EDISON

Boku

FY21 results

Simplifying mobile commerce

Software & comp services

Boku's FY21 results reflect continued strong momentum in the Payments business and improved performance in the since-sold Identity business. Local payment methods added to the Boku network over the last three years showed an accelerating contribution to monthly active user (MAU) numbers, increasing ninefold over 2021, and made up nearly 10% of new users in the year. We have revised our forecasts to remove revenue from Russian carriers and estimate an EPS CAGR of 13.7% over FY21 –24e.

Year end	Revenue ($m)	EBITDA* ($m)	Diluted EPS* (c)	DPS (c)	P/E (x)	EV/EBITDA (x)
12/20	56.4	15.3	3.2	0.0	50.0	25.9
12/21	69.2	20.0	3.9	0.0	41.5	19.7
12/22e	67.5	22.0	4.1	0.0	39.5	17.9
12/23e	74.6	26.2	4.6	0.0	34.5	15.1

Note: *EBITDA and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

FY21: Growth in both divisions

Boku reported revenue growth of 23%, EBITDA growth of 31% and normalised diluted EPS growth of 21% in FY21. With total processed volume (TPV) up 18% year-on-year and a flat take rate, Payments revenue increased 21% y-o-y and EBITDA increased 20%, with a 36.9% margin. MAUs increased by 12% y-o-y to 32.3 million, with 1.1 million from local payment methods. The Identity business saw a 37% increase in revenue and reduced its EBITDA loss by 26% to €2.9m. The company closed the year with net cash of $48.8m. With the Identity business sold on 1 March for $32.3m, Boku is now fully focused on its Payments business. We have trimmed our forecasts to reflect the loss of business with Russian carriers, expected to be no more than $1.5m in revenue/EBITDA in FY22.

Simplifying local payment method complexity

Boku's direct carrier billing (DCB) network was developed to help merchants acquire, retain and monetise users who did not want to pay for digital content using traditional debit or credit cards. By taking care of the complexity of connecting to individual carriers, Boku allows merchants to plug into its network and access consumers around the world. Expanding its network to encompass other similarly complex and non-standardised payment methods, Boku aims to supplement growth from the DCB market with access to the wider e-commerce market afforded by alternative methods such as eWallets and real-time payments. Monthly active user and new user data show that these alternative methods gained traction in FY21.

Valuation: Discount to peers widens

Boku is trading on an FY22e EV/EBITDA multiple of 17.9x, at a 48% discount to the payment processing peer average of 34.5x, compared to a 15% discount last time we wrote. Applying the average multiple would imply a share price of 216.4p. In our view, evidence that strong revenue growth can be sustained will be the main catalyst for the share price, with a growing contribution from local payment methods and new major merchants signing up key indicators.

5 April 2022

Price	**122.5p**
Market cap	**£364m**
	$1.31:£1
Net cash ($m) at end FY21	48.8
Shares in issue	296.8m
Free float	93%
Code	BOKU
Primary exchange	AIM
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	0.8	(25.5)	(32.7)
Rel (local)	(7.1)	(24.4)	(38.5)
52-week high/low		208p	111p

Business description

Boku operates a billing platform that connects merchants with mobile network operators and alternative payment methods in more than 90 countries. It has c 350 employees, with its main offices in the US, UK, Estonia, Germany and India.

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Investment summary

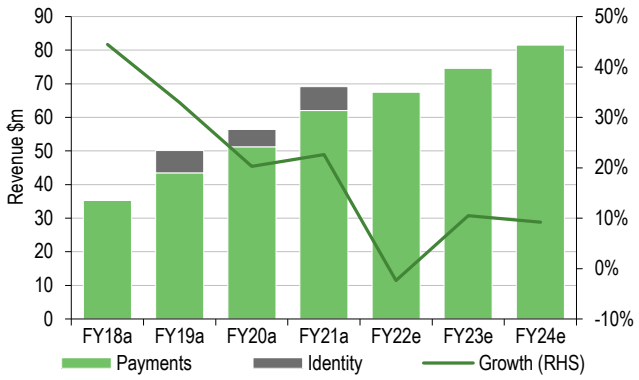
Helping merchants to grow their businesses

Boku has developed and operates a platform that connects merchants with mobile carriers and alternative payment methods. This supports mobile commerce through the following routes: direct carrier billing (DCB), digital wallets and real-time payments. Key investment considerations include:

- Boku's platform is built to scale; additional transactions can be processed at minimal marginal cost giving Boku the flexibility to offer attractive pricing and providing strong operating leverage.
- Boku is focused on helping merchants to acquire, monetise and retain customers by simplifying the process through which merchants can offer local payment methods. It views its competitive advantages as reach, breadth of offering, quality and performance.
- Boku has expanded the payment types it can process to include digital wallets and real-time payments and is actively looking at other alternative payment methods where its merchant relationships and customer service give it a competitive edge. This expands the addressable market to include the whole e-commerce market (c $5.3tn) as opposed to that for digital content only (c $330bn).
- The DCB business is well established with more than 200 carrier connections in more than 80 countries. While DCB is often used in markets where credit/debit card ownership is low, Boku is more focused on developed markets, where the ease of setting up and making DCB payments is a powerful tool for attracting customers to digital content merchants.
- Boku has signed up major merchants in key digital content categories, for example Apple and Microsoft for app stores, Amazon for bundling, Spotify for music, Netflix for video streaming, Facebook and Sony for games. By focusing on the largest merchants in each category, it can more efficiently scale as transaction volumes grow.
- The company should see growth from its existing merchant base over the next three years, as they execute their geographic roll-out plans and as consumers continue to adopt digital content via app stores, merchant websites and subscription services such as music or video streaming.

