper revenue recognition;
- We audited the financial statements of Bango plc and the financial information of Bango.net Limited, Bango Payments Limited, Bango Deep Limited and Audiens Limited. For the remaining ten components, we performed targeted and analytical audit procedures to respond to the risk of material misstatement.

Independent auditor's report to the members of Bango PLC

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Recognition of acquired intangible assets The group has recognised new acquired intangible assets (£1.9m) and goodwill (£2.5m) arising from the acquisition of Audiens SRL. There is the risk that the assets arising from the acquisition of Audiens SRL have not been fairly stated, and the acquisition has not been appropriately disclosed. Significant judgements are used in identifying and valuing separable intangible assets upon acquisition. We therefore identified the recognition of acquired intangible assets as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Using an independent auditor's expert to assess the reasonableness of assumptions used by management's expert in the purchase price allocation estimate for the acquisition of Audiens SRL; • Assessing the reasonableness of the inputs used by management's expert by agreeing them to supporting documentation; • Agreeing the costs capitalised to the management's expert's report; • Assessing the objectivity, competency and capability of management's expert; • Testing the accuracy of significant opening net asset balances of acquired intangible assets; • Assessing whether the accounting policy in respect of acquired intangible assets was compliant with IFRS as adopted by the European Union and whether the group had accounted for these assets in accordance with that policy; and • Checking the disclosures in relation to the acquisition of Audiens SRL are compliant with IFRS as adopted by the European Union. The group's accounting policy on the recognition and impairment of acquired intangible assets is shown in group notes 3.3 and 3.5 to the financial statements and related disclosures are included in group note 5.2. **Key observations** Our testing did not identify any material misstatements in the recognition of acquired intangible assets. We found no material errors in calculations and no material omissions in the disclosures.
Capitalization and carrying value of internal development costs and goodwill The group has internal development costs (£5.8m), acquired intangibles (software) (£2.0m) and goodwill (£3.8m). There is the risk that the carrying value of these intangible assets exceeds the recoverable value. Internally capitalized development costs and goodwill are assessed on an annual basis for potential impairment, and management exercise significant judgement, such as in the calculation of the discount rate and timing of future cash flows, when performing impairment reviews. The directors and management consider that there are three cash generating units (CGUs); two associated with the payment activity revenue stream, and one associated with the data activity revenue stream. Revenues are allocated between CGUs when assessing impairment. We identified a risk that internal development costs may be wrongly capitalized in the year and do not meet the criteria set out in International	Our audit work included, but was not restricted to: • Agreeing the internal development costs capitalized are in accordance with IAS 38 by checking a sample of amounts capitalized during the year, split between staff costs, consultancy costs, software and overheads testing to supporting documentation; • Assessing the reasonableness of management's methodology to allocate eligible costs for capitalization; • Recalculating the amortization for the year; • Assessing whether the accounting policy for amortization was compliant with IFRS as adopted by the European Union and whether the group had accounted for amortization in accordance with that policy, including whether it was consistent with the prior year; • Assessing management's review of possible impairment of intangible assets by challenging the assumptions used and checking the mathematical accuracy of the impairment models; • Testing the accuracy of management's assumptions and inputs to management's impairment models by comparing the budgeted sales and gross profit to the results achieved for the current year; and • Discussing and corroborating the ongoing viability of projects with relevant Group personnel. The group's accounting policy on the capitalization and impairment of intangible assets is shown in group notes 3.4 and 3.5 to the financial statements and related disclosures are included in group note 5.2. **Key observations** Our testing did not identify any material misstatements in the amounts capitalized as internal development costs in the year. We found no reason for impairment of internal development costs or goodwill, or any additional factors to be considered that would

Independent auditor's report to the members of Bango PLC

Key Audit Matter – Group	How the matter was addressed in the audit – Group
Accounting Standard (IAS) 38 'Intangible assets'. There is inherent uncertainty involved in forecasting and discounting future cash flows. We therefore identified the capitalization and carrying value of internal development costs and goodwill as a significant risk, which was one of the most significant assessed risks of material misstatement.	affect the carrying value of these intangible assets recognised within the financial statements and we found no material errors in calculations.

Presumed risk of improper revenue recognition

Under International Standard on Auditing (UK) 240 "The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements", there is a rebuttable presumed risk of fraud that revenue may be misstated due to the improper recognition of revenue.

Revenue is split into two streams, payment activity and data activity.

IFRS 15 'Revenue from Contracts with Customers' became effective from 1 January 2018. Management have assessed contracts with customers to identify the relevant performance obligations.

Management has determined that under IFRS 15, payment activity revenue is measured in three ways: where annual subscriptions are charged for the use of the Bango Platform, revenue is recognized evenly over the life of the subscription; revenue from End User Spend (EUS) activity is calculated as either a fixed fee per transaction or as a percentage of the total EUS.

The new Bango data activity stream comprises the provision of data monetisation service with revenue recognised at the point of supply for data activity.

Significant judgements are used in the application of IFRS 15. We have identified improper revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement.

Our audit work included, but was not restricted to:

- Substantively analysed EUS by dividing revenue by the average margin percentage for each operator. The margin percentages were confirmed by tracing to underlying contracts for a sample of operators;
- Substantive testing across the payment activity and data activity revenue streams including agreeing a sample of transactions in each revenue stream to source data and other supporting documentation;
- Updating our understanding of the control environment and relevant business processes around the sales process in the payment activity revenue stream and testing the operating effectiveness of key controls;
- Assessing whether the accounting policy in respect of revenue recognition was compliant with IFRS as adopted by the European Union and whether the group had accounted for revenue in accordance with that policy; and
- Assessing the appropriateness of management's judgements around IFRS 15.

The group's accounting policy on revenue recognition is shown in group note 3.12 to the financial statements and related disclosures are included in group note 4.

Key observations

Our audit work did not identify any material errors in the occurrence of revenue recognised in the year or any material instances of revenue not being recognised in accordance with the stated accounting policy.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Independent auditor's report to the members of Bango PLC

Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£165,000, which is 2.5% of the group's total revenues. This benchmark is considered the most appropriate because revenue generation is a key measure used by management and shareholders in assessing the performance of the business, and is a generally accepted audit benchmark. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2017 because of the change in benchmark. The prior year materiality was based on the Group's loss before taxation.	£148,000, which is based on assets held by the parent but restricted to lower than group materiality. This benchmark is considered the most appropriate because the parent entity holds investments in subsidiaries and does not actively trade. A revenue or profit based benchmark is not appropriate because the parent company is not revenue generative and incurs minimal costs. Materiality for the current year is lower than the level that we determined for the year ended 31 December 2017 to reflect the fact that, despite an increase in total assets, parent company materiality is restricted to be lower than group materiality.
Performance materiality used to drive the extent of our testing	75% of financial statement materiality.	75% of financial statement materiality.
Specific materiality	We also determine a specific level of materiality for certain areas such as Directors' remuneration, related party transactions and End User Spend (EUS).	We also determine a specific level of materiality for certain areas such as Directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	£8,250 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£7,400 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- evaluation by the group audit team of identified components to assess the significance of that component and to determine the planned audit response based on a measure of materiality. Significance was determined as a percentage of the Group's key benchmarks, being revenues, profit before tax and total assets;
- we undertook an interim visit at the group's head office, and assessed the group's internal processes and control environment;
- all of the UK components, being Bango plc, Bango.net Limited, Bango Payments Limited, Bango Deep Limited and Audiens Limited had a full scope audit (covering 58% of the group's loss before taxation and 79% of the group's revenue);
- Audiens SRL, the main trading entity in Italy, had a targeted review over its revenue, costs, intangible assets, debtors and cash to provide sufficient appropriate audit evidence for the group audit opinion;
- all nine other overseas components were performed analytical procedures to give us assurance at group level;
- all audit work was undertaken by the group audit team, no component auditors were involved; and
- there have been no significant scope changes compared to the prior year.

Independent auditor's report to the members of Bango PLC

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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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 under the Companies Act 2006

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

Matters on which we are required to report by exception

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

Responsibilities of directors for the financial statements

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Bango PLC

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.

