



Investor Briefing

Interim Results Presentation | 6-months ended 31 December 2022



The Business

Rob Weisz

Chief Executive Officer

Executive summary

Trading comfortably in line with expectations

Payments and messaging segments have continued to grow strongly

Expanded partnership with ITV Plc commencing in H2 to include SMS billing

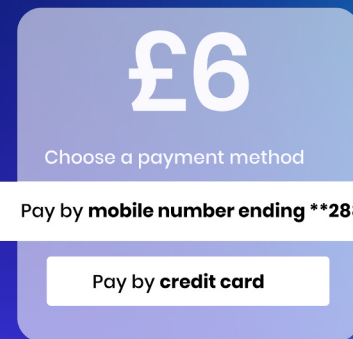
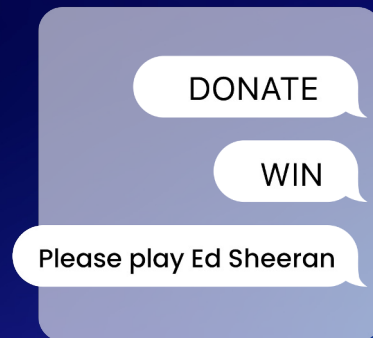
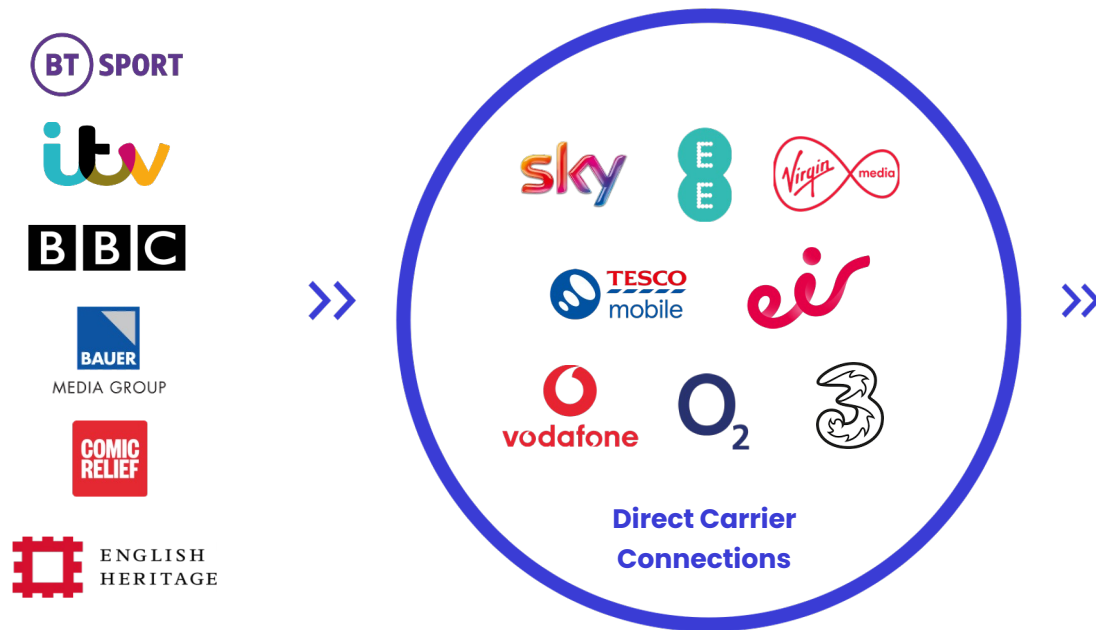
Second tier 1 media client live in Ireland, our first international market