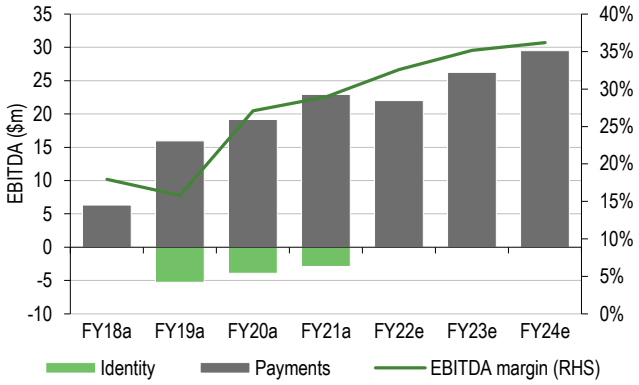
Financials highlight operating leverage

Exhibit 1: Revenue progression, FY18–24e



Source: Boku, Edison Investment Research. Note: FY19 revenue excludes $3.26m one-off revenue.

Exhibit 2: EBITDA progression, FY18–24e



Source: Boku, Edison Investment Research. Note: FY19 EBITDA excludes $3.26m one-off revenue.

In January, Boku reported headline figures and announced the proposed sale of the Identity business so that it could focus its investment on the Payments business. Revenue was 23% higher y-o-y (Payments +21%, Identity +37%), adjusted EBITDA grew 31% (Payments +20%, Identity loss reduced by 26%) and normalised operating profit grew 33%. Our forecasts are for the Payments

business only as the Identity disposal completed on 1 March and we treat it as discontinued. While our forecasts show a 2.4% decline in group revenue in FY22 due to the sale of Identity, we forecast 8.8% growth for the continuing Payments business. To reflect the loss of business from Russian carriers, we have cut c $1.5m in revenue and EBITDA from our FY22 and FY23 forecasts. We forecast normalised group EBIT margins to grow from 22.3% in FY21 to 28.1% by FY24 and we forecast continued growth in cash over the next three years. For normalised EPS, we forecast a CAGR of 13.7% from FY21 to FY24e.

Trading at a discount to peers

On EV multiples, Boku is trading at a discount to payment processing peers. If it traded on the average peer EV/EBITDA multiple of 34.5x for FY22e, it would be worth 216.4p per share. We estimate that the current share price is factoring in only 5% revenue growth from FY25 which, considering the opportunity in the wider alternative payments market, appears overly conservative. Key catalysts for the share price would be a growing contribution from local payment methods and new major merchants signing up.

Factors influencing growth and profitability

As well as the usual risk factors relating to competition, regulation and the company's technology platform, we see potential for merchant-related factors to influence our forecasts and the share price, both on the upside and downside. For existing merchants, this includes the pace of roll-out to new carriers and countries, the adoption of wallets as a payment mechanism, the rate of growth in the underlying adoption of digital content, the competitive positioning of major merchants, customer concentration, and the fact that some contracts contain short notice periods.

Company description: Payment solution provider

Boku's technology has been developed to support mobile commerce, which takes advantage of the more than five billion global mobile phone subscribers. Evolving from the platform that the company built to support DCB, Boku's Mobile First (M1ST) network connects more than 330 alternative payment methods (ie not debit/credit card) with more than 500 merchants, enabling those merchants to offer their customers local payment options such as eWallets, real-time payments or DCB. Boku manages the payment transactions on behalf of the mobile network operators (MNOs) and merchants but, more importantly, provides a route to market to a section of consumers who may be more difficult to reach via traditional customer acquisition methods. Boku has seen rapid growth in transactions processed via its platform and we believe this growth should continue as more carriers, eWallets and merchants join the network. The company consolidated its position in the DCB market with the acquisition of Fortumo in mid-2020.

Boku: A short history

Boku was founded in 2008 by Mark Britto, Erich Ringewald and Ron Hirson. In 2009, Boku acquired DCB companies Mobilcash and Paymo, and shortly after launched its DCB service. The first product was Boku Checkout, which added the cost of items acquired to the consumer's mobile phone bill or reduced their pre-paid credit. This was popular with gamers, as it enabled them to pay for games on their PCs, social gaming on Facebook and multi-player online games. In 2012, Boku acquired Qubecell, an Indian DCB company, which gave the company access to Indian MNOs and, more importantly, development resource. With the signing of Sony as a merchant in 2013, Boku enabled purchases to be made from games consoles. In 2014, Boku acquired Mopay, its main competitor, for $24m. In 2015, Boku launched its second product, Boku Account, which provides the phone equivalent to 'card on file', supporting upgrade and repeat purchases. In 2016, the company launched Boku Acquire, which supports the bundling of additional products and services within a

subscriber's carrier plan. Boku listed on AIM in November 2017, raising £15m at 59p per share. On 1 January 2019, Boku acquired Danal, a US-based provider of identity verification services, for $25.1m (sold on 1 March for $32.3m). In July 2020, Boku acquired Fortumo, an Estonia-based DCB provider, for an enterprise value of $37.8m. The company has c 350 employees, with its main offices in the UK, US, Germany, Estonia and India.

Growth strategy: Evolve into mainstream payments platform

Boku's mission is to grow and monetise transactions for billions of consumers around the world. It aims to do this by building the company into a mainstream fintech payment platform specialising in mobile-native, next-generation payments.