Alison Seekings
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
18 March 2019

Consolidated statement of financial position

	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Property, plant and equipment	5	**567,620**	556,683
Intangible assets	5	**11,927,893**	6,130,190
		12,495,513	6,687,053
Current assets			
Trade and other receivables	6	**2,815,533**	2,013,088
Research and Development tax credits	6	**634,889**	421,215
Cash and cash equivalents		**3,814,927**	4,847,203
		7,265,349	7,281,506
Total assets		**19,760,862**	13,968,559
EQUITY			
Capital and reserves attributable to equity holders of the parent company			
Share capital	7	**14,053,582**	13,284,561
Share premium account		**35,796,976**	31,248,453
Merger reserve		**2,175,470**	1,236,225
Other reserve		**3,880,680**	2,350,701
Foreign exchange revaluation reserve		**161,657**	78,318
Accumulated losses		**(40,099,865)**	(37,474,820)
Total equity		**15,968,500**	10,723,438
LIABILITIES			
Current liabilities			
Trade and other payables	8	**3,408,919**	2,967,538
Finance lease liabilities	9	**121,968**	99,889
		3,530,887	3,067,427
Non-current liabilities			
Finance lease liabilities	9	**152,081**	177,694
Deferred tax liability	15	**109,394**	-
		261,475	177,694
Total liabilities		**3,792,362**	3,245,121
Total equity and liabilities		**19,760,862**	13,968,559

These financial statements were approved by the Directors on 18 March 2019 and are signed on their behalf by:

R Anderson
Director

C Rand
Director

Company registration number 05386079

The notes on pages 35 to 61 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Note	31 Dec 2018 £	31 Dec 2017 £
Alternative performance measure (Non-IFRS)			
End User Spend	4	**558,172,507**	271,356,080
Revenue	4	**6,619,728**	4,151,939
Cost of sales	4	**(796,180)**	(2,439)
Gross profit		**5,823,548**	4,149,500
Other administrative expenses	10	**(6,690,482)**	(5,717,516)
Non-recurring items	11	**-**	(59,463)
Share based payments	10	**(1,034,824)**	(679,023)
Depreciation	5	**(270,070)**	(188,496)
Amortization and impairment	5	**(1,345,187)**	(1,396,541)
Total administrative expenses		**(9,340,563)**	(8,041,039)
Operating loss		**(3,517,015)**	(3,891,539)
Interest payable	11	**(67,696)**	(51,458)
Investment income	14	**14,805**	20,858
Loss before taxation		**(3,569,906)**	(3,922,139)
Income tax	15	**706,367**	486,986
Loss for the financial year		**(2,863,539)**	(3,435,153)
Other comprehensive Income			
Foreign exchange on consolidation		**83,339**	(56,869)
Loss and total comprehensive loss for the financial year		**(2,780,200)**	(3,492,022)
Loss per share attributable to the equity holders of the parent			
Basic loss per share	16	**(4.11)**	(5.22)
Diluted loss per share	16	**(4.11)**	(5.22)

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

The notes on pages 35 to 61 are an integral part of these consolidated financial statements

Consolidated cashflow statement

	Note	31 Dec 2018 £	31 Dec 2017 £
Net cash used by operating activities	17	**(1,591,039)**	(253,675)
Cash flows used by investing activities			
Purchases of property, plant and equipment		**(181,977)**	(179,194)
Addition to intangible assets		**(2,573,306)**	(1,509,670)
Purchase of subsidiary		**(1,238,706)**	-
Payment of deferred consideration		**(547,307)**	-
Interest received		**14,805**	20,858
Net cash used by investing activities		**(4,526,491)**	(1,668,006)
Cash flows generated from financing activities			
Proceeds from issuance of ordinary shares		**5,545,974**	1,180,549
Costs associated with issuance of ordinary shares		**(332,793)**	-
Interest payments on finance lease obligations		**(67,696)**	(51,458)
Capital repayments of finance lease obligations		**(102,384)**	(89,571)
Net cash (used)/generated from financing activities		**5,043,101**	1,039,520
Net (decrease)/increase in cash and cash equivalents		**(1,074,429)**	(882,161)
Cash and cash equivalents at beginning of year		**4,847,203**	5,696,517
Exchange differences on cash and cash equivalents		**42,153**	32,847
		4,889,356	5,729,364
Cash and cash equivalents at end of year		**3,814,927**	4,847,203

The notes on pages 35 to 61 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share Capital £	Share Premium account £	Merger reserve £	Other reserve £	FER reserve £	Retained Earnings £	Total £
Balance at 1 January 2017	**13,029,124**	**30,323,341**	**1,236,225**	**2,211,136**	**135,187**	**(34,579,125)**	**12,355,888**
Share based payments	-	-	-	679,023	-	-	679,023
Share based payments transfer for exercised share options	-	-	-	(539,458)	-	539,458	-
Exercise of share options	255,437	925,112	-	-	-	-	1,180,549
Transactions with owners	**255,437**	**925,112**	**-**	**139,565**	**-**	**539,458**	**1,859,572**
Loss for the year	-	-	-	-	-	(3,435,153)	(3,435,153)
Other comprehensive income							
Foreign exchange on consolidation	-	-	-	-	(56,869)	-	(56,869)
Total comprehensive income for the year	-	-	-	-	(56,869)	(3,435,153)	(3,492,022)
Balance at 31 December 17	**13,284,561**	**31,248,453**	**1,236,225**	**2,350,701**	**78,318**	**(37,474,820)**	**10,723,438**

	Share Capital £	Share Premium account £	Merger reserve £	Other reserve £	FER reserve £	Retained Earnings £	Total £
Balance at 1 January 2018	**13,284,561**	**31,248,453**	**1,236,225**	**2,350,701**	**78,318**	**(37,474,820)**	**10,723,438**
Share based payments	-	-	-	1,034,824	-	-	1,034,824
Share based payments transfer for exercised share options	-	-	-	(238,494)		238,494	-
Issue of warrants	-	-	-	733,649	-	-	733,649
Exercise of share options	106,882	419,092	-	-	-	-	525,974
Issue of new shares	662,139	4,462,224	939,245	-	-	-	6,063,608
Expense of share issue	-	(332,793)	-	-	-	-	(332,793)
Transactions with owners	**769,021**	**4,548,523**	**939,245**	**1,529,979**	**-**	**238,494**	**8,025,262**
Loss for the year	-	-	-	-	-	(2,863,539)	(2,863,539)
Other comprehensive income							
Foreign exchange on consolidation	-	-	-	-	83,339	-	83,339
Total comprehensive income for the year	-	-	-	-	83,339	(2,863,539)	(2,780,200)
Balance at 31 December 18	**14,053,582**	**35,796,976**	**2,175,470**	**3,880,680**	**161,657**	**(40,099,865)**	**15,968,500**

The notes on pages 35 to 61 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.

The financial statements for the year ended 31 December 2018 (including the comparatives for the year ended 31 December 2017) were approved by the Board of Directors on 18 March 2019.

2 Basis of preparation

The Group financial statements, which consolidate those of Bango PLC and all of its subsidiaries, have been prepared under the historical cost convention and under the basis of going concern.

Bango has prepared its Report and accounts for the year ended 31 December 2018, in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006. IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's 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 3.20.

These financial statements are presented in pounds sterling (GBP) because that is the presentation currency of Bango. Every entity within the group has its own functional currency. The Brazilian, Japanese, Spanish, Nigerian and US subsidiaries perform sales and support functions in country for services provided by Bango.net Limited to customers. The Italian subsidiary performs both sales and support functions for Bango.net Limited as well as providing sales and support for the local entity. Audiens SRL also provides new data activity revenue. The local ledgers and accounts are prepared in accordance with local accounting standards. The majority of the groups costs are incurred in sterling, and cash is mostly held in sterling. Foreign operations are included in accordance with the policies set out in notes 3.15.

2.1 Going concern

Bango had cash of £3.8m at 31 December 2018 (31 December 2017: £4.8m) and financing debt of £0.3m (31 December 2017: £0.3m). The cash flow forecasts of Bango anticipate increased cash generation in the future, from current trading operations as a result of our deals with merchants. 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 falls 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 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

Property plant and equipment also include computer equipment held under finance leases.

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.

Notes to the financial statements

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. These costs are recognized as intangible assets. 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 individual 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.

Provision against trade receivables is made when there is objective evidence that Bango will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of the estimated receivable.

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 Operating lease agreements

Rentals applicable to operating leases where the risks and

Notes to the financial statements

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. When IFRS 16 is adopted the operating leases of Bango, disclosed in note 9, will become recognized on the statement of financial position.

3.10 Finance lease agreements

Assets held under leases which transfer to Bango substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured 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 are 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.

3.11 End User Spend

End User Spend (EUS) is the total value of sales processed through the Bango Platform net of taxes. EUS shows the growth of business through the Bango Platform, and is the most significant Key Performance Indicator that management uses to measure the development of the business and the success of Bango partners.

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.

3.12 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. These two streams have changed in 2018 following the acquisition of Audiens SRL. One revenue stream relates to payment transactions processes by the Bango Platform and the other stream relates to data activity.

Before 2018 Bango separated revenue into transactions fees or platform fees, all these fees related to revenue generated by connections to or use of the Bango Platform. All such revenue is now shown in End user activity.

3.12.1 Revenue linked to End user activity

Bango EUS revenue is contractually determined as the fee from each transaction through the Bango Platform. The fee is a percentage of the price that the end user pays for content, goods or services. 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 one off connection or support fees:

- Connection fees – where Bango charges the payment provider or the merchant for connecting to the Bango Platform. Revenue is recognized when certain stages of completion are reached, including signing of commercials, delivery of technical design and activation of routes.
- Support fees – where Bango provides monthly services which are recognised at point of invoice.

