



INVESTOR BRIEFING

Interim results for the 6-months ended 31 December 2021

14 MARCH 2022

THE BUSINESS



Rob Weisz

CHIEF EXECUTIVE OFFICER

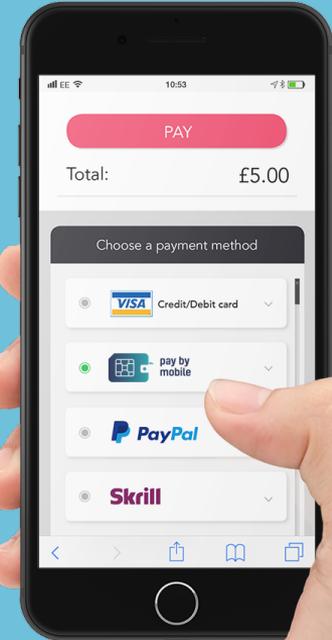
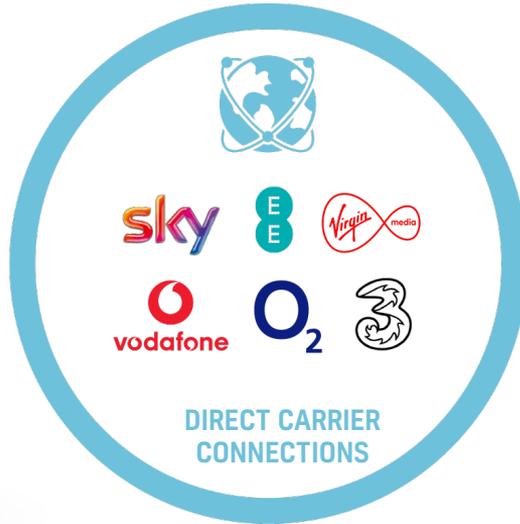
EXECUTIVE SUMMARY

- Trading in line with recently upgraded expectations
- All segments (payments, messaging & services) have continued to grow
- Increased investment in sales and marketing in the period
- Investing in new product features to support new markets locally and overseas
- Growth strategy continues to deliver sustainable, long-term profitability
- Increased interim dividend in line with policy to distribute 75% of adj. earnings

WHAT WE DO



MEDIA GROUP



Enabling brands to interact and transact with consumers through their mobile operators

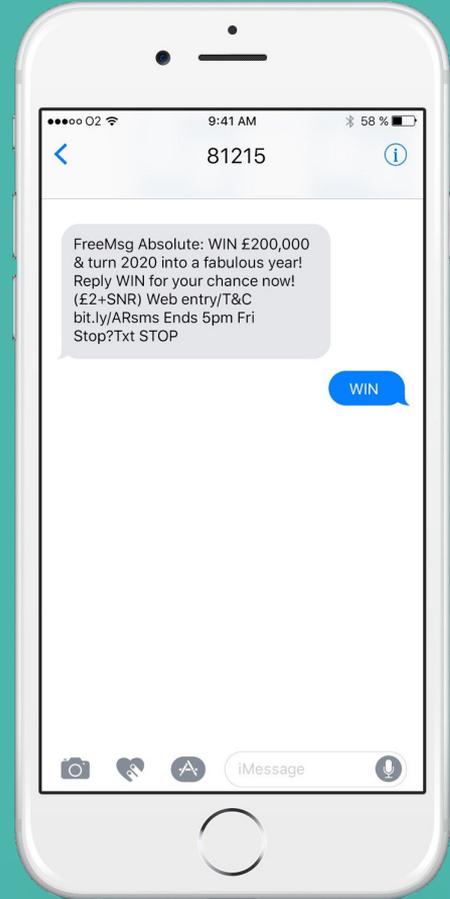
INTERACTIVE SERVICES

Mobile interaction and payments for media, charity & enterprise clients

Audience engagement
and CRM
management

Audience monetisation
with donations
& competitions

Marketing campaigns
through targeted
mobile messaging



PAYMENT SERVICES

'Pay by mobile' for apps, online and on-the-move services.