With a wide network of carriers and a growing number of digital wallet providers connected to the platform, this offers an attractive way for merchants to access new customers. In turn, as more merchants sign up, it makes the Boku platform more attractive to carriers and wallet providers. With Boku and Fortumo operating as one integrated payments unit, Boku plans to grow its business in mainstream payment methods by:

- **expanding the M1ST network** to encompass the leading local payment methods, such as eWallets, in the countries where the new middle class resides;
- **building the highest-quality connections to enable merchants to sell more.** Products will be expanded beyond the requirements of the digital content industry to embrace other merchant sectors, including digital advertising, software, travel and general e-commerce; and
- **enhancing regulated payment and settlement capability** to support merchants to not only process transactions, but also get settled in the currency of their choice with the frequency and speed they wish.

While Boku has more than 500 merchants using its platform, we expect that the majority of revenue will come from a small number of large merchants. We see growth from the following factors:

- connecting more carriers with existing merchants (the average merchant is only connected to c 10% of the carriers on the network);
- adding more merchants;
- adding more payment types (eg wallets, real-time payments);
- growth in demand for digital content and growth in the wider e-commerce market; and
- growth from existing DCB and eWallet connections.

Management: Strong background in payments

The members of Boku's board and senior management team have many years of experience in the payments industry. Non-executive chairman Mark Britto is chief product officer at PayPal; Mark is stepping down from the role at the AGM in May and will remain as a non-executive director. CEO Jon Prideaux's previous experience includes roles as the deputy CEO at SecureTrading (a privately owned payment processor) and as EVP of marketing at Visa Europe. CFO Keith Butcher previously held the role of CFO at Optimal Payments, which became Paysafe, and DataCash Group, which was acquired by Mastercard. Jon and Keith are supported by chief operating officer Chris Newton-Smith, chief business officer Mark Stannard and chief product officer Adam Lee. Non-executive directors Dr Richard Hargreaves, Stewart Roberts and Charlotta Ginman bring experience in venture capital investing, the payments industry, technology and telecom companies and AIM companies. Dr Richard Hargreaves will take on the role of chair from the date of the AGM.

Payment solutions: Alternative payment methods

Boku's original focus was on the direct carrier billing market. This is still the main revenue and profit generator for the group, but the company now also supports digital wallets and real-time payments as payment mechanisms that merchants can offer to their customers.

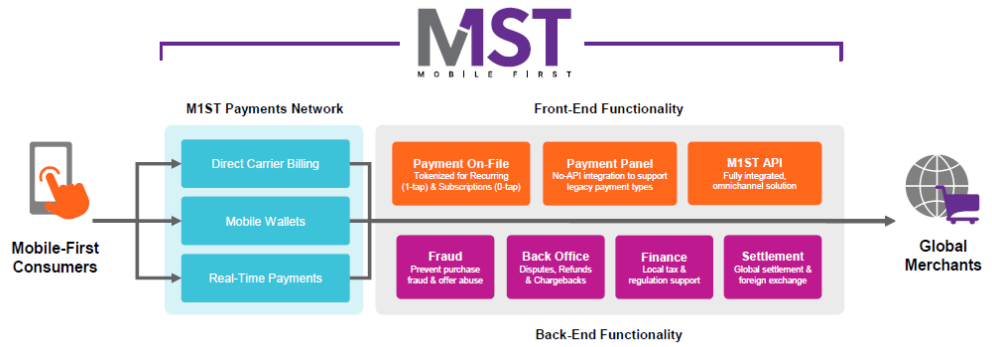
Recognising that mobile commerce is the fastest growing segment of e-commerce, Boku has evolved its platform to incorporate multiple mobile payment methods with one integration, supporting 330 payment methods across 91 countries. This includes DCB, eWallets and real-time payments. Boku estimates it has access to seven billion user accounts via these payment methods (four million for DCB and three million for other payment methods). Boku's aim is to support merchants to acquire, monetise and retain mobile-first customers.

The company had 32.3 million monthly active users (MAUs) at the end of FY21, up from 28.8 million at the end of FY20. For the first time, it disclosed the contribution to MAUs from eWallets and real-time payment accounts, making up 1.1 million/3.4% of the total and growing ninefold over the year. New users totalled 28 million for the year, with 2.7 million (9.6%) from eWallet and real-time payment accounts. Growth from local payment methods has continued year to date, with 1.4 million MAUs in February, up 10 times y-o-y.

On an ongoing basis, the company works to improve the platform, and is currently focused on settlement capabilities, resellers and improving the onboarding experience. It recently transitioned from its two data centres to cloud-based infrastructure (AWS).

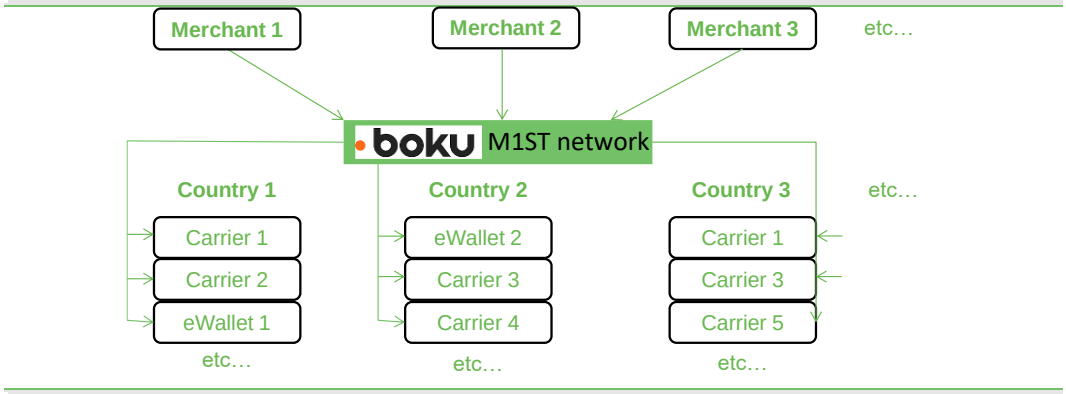
The company connects all merchants, carriers and wallet providers to its M1ST (mobile first) payments network. Exhibit 3 shows the main functions of the platform and Exhibit 4 shows how the network works.