The cumulative impact of the adoption of IFRS 15 is considered to be immaterial as the contracts, the nature of the service, the timescales for delivery and the length of the service being provided have been considered and are determined suitable that Bango continue to recognize EUS revenue at the point in time that the transaction is completed. For digital goods this is at either the point of purchase or enablement. For retail goods the revenue is recognized when the goods are dispatched to the consumer.

3.12.2 Data activity

Revenue from data activity is where Bango provides data segments to merchants or other advertisers.

The transaction price for data activity is clearly defined in contracts, and is either one off or monthly fees. The performance obligations are to supply specified segments of data.

Revenue is recognized at point of supply for data activity.

3.13 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.

3.14 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.

If the terms of an equity-settled transaction were to be modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense would be 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. To date Bango has not modified any equity-settled transactions.
be 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. To date Bango has not modified any equity-settled transactions.

Notes to the financial statements

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. Once exercised, the share based payment expense previously recognized is transferred from Other reserves to Retained earnings. Share-based payment transactions are shown separately in the statement of comprehensive income. Additional information is provided in note 7.

3.15 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.

3.16 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.

3.17 Financial instruments

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. This changes the guidance on classification and measurement of financial assets, and introduces an "expected credit loss" model for the impairment of financial assets.

When adopting IFRS 9, Bango has applied transitional relief and opted not to restate prior periods. The adoption of IFRS 9 has impacted the following area:

- The impairment of financial assets applying the expected credit loss model. This affects Bango's trade receivables measured at amortised cost.

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.

As accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, Bango's financial liabilities were not impacted by the adoption of IFRS 9.

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.

3.18 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

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.

Other reserve

The other reserve represents equity-settled 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.

3.19 Non-recurring items

Non-recurring items are those significant items which are disclosed by virtue of their size of incidence to enable a full understanding of the financial performance (note 11).

3.20 Significant accounting estimates and judgements

Revenue recognition

As discussed in policy note 3.12 there are a number of key judgements taken by management in determining the most appropriate presentation of revenues generated from services to end users. 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

Notes to the financial statements

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 £5,777,712 (2017: £4,031,919).

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-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.

3.21 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 2018. There was no impact on the presentation of financial statements of Bango PLC other than in disclosure. 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 2018, or later periods, have been adopted early. The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the Bango's financial statements.

IFRS 16 Leases (IASB effective date 1 January 2019) will bring all operating leases onto the statement of financial position in line with the accounting treatment for finance leases. This will bring the lease of Bango's Cambridge office on to the statement of financial position, but it is not expected to have a material impact on the income statement.

The above standards and interpretations are not expected to have any significant impact on the financial statements when applied, except for additional disclosures when the relevant standard comes into effect.

3.22 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
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.

	31 December 2018	31 December 2017
	£	£
End User Spend	**558,172,507**	271,356,080

(b) Revenue and gross profit
Bango, based on the information reviewed by the chief operating decision maker, identifies two operating segments. There are two separable revenue streams in Bango. These two streams have changed in 2018 following the acquisition of Audiens SRL. One revenue stream relates to payment transactions processes by the Bango Platform and the other stream relates to data activity. Before 2018 Bango separated revenue into transactions fees or platform fees, all these fees related to revenue generated by connections to or use of the Bango Platform. All such revenue is now shown in End user 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.

12 months to 31 December 2018

	End user activity	**Data activity**	**Group**	**Total**
	£	**£**	**£**	**£**
Segment revenue	5,248,299	1,371,429	-	6,619,728
Cost of sales	-	(796,180)	-	(796,180)
Segment gross profit	**5,248,299**	**575,249**	**-**	**5,823,548**
Administrative expenses	-	-	(6,690,482)	(6,690,482)
Share based payments charge	-	-	(1,034,824)	(1,034,824)
Depreciation	-	-	(270,070)	(270,070)
Amortization	-	-	(1,345,187)	(1,345,187)
Interest payable	-	-	(67,696)	(67,696)
Interest income	-	-	14,805	14,805
Segment net profit/ (loss)	**5,248,299**	**575,249**	**(9,393,454)**	**(3,569,906)**
Segment assets	2,773,982	3,108,269	13,878,610	19,760,862
Segment liabilities	(83,130)	(438,248)	(3,270,984)	(3,792,362)
Net assets	**2,690,852**	**2,670,021**	**10,607,626**	**15,968,500**

Notes to the financial statements

12 months to 31 December 2017

	Payment activity	Data activity	Group	Total
	£	£	£	£
Segment revenue	4,151,939	-	-	4,151,939
Cost of sales – payment providers	(2,439)	-	-	(2,439)
Segment gross profit	**4,078,548**	**-**	**-**	**4,149,500**
Administrative expenses	-	-	(5,717,516)	(5,717,516)
Non-recurring items	-	-	(59,463)	(59,463)
Share based payments charge	-	-	(679,023)	(679,023)
Depreciation	-	-	(188,496)	(188,496)
Amortization and impairment	-	-	(1,396,541)	(1,396,541)
Interest payable	-	-	(51,458)	(51,458)
Interest income	-	-	20,858	20,858
Segment net profit/ (loss)	**4,078,548**	**-**	**(8,071,639)**	**(3,922,139)**
Segment assets	1,451,542	-	12,517,017	13,968,559
Segment liabilities	(2,479,707)	-	(765,414)	(3,245,121)
Net assets	**(1,028,165)**	**-**	**11,751,603**	**10,723,438**

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 Bango technology 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 administrative expenses.

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

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

Segment revenue is based on the location of the partners. All turnover is spread over many territories, of which £2.7m comes from two partners in Rest of World and £0.9m comes from a partner in USA and Canada. (2017: £1.8m USA and Canada, £1.0m from two partners in Rest of World).

Notes to the financial statements

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

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

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

5 Non-current assets

5.1 Property, plant and equipment

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2017	356,176	157,380	1,856,807	2,370,363
Additions	3,445	26,005	421,344	450,794
At 31 December 2017	359,621	183,385	2,278,151	2,821,157
Depreciation				
At 1 January 2017	252,600	138,944	1,684,254	2,075,798
Charge for the year	33,281	11,054	144,161	188,496
At 31 December 2017	285,881	149,998	1,828,415	2,264,294
Net book value At 31 December 2017	**73,740**	**33,387**	**449,736**	**556,863**

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2018	359,621	183,385	2,278,151	2,821,157
Additions	4,956	91,049	184,822	280,827
At 31 December 2018	364,577	274,434	2,462,973	3,101,984
Depreciation				
At 1 January 2018	285,881	149,998	1,828,415	2,264,294
Charge for the year	33,567	18,099	218,404	270,070
At 31 December 2018	319,448	168,097	2,046,819	2,534,364
Net book value At 31 December 2018	**45,129**	**106,337**	**416,154**	**567,620**

Notes to the financial statements

5.2 Intangible assets

	Domain Names	Internal Development	Acquired intangibles (Software)	Acquired intangibles (Contracts)	Acquired intangibles (Brand)	Goodwill	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2017	32,887	7,406,361	786,666	517,037	43,704	1,200,000	9,986,655
Additions	-	1,509,670	-	-	-	-	1,509,670
At 31 December 2017	**32,887**	**8,916,031**	**786,666**	**517,037**	**43,704**	**1,200,000**	**11,496,325**
Amortization							
At 1 January 2017	32,887	3,768,281	98,333	64,630	5,463	-	3,969,594
Charge for period	-	807,409	163,962	107,838	8,910	-	1,088,119
Impairment	-	308,422	-	-	-	-	308,422
At 31 December 2017	**32,887**	**4,884,112**	**262,295**	**172,468**	**14,373**	**-**	**5,366,135**
NBV at 31 December 2017	**-**	**4,031,919**	**524,372**	**344,569**	**29,331**	**1,200,000**	**6,130,190**

	Domain Names	Internal Development	Acquired intangibles (Software)	Acquired intangibles (Contracts)	Acquired intangibles (Brand)	Goodwill	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2018	32,887	8,916,031	786,666	517,037	43,704	1,200,000	11,496,325
Additions	-	2,573,306	2,141,333	-	78,657	2,548,405	7,341,701
FX revaluation	-	-	36,589	24,048	2,033	55,814	118,484
At 31 December 2018	**32,887**	**11,489,337**	**2,964,588**	**541,085**	**124,394**	**3,804,219**	**18,956,510**
Amortization							
At 1 January 2018	32,887	4,884,112	262,295	172,468	14,373	-	5,366,135
Additions	-	-	285,460	-	-	-	285,460
Charge for period	-	827,513	390,061	104,097	23,516	-	1,345,187
FX revaluation	-	-	18,675	12,136	1,024	-	31,835
At 31 December 2018	**32,887**	**5,711,625**	**956,491**	**288,701**	**38,913**	**-**	**7,028,617**
NBV at 31 December 2018	**-**	**5,777,712**	**2,008,097**	**252,384**	**85,481**	**3,804,219**	**11,927,893**

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.