Frictionless payments

with significant reach

Better conversion

& reduced basket abandonment

Increase revenues

with limited cannibalisation of other payment methods



pay by mobile

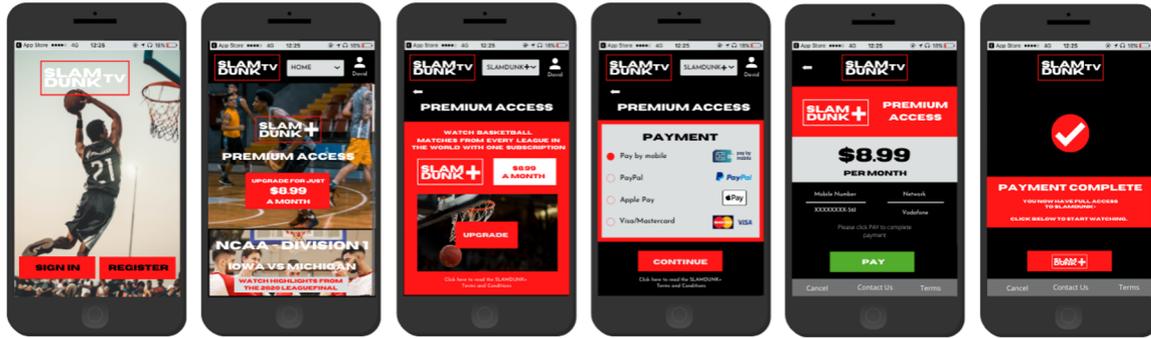


Apple Pay



USE CASES: MEDIA PAYWALLS AND OTT

Frictionless spontaneous payments via carrier billing



Enables
frictionless
impulsive
purchases

Fonix typically
takes up to a 30%
share of basket
transactions

Increases revenue
from live sporting
events

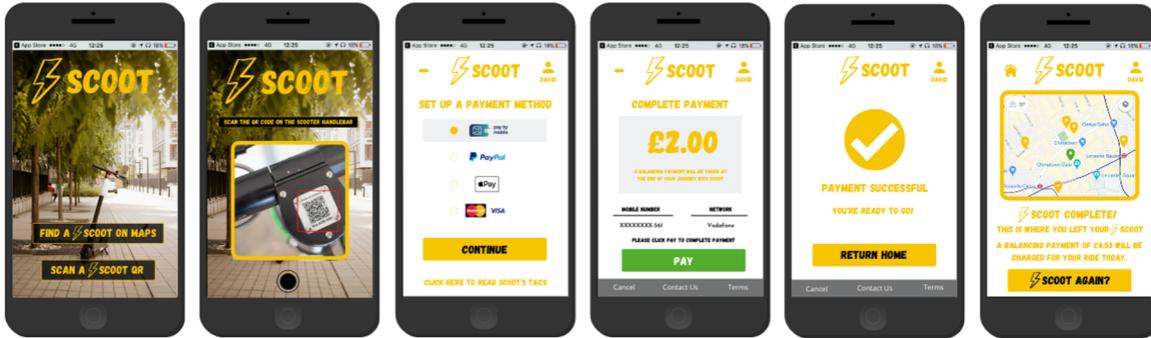
Overview

Simplicity and choice of payment are key for media paywalls. A number of Fonix's clients have experienced significant incremental revenue growth by adopting Direct Carrier Billing (DCB) as a payment option.

Fonix is already integrated into several key platform providers, enabling the potential rollout of DCB to major sports brands.

USE CASES: MOBILITY: E-SCOOTERS

Scan, pay-by-mobile, travel - simplicity for mobility



Frictionless checkout flow with intuitive user experience



More suitable for micropayments and shorter journeys than card



Opportunity for user identification checks using phone number

Overview

Significant upcoming sector with potential for huge growth in cities around the world.

Expansion into further alternative transport and mobility companies, E-cycles, self-driving cars, etc.