Increased dividend in line with progressive dividend policy

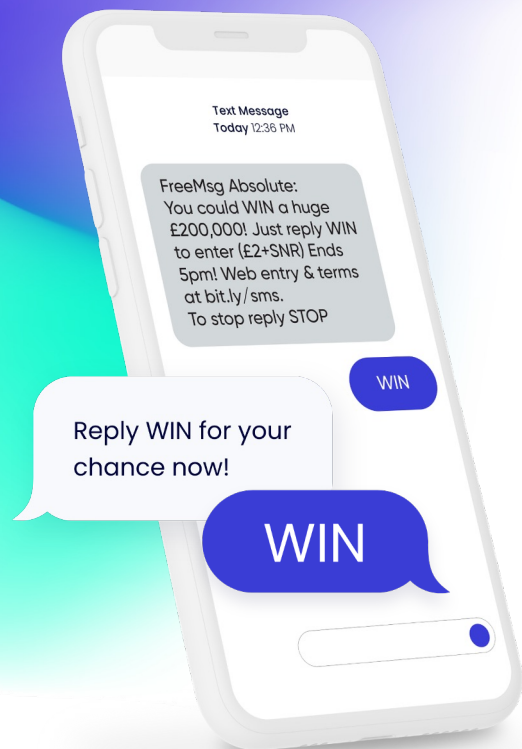
Growth strategy continues to deliver sustainable, long-term profitability

Enlarged development and commercial teams

What We Do



Connecting brands with consumers via direct carrier connections



Mobile interaction and payments for media, charity & enterprise clients



Audience engagement
& CRM management



Audience monetisation
with donations & competitions



Marketing campaigns
through targeted mobile messaging

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



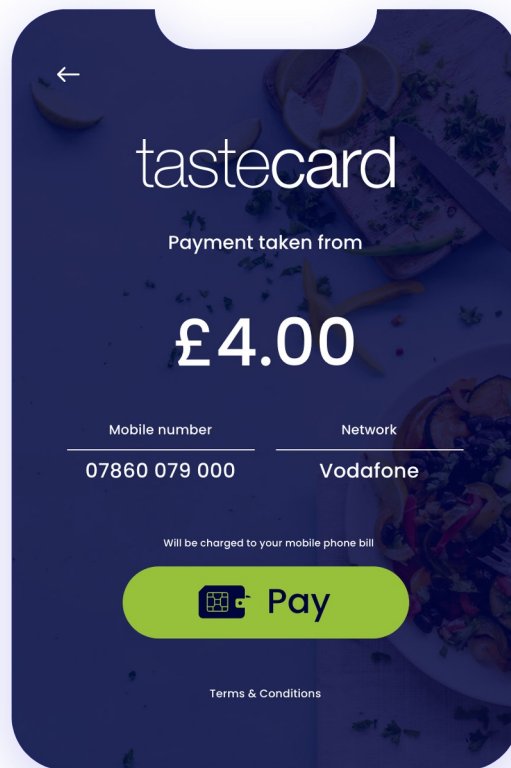
Frictionless payments
with significant reach



Better conversion
& reduced basket abandonment



Increase revenues
with limited cannibalisation of other payment methods



Bauer Ireland Case Study



MEDIA GROUP

TODAY fm 98FM

SPIN SOUTH WEST

SPIN1038



Product offering
SMS Billing,
SMS Messaging
& Campaign Manager



"We are delighted to have partnered with Fonix who has successfully been managing mobile interactivity across our portfolio of brands. Ireland is now not only so excited and psyched for the "Cash Machine" competition, but we've also given away the biggest cash prize ever in the history of Irish radio!"

And with results above and beyond any expectation, we are confident Bauer will leverage Fonix's expertise and platform to offer even more exciting services to its listeners in the future."

Chris Doyle, Group Operations Director,
Bauer Media Audio Ireland

A stylized map of Ireland in a light blue color, positioned on the left side of the slide.

Bauer Ireland's audience engagement has increased by

93%

since working with Fonix

"Our working relationship with Fonix has been one of a kind; it's completely invigorated the premium SMS market here in Ireland. Together with Bauer Ireland, we've seen huge volumes of great PSMS traffic, exceeding all initial forecasts."

Kevin Hunt, Head of Mobile Commercial and Pricing, eir, Ireland

"With a proven track record, Fonix's experience and expertise in the broadcast market speaks for itself. We've been so impressed by Fonix's diligence and 'can-do' attitude; the Bauer Ireland transaction volumes show that Fonix operates to a very high standard."