Notes to the financial statements

Goodwill is reviewed annually for signs of impairment. Goodwill relates to the acquisition of BillToMobile Inc in May 2016 and Audiens SRL in 2018. 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 (1-3% - 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 of the key assumptions.

6 Trade and other receivables

	31 Dec 2018 £	31 Dec 2017 £
Trade receivables	**1,442,789**	1,123,889
Other receivables	**224,816**	130,497
Prepayments and accrued income	**1,152,928**	763,702
	2,820,533	2,018,088
Impairment of trade receivables	**(5,000)**	(5,000)
	2,815,533	2,013,088
Research and development tax credits	**634,889**	421,215
Total	**3,450,422**	2,434,303

At 31 December 2018, 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 2018 £	31 Dec 2017 £
One to two months	**159,366**	9,972
Three to twelve months	**102,950**	20,733
More than twelve months	**-**	-
	874,745	395,578

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.

	Current	One to two months	Three to twelve months	Total
Expected credit loss rate	**-**	**-**	5%	
Gross carrying amount	612,429	159,366	102,950	**874,745**
Lifetime expected credit loss	-	-	5,000	**5,000**

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

	31 Dec 2018 £	31 Dec 2017 £
Brought forward provision	**5,000**	5,000
Debts written off in the year	**-**	-
Increase in provision	**-**	-
Carry forward provision	**5,000**	5,000

Notes to the financial statements

7 Share capital and employee share options

Allotted, called up and fully paid: Ordinary shares of 20p each in Bango PLC	No	£
As at 31 December 2016	**65,145,618**	**13,029,124**
Exercise of share options	**1,277,185**	**255,437**
As at 31 December 2017	**66,422,803**	**13,284,561**
Issue of new shares	**3,310,693**	**662,139**
Exercise of share options	**534,412**	**106,882**
As at 31 December 2018	**70,267,908**	**14,053,582**

During the year 534,412 share options were exercised at exercise prices between 43 pence and 136 pence and a par value of 20 pence per share. The total proceeds were £0.52m of which £0.10m was recognized as share capital and £0.42m as share premium.

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 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 2018		31 Dec 2017	
	Average exercise price per share	**Options**	Average exercise price per share	Options
	p	**No**	p	No
Outstanding at 1 January 2018	**129**	**4,079,616**	103	4,495,049
Granted	**163**	**1,410,000**	185	1,226,000
Lapsed	**164**	**(774,145)**	120	(364,248)
Exercised	**98**	**(534,412)**	92	(1,277,185)
Outstanding at 31 December 2018	**138**	**4,181,059**	129	4,079,616
Exercisable at 31 December 2018	**128**	**2,121,501**	123	2,341,691

The weighted average share price at date of options exercised during the year was 145.96 pence (2017: 138.82 pence).

The fair value of options granted during the year, determined using the Black-Scholes valuation model, were between 60-84 pence. Significant inputs into the model include a weighted average share price of 163 pence (31 December 2017: 185 pence) at the grant date, the exercise prices, volatility of 55.4-58.4% (31 December 2017: 59.4-60.4%), dividend yield of nil (31 December 2017: nil), an expected option life of five years (31 December 2017: five years) and an annual risk-free interest rate of 1.04-1.17% (31 December 2017: 0.51-0.78%).

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 2018, Bango PLC had the following outstanding options and exercise prices:

Expiry date		Average exercise price per share Pence	Options Number	31 Dec 2018 Remaining Contractual Life Months	Average exercise price per share Pence	Options Number	31 Dec 2017 Remaining Contractual Life Months
15 October	2018	53.50	-	-	53.50	8,875	10
19 February	2019	44.00	-	-	44.00	8,875	14
1 October	2019	44.50	-	-	44.50	8,875	21
17 March	2020	59.50	-	-	59.50	8,875	27
24 September	2020	167.00	8,875	21	167.00	8,875	33
17 March	2021	82.50	10,875	27	82.50	10,875	39
9 September	2021	82.00	10,620	33	82.00	10,620	45
23 March	2022	142.50	18,322	39	142.50	20,322	51
20 September	2022	166.50	46,323	45	166.50	46,323	57
06 November	2022	218.00	-	-	218.00	100,000	59
26 March	2023	232.50	71,000	51	232.50	243,500	63
02 April	2023	218.50	10,000	51	218.50	10,000	63
27 June	2023	-	-	-	180.00	50,000	66
04 October	2023	126.00	70,000	58	126.00	126,166	70
01 April	2024	136.00	64,500	64	136.00	165,500	76
22 October	2024	101.00	114,331	70	101.00	196,535	82
16 March	2025	106.00	152,620	75	106.00	226,240	87
18 September	2025	88.50	303,905	81	88.50	408,509	93
16 March	2026	43.00	457,310	87	43.00	605,442	99
21 September	2026	89.00	438,430	93	89.00	577,201	105
14 December	2026	-	-	-	70.50	29,154	108
21 March	2027	114.50	479,448	99	114.50	597,354	111
22 September	2027	255.00	534,000	105	255.00	611,500	117
14 March	2028	173.00	613,500	111	-	-	-
19 September	2028	156.50	449,500	117	-	-	-
21 September	2028	173.00	200,000	117	-	-	-
23 October	2028	113.00	100,000	118	-	-	-
At 31 December			4,181,059	96		4,079,616	95

8 Trade and other payables

	31 Dec 2018 £	31 Dec 2017 £
Trade payables	1,710,557	1,659,053
Social security and other taxes	203,080	153,569
Accruals and deferred income	1,495,282	1,154,916
	3,408,919	2,967,538

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

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

	31 Dec 2018 £	31 Dec 2017 £
No later than 1 year	**246,581**	157,906
Later than 1 but no later than 5 years	**899,444**	631,624
More than 5 years	**76,695**	136,515
	1,222,720	926,045

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.

Gross lease liabilities	31 Dec 2018 £	31 Dec 2017 £
Within one year	**134,034**	112,202
Between two and five years	**158,165**	187,012
	292,199	299,214
Future interest	**(18,150)**	(21,631)
	274,049	277,583

The present value of finance lease liabilities is repayable as follows:	31 Dec 2018 £	31 Dec 2017 £
Within one year	**121,968**	99,889
Between two and five years	**152,081**	177,694
	274,049	277,583

10 Expenses by nature

	31 Dec 2018 £	31 Dec 2017 £
Employee benefit expense	**6,518,026**	4,588,608
Depreciation, amortization and impairment	**1,615,257**	1,585,037
Other expenses	**1,207,280**	1,867,394
	9,340,563	8,041,039
Analyzed as:		
Administrative expenses	**6,690,482**	5,776,979
Share based payments	**1,034,824**	679,023
Depreciation	**270,070**	188,496
Amortization and impairment	**1,345,187**	1,396,541
	9,340,563	8,041,039

Notes to the financial statements

11 Loss before taxation

Loss before taxation is stated after charging:

	31 Dec 2018 £	31 Dec 2017 £
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the financial statements	**6,000**	5,000
Fees payable to the Group's auditors for other services: audit of Group's subsidiaries	**67,600**	57,000
Other services relating to other assurance services	**10,000**	10,000
Other services relating to taxation compliance services	**7,550**	10,200
Other services relating to taxation advisory services	**28,800**	5,400
Other services relating to international taxation advisory and compliance services	**35,250**	62,300
Operating lease expenses:		
Land and buildings	**237,157**	226,716
Finance lease charges in year	**67,696**	51,458
Exchange rate variances	**(59,056)**	(52,086)
Depreciation on property, plant and equipment — lease assets	**112,186**	60,427
Depreciation on property, plant and equipment — owned assets	**157,884**	128,069
Amortization of intangible assets	**1,345,187**	1,088,119
Impairment of intangible assets	**-**	308,422
Non-recurring items	**-**	59,463

12 Employee benefit expense

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

	31 Dec 2018 No	31 Dec 2017 No
Administrative staff	**10**	8
Marketing staff	**4**	6
Sales staff	**7**	11
Technical staff	**27**	22
Executive Directors	**3**	3
Support staff	**34**	28
	85	78

The aggregate payroll costs of the above were:

	31 Dec 2018 £	31 Dec 2017 £
Wages and salaries	**5,049,913**	3,703,149
Social security costs	**470,903**	410,141
Other pension costs	**433,289**	206,436
Share based remuneration	**1,034,824**	679,023
	6,988,929	4,998,749

Included in the above payroll costs is £2,359,442 (31 December 2017: £1,340,684) capitalized within internal development (note 5.2).