FINANCIAL UPDATE



Michael Foulkes

CHIEF FINANCIAL OFFICER

OPERATIONAL HIGHLIGHTS

Key achievements for the 6-months ended 31 December 2021

>10%

YoY growth in gross profits from existing clients

+12

new client contracts

84m

record SMS sent in a single month

x2

commercial headcount

99%

of income of a repeating nature

100%

platform uptime

KEY PERFORMANCE INDICATORS

TPV

£138m

+ 12% YOY

GROSS PROFIT

£7.0m

+ 20% YOY

ACTIVE CUSTOMERS

116

+ 10% YOY

ADJUSTED EBITDA

£5.5m

+ 20% YOY

ADJUSTED PBT

£5.2m

+ 20% YOY



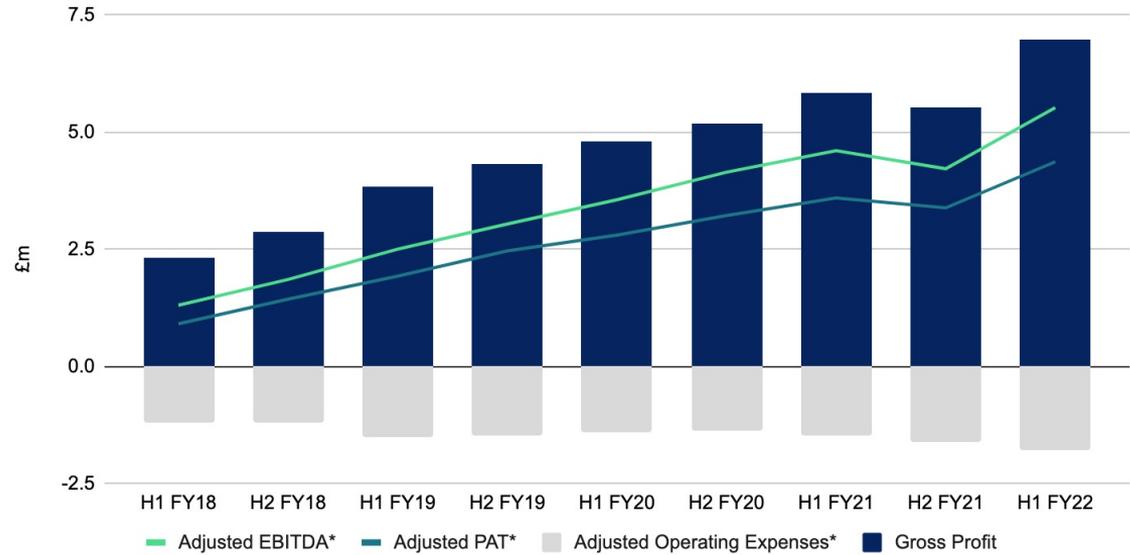
Financial and operating key performance indicators for the 6-months ended 31 December 2021

TRADING GROWTH

Revenue, gross profit and adjusted EBITDA growth ahead of initial expectations.

As was the case last year, we're expecting the first half of the financial year to be slightly larger due to some seasonality in the trade of our customers, however the underlying run-rate remains strong.

Financial Performance (FY2017 - H1 FY2022)



*PAT, EBITDA and Operating costs have been adjusted by adding back exceptional transaction costs and share based payment expenses.

SEGMENTAL ANALYSIS

Gross profit continues to be the business' most important financial indicator as this represents the company's share of revenue for processing mobile payments and SMS messages. Revenue growth is distorted by changes in client, product and operator mixes so is not a meaningful measure of performance.

Mobile payments represent charges made to consumers on behalf of merchants. Revenue comprises Fonix margin (gross profit) + mobile operator margin (cost of sale). Gross profit margins have increased as the business has focused on growing higher margin products.

Mobile messaging represents notification and marketing SMSs sent to consumers by merchants. Growth driven by additional SMS marketing from existing customers and several new enterprise messaging clients.

Managed services represent other fees and non-transactional revenue.

	H1 FY22 £000s	H1 FY21 £000s	ΔYOY %	Share of H1 FY22
Revenue				
Mobile payments	21,508	19,651	9%	75%
Mobile messaging	6,155	4,171	48%	22%
Managed services	934	786	19%	3%
Total revenue	28,597	24,608	16%	100%

Gross profit				
Mobile payments	5,816	4,944	18%	83%
Mobile messaging	726	508	43%	10%
Managed services	450	380	18%	6%
Total gross profit	6,992	5,832	20%	100%

Gross profit %				
Mobile payments	27.0%	25.2%	+1.9%	
Mobile messaging	11.8%	12.2%	-0.4%	
Managed services	48.2%	48.3%	-0.2%	
Total gross profit	24.5%	23.7%	+0.8%	

FINANCIAL PERFORMANCE

Gross profit growth of 20% YOY, driven primarily by increased income in media, charity and gaming segments.