Conor Sherry, Senior Commercial Manager MVNO, Messaging and Verification, Three Ireland



Financial update

Michael Foulkes
Chief Financial Officer

Operational highlights

Key achievements for the 6 months ended 31 December 2023

2

'tier 1' international
clients live

12

new client
contracts signed

85m

record SMS sent in
a single month

Doubled
platform peak
capacity

100%
platform
uptime

99%
of income of a
repeating nature

Key performance indicators

TPV

£137m

-0.7% YOY

Active Customers

121

+ 4.3% YOY

Gross Profit

£7.8m

+ 11.4% YOY

Adjusted EBITDA

£6.2m

+ 12.7% YOY

Adjusted PBT

£5.9m

+ 13.5% YOY



Financial and operating key performance indicators for the 6-months ended 31 December 2022

Active customers are those generating more than £500 in gross profit in the previous 12-months.

Trading growth YOY

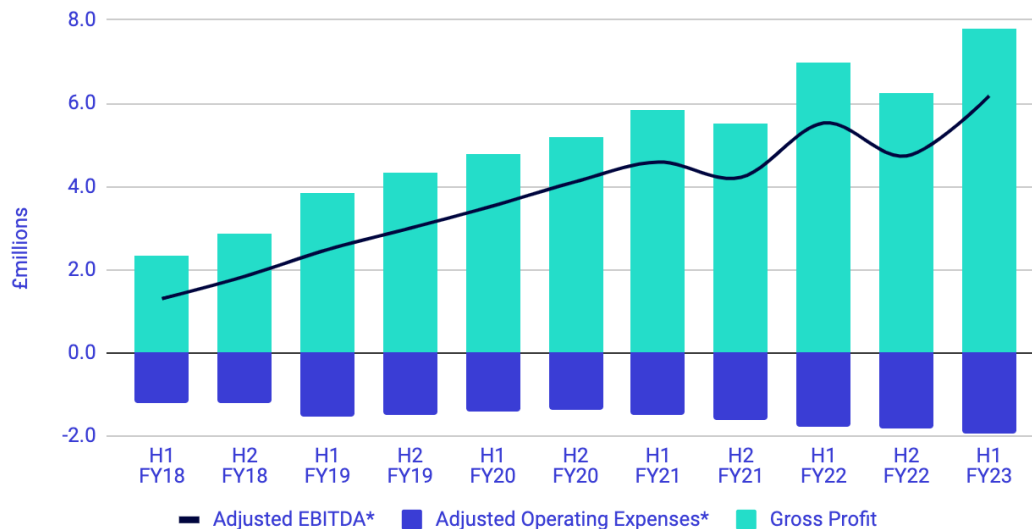
Revenue, gross profit and adjusted EBITDA growth all comfortably in line with expectations.

Fonix enters H2 with a strong run-rate of existing recurring revenues and a significant pipeline of new prospects and onboarding customers.

As was the case in previous years, we're expecting a weighting towards the first half of the financial year due to some seasonality in the trade of our significant media customers.

Financial Performance

(H1 FY18 – H1 FY23)



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 stronger due to changes in client, product and geography mixes.

Mobile payments represent charges made to consumers on behalf of merchants. Revenue comprises Fonix margin (gross profit) + mobile operator margin (cost of sale). GP margins have decreased 0.3% points in the year primarily due to changes in client, product and geographical mixes.

Mobile messaging represents notification and marketing SMSs sent to consumers by merchants.

Managed services represent other fees and non-transactional revenue. GP margins have declined 20% due to fewer and smaller charity related campaigns, although this has had a limited impact on overall gross margins.

	H1 FY23 £000s	H1 FY22 £000s	ΔYOY %	Share of H1 FY23
Revenue				
Mobile payments	24,633	21,508	15%	75%
Mobile messaging	7,326	6,155	19%	22%
Managed services	856	934	-8%	3%
Total revenue	32,815	28,597	15%	100%

Gross profit				
Mobile payments	6,589	5,816	13%	84%
Mobile messaging	856	726	18%	11%
Managed services	361	450	-20%	5%
Total gross profit	7,806	6,992	12%	100%

	%	%	ΔYOY
Gross profit %			
Mobile payments	26.7%	27.0%	-0.3pp
Mobile messaging	11.7%	11.8%	-0.1pp
Managed services	42.2%	48.2%	-6.0pp
Total gross profit	23.8%	24.5%	-0.7pp

Financial performance

Gross profit growth of 12% YOY, driven primarily by increased income in the media segment.