Notes to the financial statements

The Directors have identified nineteen (31 December 2017: sixteen) key management personnel, including Directors. Compensation to key management is set out below:

	31 Dec 2018 £	31 Dec 2017 £
Short term employee benefits	**1,721,526**	1,299,167
Employers national insurance	**198,718**	1352,147
Post-employment benefits	**55,858**	22,531
Share based compensation	**515,683**	306,788
	2,491,785	1,780,633

13 Directors

Remuneration in respect of Directors was as follows:

	31 Dec 2018 £	31 Dec 2017 £
Emoluments	**661,448**	630,533

Further details can be found in the Remuneration Committee Report). The highest paid Director received total salary of £217,200 (31 December 2017: £206,250), pension contributions of £5,105 (31 December 2017: £2,255), and share based compensation of £88,156 (31 December 2017: £50,908).

The number of Directors who accrued benefits under pension schemes was three (31 December 2017: three).

The total share based compensation for Directors was £264,871 (31 December 2017: £155,816).

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

During the year Bango was invoiced £28,379 by Fusion Mobile Value Limited, a company of which Gianluca D'Agostino is sole director. The amount invoiced relates to consultancy work carried out by Gianluca D'Agostino in the year.

During the year Bango was invoiced £6,600 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.

14 Investment income

	31 Dec 2018 £	31 Dec 2017 £
Bank interest receivable	**14,805**	20,858

Notes to the financial statements

15 Taxation

Income tax	31 Dec 2018	31 Dec 2017
	£	£
R&D tax credits receivable	(634,889)	(421,215)
Over/(Under) provision of prior year credit	(17,270)	(8,126)
Tax paid overseas	8,526	18,953
(Over)/under provision of prior year overseas tax	(13,968)	(76,598)
Deferred tax	(48,766)	-
	(706,367)	(486,986)

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

Loss on ordinary activities before taxation	(3,569,906)	(3,922,139)
Loss on ordinary activities multiplied by standard rate of tax of 19.00% (31 December 2017: 19.25%)	(678,283)	(755,012)
Effect of:		
Expenses not deductible for tax purposes	222,294	146,477
Fixes asset differences	3,398	2,290
Deferred tax not recognized	347,434	307,045
Additional deductions for R&D expenditure	(706,141)	(382,944)
Surrender of tax losses for R&D	197,034	260,932
Tax paid overseas	8,526	18,953
Adjustments in relation to prior years	(31,238)	(84,727)
Share scheme deductions	(69,391)	-
Total tax	(706,367)	(486,986)

At 31 December 2018, the unutilized tax losses carried forward amounted to £33.1 million (at 31 December 2017: £33.2 million).

Deferred tax assets/ (liabilities):

	Provided 31 Dec 2018	Provided 31 Dec 2017	Unprovided 31 Dec 2018	Unprovided 31 Dec 2017
	£	£	£	£
Share option deduction	-	-	365,217	757,736
Tax losses	723,089	546,870	4,176,326	4,558,279
Other temporary differences	-	(5,016)	-	-
Accelerated capital allowances and capitalized development costs	(832,483)	(541,854)	-	-
	(109,394)	-	4,541,543	5,316,015

All unrecognized deferred tax balances relate to the UK and are expected to offset. No deferred tax asset has been recognized in respect of the above temporary differences due to the unpredictability of future taxable trading profits from which these differences may be deducted.

Notes to the financial statements

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.

	31 Dec 2018 £	31 Dec 2017 £
Loss attributable to equity holders of Bango PLC	**(2,863,539)**	(3,435,153)
Weighted average number of ordinary shares in issue	**69,736,418**	65,768,111
Earnings (basic) per share	**(4.11) p**	(5.22) 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.

	31 Dec 2018 £	31 Dec 2017 £
Loss attributable to equity holders of Bango PLC	**(2,863,539)**	(3,435,153)
Weighted average number of ordinary shares	**69,736,418**	65,768,111
Earnings (diluted) per share	**(4.11) p**	(5.22) p

At 31 December 2018 options over 4,181,059 (31 December 2017: 4,079,616) ordinary shares were outstanding. Given the loss for the year, these options are considered to be anti-dilutive. Such options could potentially dilute basic loss per share in the future.

17 Cash used by operations

	31 Dec 2018 £	31 Dec 2017 £
Loss for the financial year	**(2,863,539)**	(3,435,153)
Depreciation, amortization and impairment	**1,615,257**	1,585,037
Taxation in income statement	**(706,367)**	(468,033)
Investment income	**(14,805)**	(20,858)
Interest payable	**67,696**	51,458
Foreign exchange movement on cash balances	**(45,461)**	(151,350)
Share-based payment expense	**1,034,824**	679,023
(Increase)/decrease in receivables	**(417,382)**	(1,393,322)
(Decrease)/increase in payables	**(691,221)**	2,431,490
	(2,020,998)	(721,708)
Corporation tax rebate	**438,485**	486,986
Tax paid overseas	**(8,526)**	(18,953)
Net cash used by operations	**(1,591,039)**	(253,675)

18 Financial assets and liabilities

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

	31 Dec 2018 £	31 Dec 2017 £
Financial assets held at amortized cost	**5,252,716**	5,966,092
Total financial assets	**5,252,716**	5,966,092

Notes to the financial statements

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

	31 Dec 2018 £	31 Dec 2017 £
Short term financial assets		
Trade and other receivables	**1,437,789**	1,118,889
Cash and cash equivalents	**3,814,927**	4,847,203
Total financial assets	**5,252,716**	5,966,092

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

	31 Dec 2018 £	31 Dec 2017 £
Financial liabilities measured at amortized cost	**3,205,839**	2,813,968
Total financial liabilities	**3,205,839**	2,813,968

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

	31 Dec 2018 £	31 Dec 2017 £
Financial liabilities		
Trade payables	**1,710,557**	1,659,053
Accruals	**1,495,282**	1,154,916
Total financial liabilities	**3,205,839**	2,813,969

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 2018 Bango's financial liabilities had contractual maturities which are summarized below:

	31 Dec 2018 £	31 Dec 2017 £
Trade and other payables within 6 months	**3,205,839**	2,813,968
Finance lease obligations within 6 months	**60,176**	56,096
Finance lease obligations 6 to 12 months	**61,792**	43,793
Finance lease obligations 1 year to 5 years	**152,081**	177,694
Financial liabilities	**3,479,888**	3,091,551

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 2018 Bango only had finance lease liabilities.

Capital for the reporting year under review is summarized as follows:

	Overall financing		Capital	
	31 Dec 2018 £	31 Dec 2017 £	31 Dec 2018 £	31 Dec 2017 £
Total equity	**15,968,500**	10,723,438	**15,968,500**	10,723,438
Less cash and cash equivalents	**-**	-	**(3,814,927)**	(4,847,203)
Plus borrowings	**274,049**	277,583	**-**	-
	16,242,549	11,001,021	**12,153,573**	5,876,235

The capital to overall financing ratio is 74.8% (2017: 53.4%).

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.

	31 Dec 2018			31 Dec 2017		
Nominal amounts	**£ Financial assets**	**£ Financial liabilities**	**£ Net assets/ (liabilities)**	**£ Financial assets**	**£ Financial liabilities**	**£ Net assets/ (liabilities)**
US $ USD	1,203,401	973,510	229,891	1,943,192	709,589	1,233,603
Euro EUR	1,059,177	1,136341	(77,164)	65,488	18,881	46,607
Australian $ AUD	58,345	-	58,345	42,995	-	42,995
Canadian $ CAD	70,154	-	70,154	72,635	-	72,635
Indonesia Rp IDR	27,196	-	27,196	35,094	-	35,094
South African Rand ZAR	14,201	-	14,201	4,991	782	4,209
Saudi Arabian Riyal SAR	40,811	-	40,811	40,752	-	40,752
Japanese Yen JPY	793,516	21,433	772,083	1,329,942	723,079	606,863

Notes to the financial statements

Other	54,039	19,913	32,124	68,112	22,829	45,283
Short term exposure	3,374,879	2,171,110	1,201,767	3,603,200	1,475,160	2,124,808

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 £55,697 and if it moved by 10% then there would be a total loss of £106,331.

23 Acquisitions in the year

Acquisition of Audiens S.R.L

On 23 January 2018 Bango acquired Audiens SRL for cash, shares, share warrants and a deferred consideration from Digitouch SPA and other angel investors. Audiens SRL is a customer data platform (CDP) based in Milan which has developed a means for third parties to better segment and organize their data either for their own use or to sell through trading desks.

The acquisition of 98.45% of the Audiens SRL capital was for cash (€1.48m) paid immediately, cash (€0.63m) paid over 12 months to settle a debt balance to Digitouch, 521,803 ordinary shares in Bango PLC (€1.2m), share warrants at an exercise price of £1.80 per share with a ten year life over 738,399 ordinary shares (€0.84m). The final acquisition for 1.55% of the Audiens shares owned by Marko Maras the CEO of Audiens is linked a call and put option agreement valid for 2 years from the acquisition. The call and put agreement terms are linked to the long term revenue targets for the business and the underlying Bango PLC share price. Substantially all of the risks and rewards of the non-controlling interest in the Audiens business are considered to have transferred to Bango.