Exhibit 3: Boku's Mobile First (M1ST) Network



Source: Boku

Exhibit 4: Connecting to the M1ST network



Source: Edison Investment Research

The merchant makes its connection to M1ST; carriers and wallet providers separately connect in via application programming interfaces (APIs) and integrate with their own billing systems. This process can take three to six months and tends to be done on a country-by-country basis within a carrier group. Typically, a merchant specifies which carriers/wallets it wants in which geographies and will develop a roll-out plan with Boku. In some cases, Boku suggests to merchants that certain carriers or wallets should be considered. Boku will also suggest merchants to carriers/wallets.

Regulatory considerations

Operating globally, Boku comes under the remit of a number of different regulatory regimes. It must also comply with anti-money laundering regulations in the countries in which it operates. DCB tends to be exempted from money transmission regulations as long as transaction limits are respected. As Boku is expanding its offering to alternative payment methods, it is going through the process of obtaining the necessary licences in the territories in which it plans to operate. It can currently process regulated payments in 50 countries, with licences in the UK, Ireland (passported across the EEA), Singapore, Hong Kong, and with applications and partnerships in several other countries.

DCB: Well-established growth business

Market drivers: Smartphones, digital content, ease of use

The DCB payment method uses a consumer's mobile bill (pre-paid credit or post-paid monthly bill) as the means to pay for digital content or services. The market started before the widespread adoption of smartphones with the provision of premium SMS. DCB then evolved as a way to pay for products on PCs, mainly computer games. It offers a good way to make smaller payments as these typically do not hit carrier monthly credit limits and it provides a simpler way to pay for things than repeatedly having to enter card details. Smartphones enabled a new market: digital content consumed and paid for on the mobile. Having a simple, frictionless way to pay is even more important on a phone. Typical content that is paid for with DCB includes games for computers, consoles and phones, music, video and apps.

Based on data from Worldpay, the DCB market makes up less than 1% of the total e-commerce payments market by value of transactions processed. According to estimates from Omdia (source: Boku annual report), the DCB market processed transactions worth $52bn in 2020 and this is forecast to grow to $77bn by 2025 (CAGR 8.2%). We summarise below the key benefits of DCB for consumers, merchants and MNOs.

- **Consumer – frictionless payment method.** DCB provides a payment method to consumers who are concerned about the security risks of using their card online or do not want the inconvenience of entering card details every time.

- **Merchant – cheaper customer acquisition channel.** Through one connection to Boku's platform, a merchant can access many carriers and their subscribers without having to connect individually to each carrier. This gives merchants access to a market that might not otherwise buy their products. This also explains why they are willing to offer DCB despite its high cost compared to card payments, as they view the fees as a combination of a payment processing fee and customer acquisition cost. Billing success rates tend to be higher than with cards, as there is the ability to retry a consumer when they have topped up their credit, and phones do not suffer from expiry dates. On average, a merchant moving onto Boku's platform can expect to see a 20% uplift in volumes.
- **Carrier – one connection to access incremental revenue opportunities.** Through one connection to Boku, a carrier can support a variety of merchants and drive incremental revenue streams. The carrier can typically earn 5–15% of the transaction value for delivering customers to merchants. Offering subscription services as part of a bundled contract can also increase subscriber retention.

For content acquired from an app store using DCB, a typical revenue split could see the app developer earn 70%, the app store 15%, the carrier 12% and Boku 3%. Both the merchant and the carrier benefit from a material proportion of the value of the content sold. Boku's margin will vary in size depending on the work undertaken to enable the payment (see page 14 for further detail on the business model).

Boku's DCB payment solutions

Boku signs up merchants through a direct sales approach and offers three products:

- **Boku Checkout:** when a consumer reaches the payment page for an online merchant they are presented with the 'pay by mobile' option, which allows them to charge the cost of the item to their mobile phone bill (pre- or post-paid). Once the consumer has entered their mobile phone number, they are sent a text message asking them to confirm the transaction.
- **Boku Account:** this is more deeply integrated with the MNO, connected to its identity verification systems. It provides 'phone number on file' capability, like the 'card on file' functionality offered by many online retailers. In this case, the consumer's phone number is used for all subsequent purchases without confirmation needed from the consumer. It is particularly useful for merchants that want to improve their activation rates, eg merchants offering freemium subscription services can use Boku Account to capture consumer payment details at the start of the relationship, easing the upgrade to a paid subscription.
- **Boku Acquire:** this supports operator-led customer acquisition, enabling carriers to bundle third-party products and services into their plans. For example, several operators provide free trial periods of Apple Music or Spotify as part of a monthly plan that will hopefully result in a subscriber signing up for the paid service after the trial period.