Adjusted operating expenses increased 21%, largely due to additional sales and marketing spend as well as the governance costs of being a public company.

Adjusted EBITDA growth of 20% YOY due to higher gross profit and responsible expense management.

Interim DPS of 2.00p (£2m) proposed in line with dividend policy to pay-out 75% of adjusted earnings per share per year.

	H1 FY22	H1 FY21	ΔYOY
	£000s	£000s	%
TPV	138,000	123,000	12%
Revenue	28,597	24,608	16%
Gross profit	6,992	5,832	20%
Other income	42	-	
Adjusted operating expenses	(1,506)	(1,241)	21%
Adjusted EBITDA	5,528	4,591	20%
Share-based payment charge	(52)	(22)	136%
AIM admission costs	-	(844)	-100%
Depreciation and amortisation	(283)	(246)	15%
Operating profit	5,193	3,479	49%
Financial expense, income	(5)	11	-145%
Taxation	(874)	(760)	15%
Net profit	4,314	2,730	58%

CASHFLOW

Underlying cash shows the business' true free cash flow and excludes cash held on behalf of customers. Underlying free cash increased 73% year-on-year driven by strong cash flows from operating activities. Net outflows from investing activities predominately relate to capitalised software development expenditure.

Actual cash includes cash held on behalf of customers and therefore fluctuates substantially depending on the timing of mobile network operator (MNO) and merchant (customer) outpayments. Actual cash fell YoY due to a timing difference on MNO outpayments between each period end.

	Actual Cash	Actual Cash	Underlying Cash	Underlying Cash
	H1 FY22	H1 FY21	H1 FY22	H1 FY21
	£000s	£000s	£000s	£000s
Net cash flows from operating activities	10,189	1,886	5,152	3,616
Net cash flows from investing activities	(305)	[245]	(305)	[245]
Dividends paid	(3,530)	[1,643]	(3,530)	[1,643]
Capital payments in respect of leases	(54)	[44]	(54)	[44]
Interest paid in respect of leases	(6)	[2]	(6)	[2]
Net (decrease)/increase in cash	6,294	(48)	1,257	1,682
Cash at beginning of period	17,336	28,618	5,048	1,956
Cash at end of period	23,630	28,570	6,305	3,638

STRATEGY UPDATE



Rob Weisz

CHIEF EXECUTIVE OFFICER

GROWTH STRATEGY

Existing clients

Continued to achieve double-digit growth in existing clients in period

Sector focused

Added new clients & prospects across all our core sectors

Sustainable profitability

Focused on high value opportunities & high-quality services

International expansion

Working with clients to evaluate several neighbouring markets

Competitive advantage

Continued to invest in new product innovations delivering real value to clients

DISCIPLINED SECTOR FOCUS



Media

TV, radio, print, digital publishers

- Maintain and grow SMS billing market dominant position
- Focus on driving carrier billing payments into TV, print, radio paywalls
- Support key client prospects to deliver services in selected international markets
 - c £154m⁽⁴⁾ UK TV engagement market
 - c £6bn⁽¹⁾ UK Pay TV market
 - c \$177bn⁽¹⁾ OTT Video market (global)



Charity

Telethons, events, regular giving, partners

- Charity continues to be a green field market for mobile payments
- Continue to drive market leading 'text to donate' & 'click to donate' product set in the UK
 - c £11.3bn⁽²⁾ donated in the UK
 - c £66m⁽⁴⁾ donated via carrier billing in UK



Gaming

Remote gambling – bingo, casino, lotteries

- Supporting existing clients with providing carrier billing payments to newly regulated international markets in Europe
- Leveraging new partnership with tier one technology partner in gaming sector
- Launching and promoting new billable product features suited for gaming clients
 - £5.7bn⁽³⁾ UK online gaming market
 - £62m⁽⁴⁾ UK phone-paid market

DISCIPLINED SECTOR FOCUS



Digital Services

Dating, fitness, diets, entertainment

- Continue developing new business in core digital sectors
- Deliver strategic merchant opportunities into international markets
- Fonix has identified a number of digital merchant sub-sectors in which to focus business development
 - Online dating - \$3.7bn in 2022⁽¹⁾
 - Fitness apps - \$1.1bn⁽²⁾ in 2021