The net assets acquired were as follows:

	Fair value €	Fair value £
Intangible assets — software	2,112,664	1,855,873
Intangible assets — brand	89,535	78,657
Goodwill	2,900,518	2,548,405
Fair value of assets	438,317	385,063
Fair value of cash	66,730	58,623
Fair value of liabilities	(710,114)	(623,730)
Assets acquired	**4,897,650**	**4,302,891**

Satisfied by:

	Fair value €	Fair value £
Cash	1,476,750	1,297,329
Share consideration (521,803 shares)	1,187,937	1,043,606
Share warrants (738,399 shares)	835,113	733,649
Deferred consideration	623,000	547,307
Put/Call warrant	775,182	681,000
Total consideration	**4,897,982**	**4,302,891**

Following a detailed review of the fair value of the assets by an independent third party, acquired in accordance with IFRS3 Business Combinations, Bango has recognized intangible assets being software and trade names, totaling £1.93m, net liabilities of £0.18m and goodwill totaling £2.55m. Goodwill represents the excess of the purchase price over the fair value of the assets acquired. The goodwill arising on the acquisition is largely attributable to the added value associated with future monetization through new customer relationships and the value of the existing workforce.

Acquisition-related costs amounting to £0.28m are not included as part of consideration transferred and have been recognized as an expense in the consolidated statement of profit or loss, as part of administrative expenses.

Audiens SRL contributed £1.37m of revenue and £0.71m to the consolidated loss from date of acquisition.

Statement of financial position of Bango PLC

	Note	31 Dec 2018 £	31 Dec 2017 £
ASSETS			
Non-current assets			
Investment in subsidiary	4	**48,430,309**	29,684,765
Trade and other receivables due after one year	5	**6,277,584**	17,209,241
		54,707,893	46,894,006
Current assets			
Trade and other receivables due within one year	5	**29,105**	27,721
		29,105	27,721
Total assets		**54,736,998**	46,921,727
EQUITY			
Capital and reserves			
Share capital	8	**14,053,582**	13,284,561
Share premium account	9	**35,796,976**	31,248,453
Other reserve	9	**1,672,894**	-
Retained earnings	9	**3,159,661**	2,372,006
Total equity		**54,683,113**	46,905,020
LIABILITIES			
Trade and other falling due within one year	6	**53,885**	16,707
Total liabilities		**53,885**	16,707
Total equity and liabilities		**54,736,998**	46,921,727

These financial statements were approved by the Directors on 18 March 2019 and are signed on their behalf by:

R Anderson
Director

C Rand
Director

Company registration number 05386079

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 £247,169 (2017: £94,913).

The notes on pages 58 to 61 are an integral part of these consolidated financial statements

Statement of changes in equity of Bango PLC

	Share capital £	Share premium £	Other reserve £	Retained earnings £	Total £
Balance at 1 January 2017	**13,029,124**	**30,323,341**	**-**	**1,787,896**	**45,140,361**
Share based payments	-	-	-	679,023	679,023
Exercise of share options	255,437	925,112	-	-	1,180,549
Transactions with owners	255,437	925,112	-	679,023	1,859,572
Loss for the year	-	-	-	(94,913)	(94,913)
Total comprehensive income for the year	-	-	-	(94,913)	(94,913)
Balance at 31 December 2017	**13,284,561**	**31,248,453**	**-**	**2,372,006**	**46,905,020**
Balance at 1 January 2018	**13,284,561**	**31,248,453**	**-**	**2,372,006**	**46,905,020**
Share based payments	-	-	-	1,034,824	1,034,824
Exercise of share options	106,882	419,092	-	-	525,974
Issue of shares	662,139	4,462,224	939,245	-	6,063,608
Expenses of share issue	-	(332,793)	-	-	(332,793)
Issue of warrants	-	-	733,649	-	733,649
Transactions with owners	769,021	4,548,523	1,672,894	1,034,824	8,025,262
Loss for the year	-	-	-	(247,169)	(247,169)
Total comprehensive income for the year	-	-	-	**(247,169)**	**(247,169)**
Balance at 31 December 2018	**14,053,582**	**35,796,976**	**1,672,894**	**3,159,661**	**54,683,113**

The notes on pages 58 to 61 are an integral part of these consolidated financial statements

Cashflow statement of Bango PLC

	31 Dec 2018 £	31 Dec 2017 £
Loss for year	**(247,169)**	(94,913)
Cash flows from operating activities		
(Increase)/decrease in receivables	**(8,806)**	(31,700)
Increase/(decrease) in payables	**44,601**	(9,666)
Net cash used by operating activities	**(211,374)**	(136,279)
Cash flows generated from investing activities		
Loan to group undertaking	**(5,001,707)**	(1,044,170)
Investment in subsidiaries	**(100)**	(100)
Net cash used by investing activities	**(5,001,807)**	(1,044,270)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**5,545,974**	1,180,549
Costs associated with issuance of ordinary shares	**(332,793)**	-
Net cash generated from financing activities	**5,213,181**	1,180,549
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 58 to 61 are an integral part of these consolidated financial statement

Notes to the financial statements

1 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 2018, in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006. IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

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 behavioural 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.

Financial assets and liabilities
IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. This changes the guidance on classification and measurement of financial assets, and introduces an "expected credit loss" model for the impairment of financial assets.

When adopting IFRS 9, Bango has applied transitional relief and opted not to restate prior periods.

As accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, Bango's financial liabilities were not impacted by the adoption of IFRS 9. Financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

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
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.

Other reserve
Other 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.

Related party transactions
There were no significant related party transactions in the year, see the Directors report for the Group for further details. Intercompany loans existed between the entity and other members of the group, please see Note 5 for further details.

Notes to the financial statements

2 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 pages 18 and 19. 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 £110,691 (31 December 2017: £105,797) has been recognized within the parent company's own figures relating to wages and salaries.

3 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.

4 Investments

	£
Cost	
Shares in subsidiary undertakings at 31 December 2017	**29,684,765**
Share based payments	1,034,824
Investment in Bango Deep Ltd	100
Capitalization of intercompany loan (1,771,062 shares)	17,710,620
Shares in subsidiary undertakings at 31 December 2018	**48,430,309**
Net book amount	
At 31 December 2018	**48,430,309**
At 31 December 2017	29,684,765

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

Details of subsidiary undertakings at 31 December 2018 are as follows:

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

Notes to the financial statements

5 Receivables

	31 Dec 2018 £	31 Dec 2017 £
Amounts due from Group undertakings (due after one year)	6,277,584	17,209,241
Other receivables (due within one year)	29,105	27,721
	6,306,689	17,236,962

Interest on intercompany loans from the parent company to the subsidiary undertakings are charged at a reasonable market rate of interest, calculated monthly on the balance outstanding. During the year the majority of the loan to Bango.net Limited was capitalized, with the issue of 1,771,062 shares.

6 Payables

	31 Dec 2018 £	31 Dec 2017 £
Trade payables	18,176	8,148
Accruals and deferred income	35,709	8,559
	53,885	16,707

7 Financial assets and liabilities

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

	31 Dec 2018 £	31 Dec 2017 £
Financial assets held at amortized cost	6,306,689	17,229,540
Total financial assets	6,306,689	17,229,540

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

	31 Dec 2018 £	31 Dec 2017 £
Current financial assets		
Other receivables	29,105	20,299
Non-Current financial assets		
Amounts due from Group undertakings	6,277,584	17,209,241
Total financial assets	6,306,689	17,229,540

	31 Dec 2018 £	31 Dec 2017 £
Financial liabilities held at amortized cost	53,885	16,707
Total financial liabilities	53,885	16,707

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

	31 Dec 2018 £	31 Dec 2017 £
Current financial liabilities		
Trade payables	18,176	8,148
Accruals	35,709	8,559
Total financial liabilities	53,885	16,707

Notes to the financial statements

8 Share capital

Allotted, called up and fully paid:

Ordinary shares of 20p each in Bango PLC	No	£
As at 31 December 2016	**65,145,618**	**13,029,124**
Exercise of share options	1,277,185	255,437
As at 31 December 2017	**66,422,803**	**13,284,561**
Issue of new shares	**3,310,693**	**662,139**
Exercise of share options	**534,412**	**106,882**
As at 31 December 2018	**70,267,908**	**14,053,5852**

During the year 534,412 share options were exercised at exercise prices between 43 pence and 136 pence and a par value of 20 pence per share. The total proceeds were £0.52m of which £0.10m was recognized as share capital and £0.42m as share premium.

During the year 1,410,000 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 4,181,059 options were outstanding. Further details relating to employee share options are provided in note 7 in the Bango financial statements.