Acquisition of Fortumo cemented leading position

In 2020, Boku acquired Fortumo,[1] a global DCB provider based in Estonia. This cemented Boku's position as the leading DCB provider. Fortumo had built up a network of 280 carrier connections in 80 countries, with most merchants using its platform based in Europe and Asia. It focuses on supporting small to medium-sized enterprises (c 400), although it does also work with large merchants such as Amazon, Epic Games, Google, Spotify and Tencent. Fortumo's platform provides self-service capabilities for merchants resulting in a much lower onboarding cost. Boku typically focuses on fewer, much larger merchants, which require customisation of the service in return for providing high transaction volumes. The combined entities can now service all types of merchant efficiently. Boku is keeping Fortumo as a standalone business, retaining the current

[1] Consolidating the carrier billing market, 22 June 2020

management team and the brand. A connector has been built between the two platforms so that merchant and carrier connections can be shared.

Playing to both entities' strengths, the Boku platform in the US is focused on customised work for strategic merchants and expanding into local payment methods. The Fortumo platform in Europe is focused on DCB bundling solutions and expanding its business with smaller merchants.

DCB by end-market

Boku has been successful in signing up the largest merchants in the main digital content categories. In some cases, Boku is the sole DCB provider. In others, the merchants split the carriers across two or more DCB providers. In the table below, we summarise the main content categories, the size and growth potential of each category, and Boku's position within it. We also include merchants working with Fortumo where relevant.

Exhibit 5: Digital content addressable market and customers

Digital content	App stores	Games	Music	Video	Other
Type of content	All content acquired in app stores, eg apps, games, music	Games played on PCs, consoles, mobiles	Music streaming services	Video on demand services	e-books, parking apps, dating apps
Market size/growth	2021 revenues: App Store $85bn, Google Play $48bn (source: Sensor Tower); total app store revenues $170bn, +19% y-o-y (Source: App Annie)	Est $180bn in 2020 (+1.4% y-o-y); CAGR 6.7% 2021-24 (source: NewZoo)	Est $26.6bn in 2022; CAGR 8.1% 2022-26 (source: Statista)	Est $86bn in 2021, CAGR 9.6% 2021-26 (source: Statista)	N/A
Merchants	Apple App Store, Google Play, Microsoft Store	Sony, Microsoft, Activision Blizzard, Epic Games, Riot Games, Tencent Games, Xsolla, Pearl Abyss, Facebook, Antstream	Spotify, Apple, Deezer, AWA	Netflix, Apple, ALTBalaji, ByteDance (TikTok), Amazon Prime, iQIYI, DAZN	Legimi, Tinder
Comments	Sole provider to Apple (to date) covering 49 countries and 118 MNOs.		Spotify & Apple combined have nearly 50% of paid subscriber market	Market is more fragmented than streaming so expect Boku to have a portfolio of video streaming merchants	

Source: Edison Investment Research

Competitive landscape

Boku competes with several third-party DCB operators (see below), as well as with carriers connecting directly to merchants to provide DCB. We would expect more carriers to migrate to the third-party model to access merchant connections more easily.

Exhibit 6: Competitive environment – third-party DCB operators

Competitor	Ownership	Background
Bango	AIM listed; market cap £139m	Key merchants include Amazon, Google, Microsoft and Samsung. CY21 end-user spend £3.0bn/$4.1bn.
Dimoco	Private	Was a mobile messaging company; acquired Italian DCB OneBip in 2016. Focused on Europe and Latin America, covering 37 countries.
Docomo Digital	NTT Docomo	IT subsidiary of NTT. Also provides marketing and consulting services. Connected to >200 carriers. Any merchant wanting to connect to NTT Docomo has to connect into the Docomo Digital platform. Note that Boku supports NTT Docomo's carrier billing for Apple, Sony and Spotify. Docomo Digital processed transaction volumes of $3bn+ in 2019.

Source: Edison Investment Research

Growth strategy for DCB solutions

The company believes it has a good medium-term growth opportunity from its **existing merchant base**, mainly through connecting them to more potential consumers. The decision on who to connect to tends to be merchant led, particularly with merchants like Apple, which decide where they want to offer carrier billing, but Boku also suggests new connections to merchants, both in terms of new countries or adding carriers in existing countries. Currently, merchants are connected

on average to only 10% of carriers in the network. The company will also continue to sign up **new merchants**, with a particular focus on those that have a strong position in their given market.

Growth in the **adoption of digital content** should drive growth in transactions. In addition, it can take 20 months for a merchant to see optimal adoption from existing carriers; initially only new users will be using the service, but as existing users' cards expire, they are made aware of the DCB option. Better understanding of the risk profiles of subscribers can enable MNOs to lift monthly credit limits and therefore drive increased transaction volumes.

Using the platform to offer other forms of payment

As DCB operates at a higher cost than other payment mechanisms such as debit cards, the company believes there is a natural ceiling on the size of the DCB market, estimating that it is unlikely to exceed a 15–20% share of checkout. Considering that the digital content market is expected to be worth $332bn in 2022 (source: Statista), this would equate to a maximum total addressable market of c $66bn. Consequently, Boku is keen to use the platform it has built to provide additional services to merchants and has identified that certain local payment methods, such as digital wallets or real-time payments, are as complex for merchants to navigate as dealing with different carriers in every country.

eWallets the dominant payment method in Asia

According to data from Worldpay, digital wallets (eg PayPal, Alipay, Apple Pay) have overtaken card payments as the most common method of payment online, used for 49% of online transactions by value in 2021, compared to 34% for cards. In North America and Europe, digital wallets such as Apple Pay, Google Pay and PayPal are growing in popularity. In Asia, where consumers are less likely to have debit or credit cards, digital wallets were used to make 69% of e-commerce payments in 2021. Popular wallets in Asia include Alipay, WeChat Pay, Paytm, GoPay and GrabPay. These wallets are not standardised and are settled locally in the wallet's local currency – Boku is able to help merchants by dealing with this complexity. The ideal merchant for Boku typically has cross-border sales, a dedicated payments team and limited existing wallet coverage.