Ticketing & transport

Parking, tolls, bus tickets, e-mobility

- New commercial hires with specialist industry knowledge
- Helping national transport operators increase consumer accessibility whilst reducing dependencies on cash
- Working with MNOs and industry operators to design new payment mechanics
 - Parking - e.g Local Auth. £1.75bn⁽³⁾
 - Bus - £4bn spent on 1.7bn journeys in 20/21⁽⁴⁾

OUTLOOK



Rob Weisz

CHIEF EXECUTIVE OFFICER

OUTLOOK

Trading

—  Trading in line with recently upgraded expectations

Growth

—  Continuing to grow existing accounts & winning new accounts in our core sectors

Investment

—  Investing in growth with increased spend on sales, marketing & product in FY22

International

—  Working with customers to launch services in several new international markets

Pipeline

—  A growing pipeline of client prospects across all sectors

THANK YOU



APPENDIX

THE TEAM

BOARD



Ed Spurrier
Chairman



Carmel Warren
Non-Executive Director



Will Neale
Non-Executive Director

SENIOR LEADERSHIP



Rob Weisz
CEO



Michael Foulkes
CFO



Louisa Harris
Client Services Director



Marcus Kern
Head of Tech Strategy



Steve George
Client Success & Partnerships



Anthony Baladi
Commercial Director

THE PRODUCT

Full ownership of all IP

All platforms built in-house
IP engineered for high-performance scaling at low OPEX

Fast transaction processing

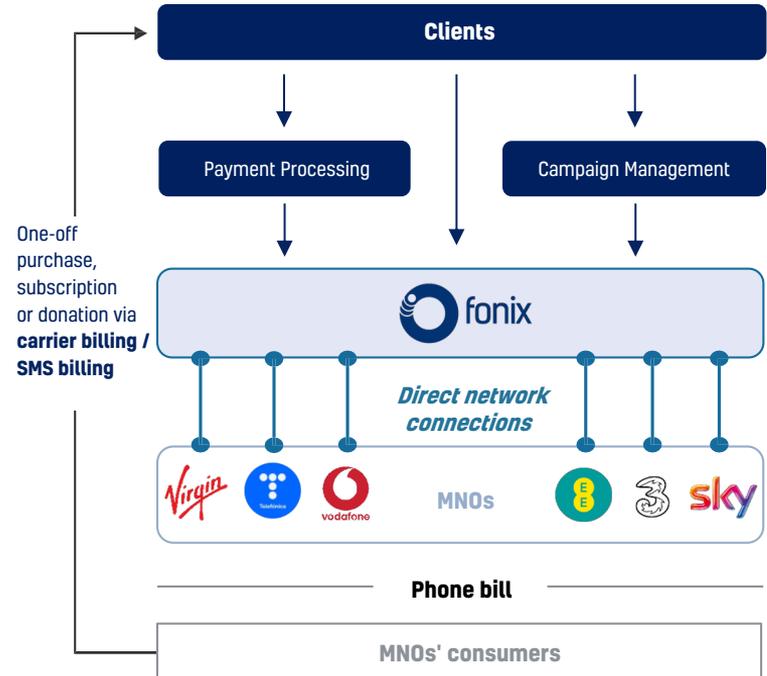
Ability to process over 2000 transactions per second
Resilient production hosting
Near real-time Data Warehousing (single truth)
GDPR compliant