9 Reserves

	Share Premium Account £	Other reserve £	Retained earnings £
At 1 January 2018	**31,248,453**	**-**	**2,372,006**
Issue of new shares	**4,462,224**	**939,245**	-
Cost of issuing new shares	**(332,793)**	-	-
Exercise of share options	**419,092**	-	-
Share based payments	-		**1,034,824**
Issue of warrants	-	**733,649**	**-**
Loss for the year	-	**-**	**(247,169)**
At 31 December 2018	**35,796,976**	**1,672,894**	**3,159,661**

An adjustment has been made out of the share based payment reserve for share options exercised in the year. The other reserve comprises the issue of warrants and share premium relating to the acquisition of Audiens SRL. See note 23 in the Group accounts for more details.

10 Reconciliation of movements in shareholder's funds

	31 Dec 2018 £	31 Dec 2017 £
Period opening balance	**46,905,020**	45,140,361
Exercise of share options	**525,974**	1,180,549
Share based payments	**1,034,824**	679,023
Issue of new shares	**5,124,363**	-
Expense of share issue	**(332,793)**	-
Loss for the period	**(247,169)**	(94,913)
	53,010,219	46,905,020

11 Retained earnings

The distributable reserves as at 31 December 2018 from Bango PLC are £1,179,222 (2017: £747,368).

Notice of Annual General Meeting

THE COMPANIES ACTS 1985 TO 2006

NOTICE OF THE ANNUAL GENERAL MEETING OF BANGO PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Bango PLC ("Bango") will be held at the offices of Bango, 5 Westbrook Centre, Cambridge, CB4 1YG on Friday, 17 May 2019 at 2 pm for the following purposes.

ORDINARY BUSINESS

As ordinary business to consider and, if thought fit, pass resolutions 1 to 6 as ordinary resolutions.

1. To receive and adopt the annual accounts of Bango for the year ended 31 December 2018 together with the reports of the Directors and auditors on those accounts.
2. To re-elect Raymond Anderson who retires by rotation and offers himself for re-appointment by general meeting, as a Director of Bango.
3. To re-elect Gianluca D'Agostino who retires by rotation and offers himself for re-appointment by general meeting, as a Director of Bango.
4. To re-elect Carolyn Rand, who, having been appointed since the last General Meeting, retires and offers herself for re-appointment by general meeting, as a Director of Bango.
5. To re-elect Nancy Cruickshank, who, having been appointed since the last General Meeting, retires and offers herself for re-appointment by general meeting, as a Director of Bango.
6. To re-elect Grant Thornton UK LLP as auditors and to authorize the Directors to determine the auditors' remuneration.

SPECIAL BUSINESS

As special business to consider and, if thought fit, pass resolution 7 as an ordinary resolution and resolutions 8 and 9 as special resolutions.

7. That, pursuant to and in accordance with Section 551 of the Companies Act 2006 (the "Act"), the Directors be and are hereby generally and unconditionally authorized and empowered to exercise all the powers of Bango to allot shares and/or grant rights to subscribe for or to convert any security into shares ("Rights"):

a) up to an aggregate nominal value of £4,687,500 (being the nominal value of approximately one third of Bango's issued share capital); and

b) up to an aggregate nominal value of £9,375,000 (being the nominal value of approximately two thirds of Bango's issued share capital) (such amount to be reduced by the nominal amount of any shares allotted or Rights granted under paragraph a)) in connection with an offer by way of a rights issue or other pre-emptive offer to:

   i. the holders of ordinary shares of £0.20 each in the capital of Bango ("Ordinary Shares") in proportion (as nearly as may be practicable) to the respective number of Ordinary Shares held by them; and

   ii. the holders of other equity securities, as required by the rights of those securities, or subject to such rights as the directors otherwise consider necessary,

such authority to expire on the conclusion of the next Annual General Meeting of Bango following the passing of this resolution or, if earlier, the date 15 months after the date of passing this resolution, save that Bango may at any time before such expiry make any offer(s) or enter into any agreement(s) which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of any such offer(s) or agreement(s) as if the power and authority conferred by this resolution had not expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

8. That subject to and conditional upon the passing of resolution 7 above, the directors be and are hereby generally authorized in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) of Bango for cash as if section 561(1) of the Act did not apply to any such allotment, provided that this authority shall be limited to:

a) the allotment of equity securities in connection with an offer by way of a rights issue or other pre-emptive offer to:

Notice of Annual General Meeting

i. the holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective number of Ordinary Shares held by them; and

ii. the holders of other equity securities, as required by the rights of those securities, or subject to such rights as the directors otherwise consider necessary,

but (in each case) subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems in respect of overseas holders or otherwise; and

b) the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) above) up to a maximum aggregate nominal value of £703,100 (being the nominal value of approximately 5% of the issued share capital of Bango),

and this authority shall expire on the conclusion of the next Annual General Meeting of Bango following the passing of this resolution or, if earlier, the date 15 months after the date of passing this resolution save that Bango may at any time before such expiry make any offer(s) or enter into any agreement(s) which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer(s) or agreement(s) as if the power and authority conferred by this resolution had not expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot equity securities but without prejudice to any allotment of equity securities already made, offered or agreed to be made pursuant to such authorities.

9. That subject to and conditional upon the passing of resolution 7 above, the directors be and are hereby generally authorized in accordance with section 570 of the Act, in addition to any authority granted under resolution 8, to allot equity securities (as defined in section 560 of the Act) of Bango for cash as if section 561(1) of the Act did not apply to any such allotment, provided that this authority shall be:

a) limited to the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) of resolution 8 above) up to a maximum aggregate nominal value of £703,100 (being the nominal value of approximately 5% of the issued share capital of Bango); and

b) used only for the purpose of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors of Bango determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and this authority shall expire on the conclusion of the next Annual General Meeting of Bango following the passing of this resolution or, if earlier, the date 15 months after the date of passing this resolution save that Bango may at any time before such expiry make any offer(s) or enter into any agreement(s) which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer(s) or agreement(s) as if the power and authority conferred by this resolution had not expired. This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot equity securities but without prejudice to any allotment of equity securities already made, offered or agreed to be made pursuant to such authorities.

By order of the Board,

Rachel Greenhalgh

Company Secretary

19 March 2019

Notice of Annual General Meeting

Notes:

1. Only those shareholders registered in the register of members of Bango at 2:00 pm on Wednesday, 15 May 2019 (or not later than 48 hours (excluding days that are not a working day) before the start of any adjournment of the meeting) shall be entitled to attend, speak and vote at this Annual General Meeting in respect of such number of shares registered in their name at that time. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. If you wish to attend the Annual General Meeting in person, please ensure you have identification documentation with you in order to gain admission.
3. As at 5:00 pm on Friday, 15 March 2019, which is the latest practicable date before publication of this notice, the issued share capital of Bango was 70,314,412 ordinary shares of £0.20 each and the total number of voting rights was 70,314,412.
4. Only holders of Ordinary Shares are entitled to attend and vote at this meeting. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting and at any adjournment of it. Such a member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member may only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. A proxy need not be a member. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the meeting or any adjournment of the meeting.
5. A form of proxy is provided with this notice and instructions for use are shown on the form. To be effective, the completed form of proxy must be deposited at the registered office of Bango, 5 Westbrook Centre, Cambridge, CB4 1YG, by not later than 2:00 pm on Wednesday, 15 May 2019 (or not later than 48 hours (excluding days that are not a working day) before the start of any adjournment of the meeting) together with, if appropriate, the original power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority.
6. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
7. In order to revoke a proxy appointment you will need to inform Bango by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the registered office of Bango, 5 Westbrook Centre, Cambridge, CB4 1YG, by not later than 2:00 pm on Wednesday, 15 May 2019 (or not later than 48 hours (excluding days that are not a working day) before the start of any adjournment of the meeting) together with, if appropriate, the original power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, unless you attend the meeting in person, your proxy appointment will remain valid.
8. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share.
9. Copies of the service agreements of the Executive Directors and the letters of appointment of the Non-Executive Directors will be available for inspection during normal business hours from the date of dispatch of this notice until the date of the meeting (Saturdays, Sundays and public holidays excepted) at the registered office of Bango and will also be made available for inspection at the place of the Annual General Meeting for a period of 15 minutes prior to and during the continuance of the meeting.
10. Copies of this notice, and information regarding this Annual General Meeting, including the information required by section 311A of the Companies Act 2006, can be found at https://bangoinvestor.com/announcements/.
11. Except as provided above, members who wish to communicate with Bango in relation to the meeting should do so by calling Bango's Company Secretary on +44 333 077 0222 or +44 7824 145 731. No other methods of communication will be accepted.

Form of Proxy

For use at the Annual General Meeting to be held at the offices of Bango, 5 Westbrook Centre, Cambridge, CB4 1YG on Friday, 17 May 2019 at 2 pm

Before completing this form, please read the explanatory notes at the end of this form.