Gaining access to the wider-ecommerce market

Adding alternative payment methods to the M1ST network offers a twofold benefit for Boku: the company has the potential to win a greater share of the digital content checkout. In addition, it widens the addressable market for Boku to include all e-commerce ($5.3tn in 2021 per Worldpay), as opposed to just the digital content that can be acquired using DCB. In the same way that digital content merchants use Boku as a combined customer acquisition tool and payment processor, we expect offering wallets as an alternative payment mechanism will appeal to global merchants wanting to access consumers in regions with strong wallet usage such as South-East Asia. Conversely, using Boku should be attractive to wallet operators wanting to attract new merchants.

Building out local payment method coverage

Starting in FY19, Boku has developed a service to match local payment method providers with merchants. Boku is now processing eWallet/real-time payment transactions in 13 countries for merchants in digital advertising, streaming music/video, and games and games consoles. Exhibit 7 shows some of the current live wallet/merchant connections.

Exhibit 7: Live wallet/merchant connections

Wallet provider	Boku live	Wallet provider	Boku live
AlipayHK	Hong Kong	OVO	Indonesia
Dana	Indonesia	PayMaya	Philippines
GCash	Philippines	PayPay	Japan
GoPay	Indonesia	PromptPay	Thailand
GrabPay	Singapore, Malaysia, Philippines	Rabbit LINE Pay	Thailand
KakaoPay	South Korea	Toss	South Korea
KBank	Thailand	TrueMoney	Thailand
MoMo	Vietnam		

Source: Boku

While the initial wallets signed up were all based in Asia, more recent contracts cover wallet providers in Latin America, Europe and Middle East & Africa (MEA). To start with, Boku cross-sold the wallet service to its existing DCB merchant base, but it has since signed up its first wallet-only merchants. The company is also considering other fast-growing alternative payment methods as these tend to be local forms of payment that are non-standardised and, as such, are complex for merchants to offer as payment mechanisms.

The company competes with the traditional payment processors such as Worldpay and Adyen as well as with local payment specialists such as dLocal and Rapyd. Management believes its differentiators are that it has now built up a larger roster of wallet providers than the competition, with an optimised user experience and the ability to manage recurring transactions. It is willing to work with merchants so that the wallets integrate with their processes, rather than the other way around.

Financials

For details on the business model, please see Appendix on page 14.

Review of FY21 results

Exhibit 8: FY21 results versus FY20 and forecasts

$m	FY20a	FY21e	FY21a	Diff	y-o-y
Payment revenues	51.2	61.9	62.1	0.4%	21.2%
Identity revenues	5.2	7.1	7.1	-0.5%	37.0%
Total revenues	**56.4**	**69.0**	**69.2**	**0.3%**	**22.6%**
Gross profit	51.5	62.9	63.4	0.9%	23.2%
Gross margin	*91.3%*	*91.1%*	*91.7%*	*0.6%*	*0.4%*
Payment EBITDA	19.2	22.9	22.9	0.2%	19.5%
Identity EBITDA	(3.9)	(2.9)	(2.9)	0.0%	-25.9%
Total EBITDA	**15.3**	**20.0**	**20.0**	**0.2%**	**31.2%**
Payment EBITDA margin	*37.4%*	*37.0%*	*36.9%*	*-0.1%*	*-0.5%*
Identity EBITDA margin	*-75.6%*	*-40.6%*	*-40.9%*	*-0.2%*	*34.7%*
EBITDA margin	***27.1%***	***29.0%***	***29.0%***	***-0.1%***	***1.9%***
Normalised operating profit	**11.6**	**15.6**	**15.4**	**-0.9%**	**33.3%**
Normalised operating margin	*20.5%*	*22.6%*	*22.3%*	*-0.3%*	*1.8%*
Reported operating profit	(16.7)	5.5	5.1	-6.9%	-130.7%
Reported operating margin	*-29.6%*	*8.0%*	*7.4%*	*-0.6%*	*37.1%*
Normalised PBT	11.0	14.9	14.7	-1.2%	33.7%
Reported PBT	(17.3)	4.8	4.4	-8.8%	-125.3%
Normalised net income	8.8	11.9	11.7	-1.2%	33.7%
Reported net income	(18.8)	4.3	6.3	44.8%	-133.4%
Normalised basic EPS ($)	0.032	0.041	0.040	-2.0%	24.5%
Normalised diluted EPS ($)	**0.032**	**0.039**	**0.039**	**-0.8%**	**20.6%**
Reported basic EPS ($)	(0.069)	0.015	0.021	43.7%	-131.1%
Net debt/(cash)	(49.0)	(54.3)	(48.8)	-10.1%	-0.4%
TPV ($bn)	6.85	8.19	8.23	0.5%	18.0%
Take rate	0.75%	0.76%	0.75%	0.00%	0.01%

Source: Boku, Edison Investment Research

Boku reported headline revenue and EBITDA for FY21 in January, at the same time as announcing the planned disposal of the Identity business. Revenue and EBITDA were therefore in line with our forecasts. TPV increased 18% y-o-y to $8.2bn and the take rate was essentially flat y-o-y at 0.75%. Payments revenue grew 21% y-o-y, despite a negative impact from the weakening of the yen and South Korean won against the dollar (the company estimates that revenue and EBITDA would have been $2.3m higher in constant currency). As the company invested more in H221 to support the platform, EBITDA grew 20% y-o-y. The Identity business grew revenue 37% y-o-y and reduced the EBITDA loss from $3.9m to $2.9m. Normalised operating profit and EPS were slightly lower than our forecast due to slightly higher than expected amortisation, with the normalised operating margin expanding 1.8pp to 22.3%.