High security & intrusion defence

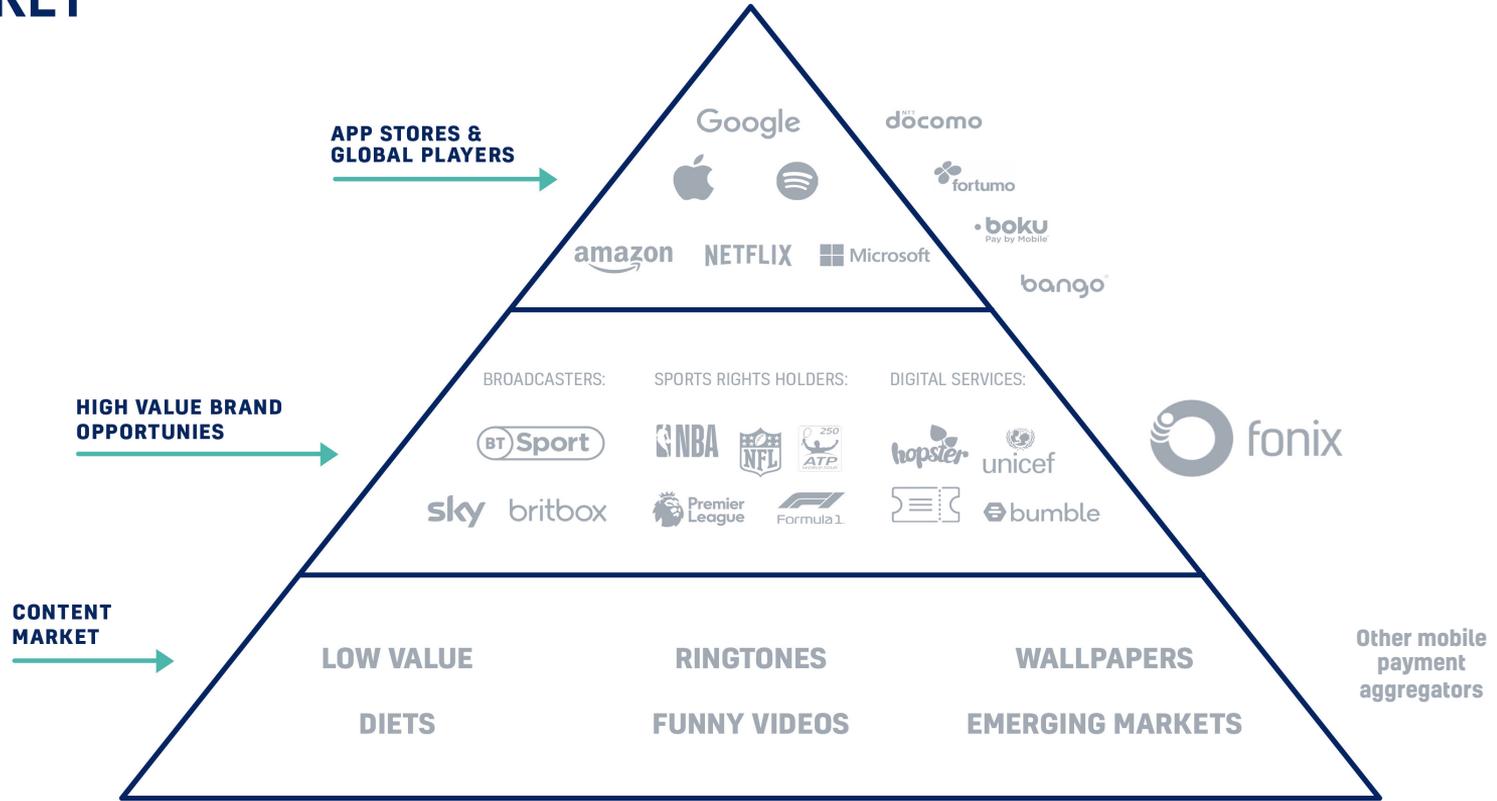
Annual penetration tests
Intrusion detection appliance
24 / 7 monitoring and escalation

Multiple layers of redundancy

Multiple divergent routes to carriers
Multi-site deployments reducing single points of failure
Brexit-ready to UK AWS when needed



THE MARKET



BALANCE SHEET

	H1 FY22 £000s	H1 FY21 £000s	ΔYOY %
Intangible asset	933	761	23%
Right of use asset	211	324	-35%
Tangible assets	19	28	-32%
Trade and other receivables	43,226	30,729	41%
Cash and cash equivalent (actual cash)	23,630	28,570	-17%
Total assets	68,019	60,412	13%
Current liabilities	61,745	56,565	9%
Non-current liabilities	213	306	-30%
Total liabilities	61,958	56,871	9%
Total equity / Net assets	6,061	3,541	71%
Free Cash and cash equivalent (underlying cash)	6,305	3,638	73%