Adjusted operating expenses increased 8% largely due to additional staff costs and incentives as the business invested more in growth with new commercial hires and increased expenditure on product.

Adjusted EBITDA improved 12% YOY due to gross profit growth and responsive expense management.

Interim DPS of 2.36p (£2.36m) declared in line with the company's progressive dividend policy to pay-out at least 75% of adjusted earnings per share per year.

	H1 FY23 £000s	H1 FY22 £000s	ΔYOY %
TPV	136,897	137,504	0%
Revenue	32,815	28,597	15%
Gross profit	7,806	6,992	12%
Other income	-	42	
Adjusted operating expenses	(1,626)	(1,506)	8%
Adjusted EBITDA	6,180	5,528	12%
Share-based payment charge	(64)	(52)	23%
Depreciation and amortisation	(333)	(283)	18%
Operating profit	5,783	5,193	11%
Financial income / (expense)	52	(5)	
Taxation	(990)	(874)	13%
Net profit	4,845	4,314	12%

Underlying cash shows the business' true free cash flow and excludes cash held on behalf of customers. Underlying free cash increased 34% in the 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 customer charity campaigns. Actual cash fell in the current year due to a timing difference on period end mobile network operator receipts.

Increased interim dividend in line with progressive dividend policy and underpinned by strong cash generation.

	Actual Cash H1 FY23 £000s	Actual Cash H1 FY22 £000s	Underlying Cash H1 FY23 £000s	Underlying Cash H1 FY22 £000s
Net cash flows from operating activities	8,302	10,189	5,495	5,152
Net cash flows from investing activities	-296	-305	-296	-305
Dividends paid	-4,500	-3,530	-4,500	-3,530
Capital payments in respect of leases	-57	-54	-57	-54
Interest paid in respect of leases	-3	-6	-3	-6
Net (decrease)/increase in cash	3,446	6,294	639	1,257
Cash at beginning of period	16,992	17,336	7,786	5,048
Cash at end of period	20,438	23,630	8,425	6,305



Strategy update

Rob Weisz

Chief Executive Officer

Growth strategy





Charity

Mobile donation technology

- **£10.7bn donated** in the UK in 2021 ⁽¹⁾
- **£50m donated** via carrier billing in UK ⁽²⁾



Gaming

Payments & gaming operators

- **6.85bn UK** online gaming market ⁽³⁾
- Consumers in UK spent **61.1m in gaming in 2021/2022** ⁽²⁾



Media & Digital

Payments & interactivity for TV radio & print

- **£174.5m** UK TV engagement market ⁽²⁾
- **£6.5bn** UK Pay TV market in 2021 ⁽³⁾
- **\$273.3bn** Global OTT Video projected market for 2022 ⁽³⁾



Transport & Ticketing

Payments for on-the-move services

- **£1.1bn** UK car parking projected market for 2022 ⁽⁴⁾
- **6.5bn** UK Bus & Tramway Operations projected market for 2022 ⁽⁴⁾





Outlook

Rob Weisz

Chief Executive Officer

Trading



Positive start to H2, comfortably in line with Board expectations

Growth



Continuing to grow existing accounts and winning new accounts in our core sectors