Balance sheet and cash flow

Boku ended FY21 with a gross cash balance of $56.7m (excluding restricted cash of $5.8m) and a net cash balance of $48.8m (excluding lease liabilities of $4.8m). As the cash balance very much depends on the timing of payments from carriers and to merchants, the company measures its average cash balance in a given month as this is more representative of the true cash position. In December 2021, the average daily cash balance was $50.8m, compared to $46.7m in December 2020. Excluding the timing effects of merchant/carrier payments, the company generated operating cash flow before working capital movements of $19.5m, up from $11.5m last year. In FY21, Boku capitalised $5.0m in development costs and repaid $4.6m of debt, with debt of $7.8m at year-end. This has since been repaid using proceeds from the Identity disposal (for which $26.2m has already been received and the remaining $6.1m is due in FY23).

The consideration for Fortumo included an earnout of up to $5.4m based on EBITDA achieved in the year to 30 June 2021. The $5.4m was paid into an escrow account on completion. At the end of FY20, Boku had estimated that the earnout would be $3.24m. In FY21, the earnout was recalculated, with the Fortumo vendors entitled to a payment of $2.16m, made in September 2021.

The remaining $3.24m in the escrow account was returned to Boku and an exceptional credit (classed as other income) of $1.08m was recognised in H121, ie the difference between the $3.24m contingent consideration at end FY20 and the actual payout. Boku has excluded this credit from its adjusted EBITDA and we have excluded it from our normalised operating profit and net income measures.

Outlook and changes to forecasts

Exhibit 9: Changes to forecasts

$m	FY22e				FY23e				FY24e	
	Old	New	Change	y-o-y	Old	New	Change	y-o-y	New	y-o-y
Revenue	**69.0**	**67.5**	**-2.1%**	**-2.4%**	**76.1**	**74.6**	**-2.0%**	**10.5%**	**81.5**	**9.2%**
Gross profit	66.5	65.1	-2.1%	2.7%	73.4	71.9	-2.0%	10.5%	78.6	9.2%
Gross margin	96.4%	96.4%	0.0%	4.7%	96.4%	96.4%	0.0%	0.0%	96.4%	0.0%
EBITDA	**23.5**	**22.0**	**-6.3%**	**9.9%**	**27.7**	**26.2**	**-5.2%**	**19.2%**	**29.5**	**12.3%**
EBITDA margin	*34.1%*	*32.6%*	*-4.3%*	*3.6%*	*36.4%*	*35.2%*	*-3.3%*	*2.6%*	*36.2%*	*1.0%*
Normalised operating profit	**17.7**	**16.1**	**-9.4%**	**4.3%**	**20.5**	**18.6**	**-9.1%**	**15.8%**	**22.9**	**22.8%**
Normalised operating margin	*25.7%*	*23.8%*	*-1.9%*	*1.5%*	*26.9%*	*25.0%*	*-2.0%*	*1.2%*	*28.1%*	*3.1%*
Reported operating profit	34.7	5.2	-85.0%	1.2%	9.4	7.7	-17.9%	49.0%	12.0	54.9%
Reported operating margin	*50.3%*	*7.7%*	*-42.6%*	*0.3%*	*12.4%*	*10.4%*	*-2.0%*	*2.7%*	*14.7%*	*4.3%*
Normalised PBT	16.8	15.6	-7.3%	6.3%	19.6	18.2	-7.1%	17.0%	22.5	23.3%
Reported PBT	33.8	4.7	-86.0%	7.5%	8.6	7.4	-14.2%	56.1%	11.6	57.7%
Normalised net income	13.5	12.5	-7.3%	6.3%	15.5	14.4	-7.1%	15.5%	17.8	23.3%
Reported net income	32.9	31.0	-5.8%	394.7%	7.3	6.3	-14.2%	-79.8%	9.9	57.7%
Normalised basic EPS ($)	0.045	0.042	-7.3%	5.1%	0.052	0.048	-7.1%	14.3%	0.059	22.1%
Normalised diluted EPS ($)	**0.043**	**0.041**	**-6.2%**	**5.1%**	**0.049**	**0.046**	**-6.0%**	**14.4%**	**0.057**	**22.1%**
Reported basic EPS ($)	0.111	0.104	-5.8%	389.0%	0.024	0.021	-14.2%	-80.0%	0.033	56.2%
Net debt/(cash)	(93.8)	(88.3)	-5.9%	80.7%	(121.3)	(115.3)	-4.9%	30.7%	(139.7)	21.2%
TPV ($bn)	9.30	9.20	-1.1%	11.8%	10.38	10.30	-0.8%	11.9%	11.28	9.6%
Take rate	0.74%	0.73%	-0.01%	-0.02%	0.73%	0.72%	-0.01%	-0.01%	0.72%	0.00%

Source: Edison Investment Research

In January, we updated our forecasts to reflect the planned disposal of the Identity business. We had not forecast any contribution from the business in FY22. As the disposal completed on 1 March 2022, we have estimated a net loss of $1m for the two-month period prior to disposal. We also include a $28m gain on disposal (which we previously included as an exceptional gain). This results in a net contribution of $27m from discontinued operations. We include $26.2m of the disposal proceeds in FY22 (already received) and $6.1m in FY23. We forecast net cash of $88m by the end of FY22 rising to $140m by the end of FY24.