Name of shareholder _____

Address _____

_____

Number of shares held _____

I/We, being [a] member[s] of Bango PLC, hereby appoint the chair of the meeting or (see note 3)

_____

as my/our proxy (see note 4) to attend, speak and vote for me/us on my/our behalf at the Bango Annual General Meeting to be held at 2 pm on Friday, 17 May 2019 and at any adjournment of the meeting.

I/We have indicated with an 'X' in the appropriate spaces how I/we wish my/our votes to be cast and direct the proxy to vote as indicated.

If this form is signed and returned without any indication as to how my/our proxy shall vote, my/our proxy may exercise his or her discretion as to both how he or she votes (including as to any amendments to the resolutions) and whether or not he or she abstains from voting and I/we authorize my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

RESOLUTION (Place X in appropriate box)	FOR	AGAINST	WITHHELD	DISCRETIONARY
Ordinary business				
1. To receive and adopt the accounts for the year ended 31 December 2018				
2. To re-elect Raymond Anderson as a Director				
3. To re-elect Gianluca D'Agostino as a Director				
4. To re-elect Carolyn Rand as a Director				
5. To re-elect Nancy Cruickshank as a Director as a Director				
6. To re-appoint Grant Thornton UK LLP as auditors and authorize the Directors to fix the auditors' remuneration				
Special business				
7. To authorize the Directors to allot shares pursuant to section 551 of the Companies Act 2006 (the "Act"), subject to the provisions as set out in the notice				
8. In accordance with section 570 of the Act, to authorize the Directors to allot shares as if section 561(1) of the Act did not apply, on a non-pre-emptive basis, and otherwise pre-emptively, subject to the provisions as set out in the notice				
9. In accordance with section 570 of the Act, to authorize the Directors to allot shares as if section 561(1) of the Act did not apply, on a non-pre-emptive basis for the purposes of financing or refinancing an acquisition or other capital investment, subject to the provisions as set out in the notice				

Signature ..... Date .....

Signature ..... Date .....

Explanatory notes

Notes for completion of the proxy form

1. As a member of Bango you are entitled to appoint another person as your proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of Bango. You must follow the appointment procedures set out in these notes. If the proxy is being appointed in relation to part of your holding only, please enter in the box next to the proxy's name the number of shares in relation to which they are authorized to act as your proxy. If this box is left blank they will be authorized in respect of your full voting entitlement.
2. Completion and return of this proxy form will not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of Bango but must attend the meeting to represent you. To appoint as your proxy a person other than the chair of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box above, the chair of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chair, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf at the meeting, you will need to appoint someone other than the chair and give them the relevant instructions directly.
4. If you appoint a proxy to vote on your behalf at this Annual General Meeting, your voting rights will revert to you at the conclusion of the Annual General Meeting or any adjournment of the Annual General Meeting.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy, please insert the name of each proxy to be appointed in the box above and insert in brackets after each name the number of shares in respect of which each respective proxy is appointed.
6. To direct your proxy how to vote on the resolutions, please indicate how you wish your votes to be cast by placing 'X' in the appropriate column. To abstain from voting on a resolution, select the relevant "Vote withheld" box. Please note that a vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no specific direction as to how you wish your vote to be cast is given, your proxy may vote or abstain, at his or her discretion. On any other business which is put before the meeting (including a motion to adjourn the meeting or to amend a resolution) the proxy will vote (or abstain from voting) at his or her discretion.
7. To be valid, this proxy form must be:
   a completed and signed;
   b sent or delivered to the Company Secretary at Bango, 5 Westbrook Centre, Cambridge, CB4 1YG; and
   c received by the Company Secretary no later than 2 pm on Wednesday, 15 May, 2019.
8. If a member is a company, this proxy form must be executed under its common seal (or such form of execution as has the same effect) or executed on its behalf by a duly authorized officer of the company or an attorney for the company. A copy of the authorization of such officer or attorney must be lodged with this proxy form.
9. If this proxy form is executed under a power of attorney or any other authority the original power or authority (or a duly certified copy of such power or authority) must be lodged together with this proxy form.
10. In the case of joint holders, any one holder may sign the form of proxy but all the names of the joint holders should be stated on this proxy form. If more than one of the joint holders purports to appoint a proxy, the appointment submitted by the most senior holder will be accepted to the exclusion of the appointment(s) of the other joint holder(s), seniority being determined by the order in which the names of the joint holders stand in the register of members of Bango in respect of the joint holding (the first-named being the most senior).
11. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
12. Any alterations made to this form should be initialed.
13. You may not use any fax number or email address or other electronic address provided in this proxy form or the documents accompanying this proxy form to communicate with Bango for any purposes other than those expressly stated.

If you have any queries completing this form, please contact the Company Secretary on telephone number +44 333 077 0222 or +44 7824 145 731.

Explanatory notes

Report and Accounts (Resolution 1)

The Directors of Bango must present the accounts to the meeting.

Re-election of Directors (Resolutions 2, 3, 4 and 5)

The Bango articles of association require that approximately one third of the Board, and any Director newly appointed since the last AGM, retire and seek re-election at each annual general meeting. Furthermore, in line with good corporate governance practice, it is Bango practice that any non-executive Director having been in post for nine years or more is subject to annual re-election.

At this meeting, Raymond Anderson and Gianluca D'Agostino will retire and stand for re-election as Directors. Having considered the performance of and contribution made Raymond Anderson and Gianluca D'Agostino, the Board remains satisfied that their performance continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election. Carolyn Rand and Nancy Cruickshank were appointed as Directors since the last AGM, and so will retire and seek re-election.

Reappointment and remuneration of auditors (Resolution 6)

Resolution 6 proposes the re-appointment of Grant Thornton UK LLP as auditors of Bango and authorizes the Directors to set the auditors' remuneration. Grant Thornton has acted as Bango's auditor for 14 years. In accordance with corporate governance guidelines, Bango put its audit services out to tender during 2018. Following a thorough tender process, the Board determined that Grant Thornton was the strongest candidate and should be re-appointed as auditors. The shareholders are invited to approve their re-appointment as auditors.

Directors' authority to allot shares (Resolution 7)

Directors may only allot shares or grant rights to subscribe for or to convert any security into shares ("Rights") if authorized to do so by the shareholders. Such authorization is not required for the grant of options (or the issue of shares on exercise of such options) under an employee share scheme. The authority granted at the last Annual General Meeting is due to expire at the conclusion of this year's Annual General Meeting. Accordingly, this resolution, which complies with guidance issued by the Investment Association, seeks to grant a new authority to the Directors to allot shares and/or grant Rights and will expire at the conclusion of the next Annual General Meeting of Bango or, if earlier, on 17 August 2020 (the date which is 15 months after the date of passing of the resolution). There is no present intention of exercising this authority, which would give Directors authority to allot shares and/or grant Rights up to an aggregate nominal value of £4,687,500 (approximately one-third of Bango's issued ordinary share capital as at 15 March, 2019) and up to an aggregate nominal value of £9,375,000 (approximately two-thirds of Bango's issued ordinary share capital as at 15 March, 2019) in connection with an offer by way of a rights issue or other pre-emptive offer.

Disapplication of pre-emption rights (Resolutions 8 and 9)

Under section 561(1) of the Act, if the Directors wish to allot equity securities (as defined in section 560 of the Act) (other than following an exercise of options granted under an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights.

Resolution 8 asks the shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities and the grant of share options, the authority will be limited to the issue of equity securities for cash up to a maximum nominal value of £703,100 (being 3,515,500 ordinary shares of £0.20 each), which is equivalent to approximately 5 per cent of Bango's issued ordinary share capital as at 15 March, 2019, in line with the Pre-Emption Group 2015 Statement of Principles ("Statement of Principles") for the disapplication of pre-emption rights. Resolution 8 also seeks a disapplication of the pre-emption rights on a rights issue so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders.

Resolution 9 seeks additional approval for the disapplication of pre-emption rights on shares issued for cash up to a further nominal value of £703,100 (being 3,515,500 ordinary shares of £0.20 each), which is equivalent to approximately 5 per cent of Bango's issued ordinary share capital as at 15 March, 2019. This authority can only be exercised in connection with one or more acquisitions or specified capital investments that the Directors determine fall within the Statement of Principles. The Directors confirm that the additional 5 per cent authority will only be used in connection with an acquisition or specified capital investment which is announced contemporaneously with the issue, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue.

The Directors will also have regard to the guidance in the Statement of Principles concerning cumulative usage of authorities within a three-year period. Accordingly, the Board confirms that it does not intend to issue shares for cash representing more than 7.5 per cent. of Bango's issued ordinary share capital in any rolling three-year period other than to existing shareholders, save as permitted in connection with an acquisition or specified capital investment as described above, without prior consultation with shareholders.

Explanatory notes

If resolutions 8 and 9 are passed, the authorities will expire at the conclusion of the next Annual General Meeting of Bango or, if earlier, 17 August, 2020 (the date which is 15 months after the date of passing of the resolution). Shareholders will note that these resolutions will be proposed as special resolutions.