Investment



Increased spend on sales, product and international partnerships

International



Winning new customers and nurturing partnerships in newly connected markets

Pipeline



A strong pipeline of client prospects across core sectors and markets

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

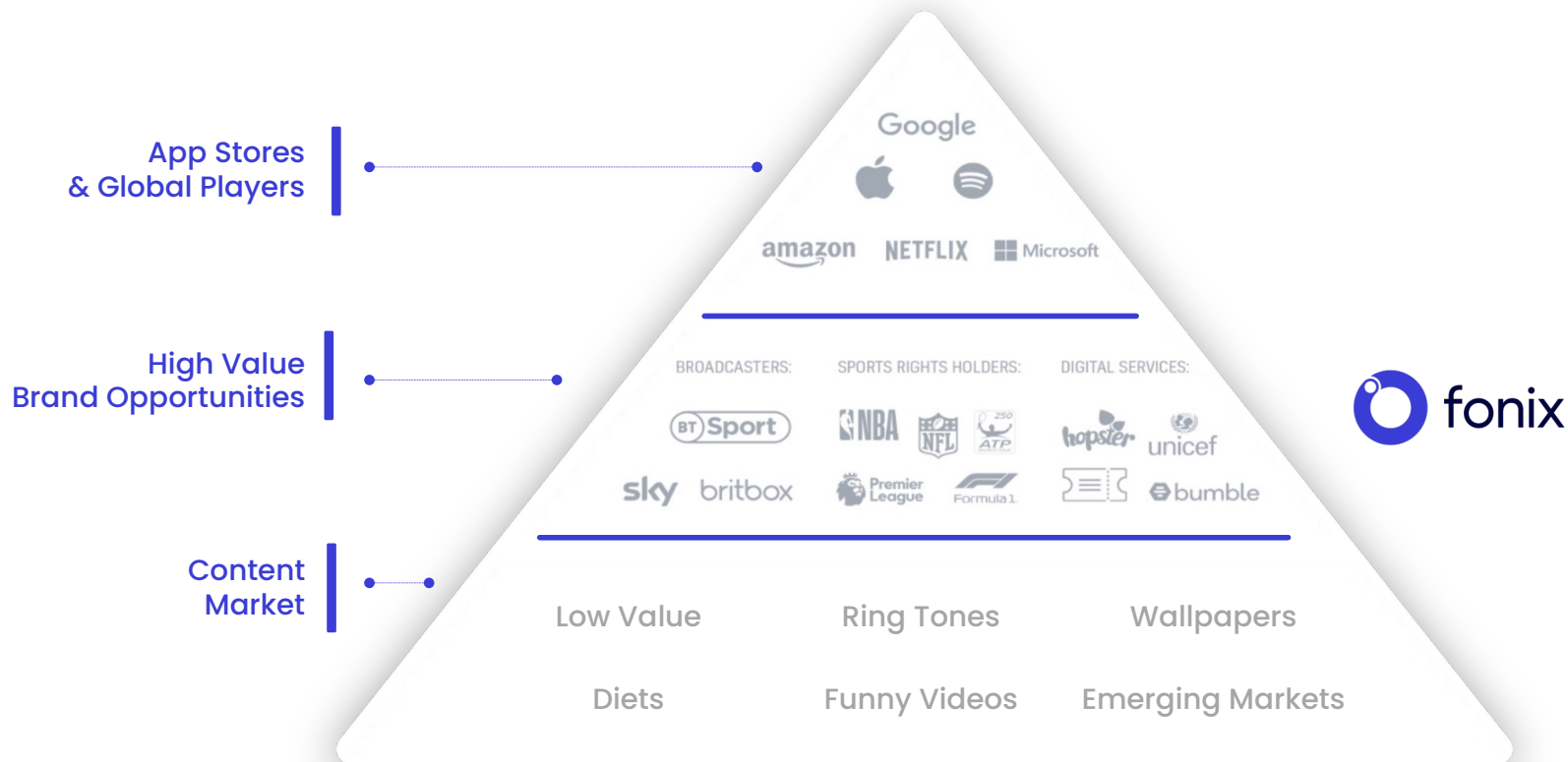


Steve George
Client Success &
Partnerships Director



Anthony Baladi
Commercial Director

The Market



Balance Sheet

	HI FY23	HI FY22	ΔYOY
	£000s	£000s	%
Intangible assets	1,072	933	15%
Right of use assets	99	211	-53%
Tangible assets	22	19	15%
Trade and other receivables	46,658	43,226	8%
Cash and cash equivalent (actual cash)	20,438	23,630	-14%
Total assets	68,289	68,019	0%
Current liabilities	59,911	61,745	-3%
Non-current liabilities	148	213	-31%
Total liabilities	60,059	61,958	-3%
Total equity / Net assets	8,230	6,061	36%
Free cash and cash equivalent (underlying cash)	8,425	6,305	34%