The company outlined its exposure to Russia/Ukraine/Belarus. It has no operations or merchants based in any of those countries. It has carrier connections in Russia and in FY21, generated revenue of c $1m from the region. It is no longer processing for Russian carriers and expects this to reduce revenue in FY22 by up to $1.5m. We have reflected this in our forecasts; with a close to 100% gross margin, this drops through to EBITDA. This is the only material change to our revenue and EBITDA forecasts for FY22/23. We introduce forecasts for FY24.

Sensitivities

Our forecasts and the share price will be sensitive to the following factors:

- **Pace of growth from existing merchants:** this will depend on the rate at which merchants complete their roll-out plans, the pace of growth of paid-for digital content, the competitive positioning of major merchants and the adoption of wallets as a payment mechanism.
- **Customer concentration:** we estimate that customers contributing over 10% of revenues will make up around two-thirds of revenue in FY22–24. The loss of any one major merchant could

have a material impact on revenues and profitability. In addition, some of the contracts between Boku and merchants or carriers have short notice periods.

- **Data protection and robustness of the platform:** any loss of customer data or significant downtime for the platform could negatively affect the company's reputation and lead to additional costs in terms of fines and litigation.
- **Competitive environment:** Boku's platform needs to remain competitive with respect to other third-party DCB providers as well as carriers that connect directly with merchants. The company will also need to stay abreast of changes in the payment market where it is has started expanding its service offering to encompass alternative payment methods.
- **Regulation:** changes to money transmission, privacy or anti-money laundering regulations in the countries in which Boku operates affect revenue generation or increase the cost base.

Valuation

The stock has declined 26% year to date, while its peers have declined on average by 14% over the same period despite FY22 forecasts not changing materially. On enterprise value (EV) multiples, the company is trading at a discount to the average of its payment processor peer group for all forecast years. Valuing Boku on the group average EV/EBITDA multiple for FY22 would result in a share price of 216.4p compared to the current 122.5p share price and on FY23 multiples would result in a share price of 184.0p.

Exhibit 10: Peer valuation multiples

	Share price	Market cap	EBITDA margin		EV/Sales (x)		EV/EBITDA (x)		P/E (x)		FCF yield	
		(m)	CY	NY	CY	NY	CY	NY	CY	NY	CY	NY
Boku	**122.5p**	**364**	**32.6%**	**35.2%**	**5.9**	**5.3**	**17.9**	**15.1**	**39.5**	**34.5**	**3.2%**	**4.5%**
Adyen	€ 1,794	55,597	63.6%	64.7%	36.7	27.3	57.7	42.1	84.4	61.2	1.6%	2.4%
Bango	194.0p	148	32.0%	36.1%	9.3	7.1	29.2	19.7	54.7	30.7	0.0%	1.9%
Block	$133.62	77,507	4.4%	6.0%	4.1	3.4	92.8	56.5	99.0	60.1	1.8%	1.7%
dLocal	$32.51	9,523	36.5%	37.5%	22.6	14.8	61.8	39.5	77.7	49.5	N/A	N/A
FIS	$103.37	63,013	44.8%	45.7%	5.5	5.1	12.3	11.2	14.2	12.5	6.8%	7.5%
Fiserv	$102.99	67,170	42.6%	43.6%	5.4	5.0	12.6	11.5	16.0	13.8	6.2%	7.3%
Global Payments	$139.78	39,374	46.4%	48.4%	5.9	5.4	12.6	11.1	14.7	12.5	7.2%	8.5%
PayPal	$116.67	135,921	25.8%	26.4%	4.6	3.9	17.9	14.6	25.1	20.1	4.8%	6.3%
Worldline	€ 39.3	11,037	23.9%	26.4%	3.3	3.0	13.9	11.4	17.0	14.7	5.0%	6.2%
Average Payment Processors			**35.6%**	**37.2%**	**10.8**	**8.3**	**34.5**	**24.2**	**44.8**	**30.6**	**4.2%**	**5.2%**

Source: Edison Investment Research, Refinitiv (as at 4 April)

We have also performed a 10-year reverse discounted cash flow analysis – this uses our forecasts for FY22–24 and then estimates the revenue growth and margins for FY25–31 implied by the current share price. Based on a WACC of 8% and a long-term growth rate of 3%, we estimate that the market is factoring in revenue growth of 5.2% and an average EBITDA margin of 37% over FY25–31. Based on historical growth and the opportunity arising from the expansion into alternative payment methods, this appears overly conservative. The tables below show the valuation sensitivity to WACC and long-term growth rate (Exhibit 11) and to revenue growth and EBITDA margin for FY25–31 (Exhibit 12).

Exhibit 11: Sensitivity of per share valuation (p) to WACC and terminal growth rate

		Terminal growth rate				
		1.0%	2.0%	3.0%	4.0%	5.0%
WACC	6.0%	138.3	158.6	192.4	260.0	462.7
	6.5%	127.1	142.8	167.4	211.9	315.5
	7.0%	117.7	130.1	148.7	179.8	241.9
	7.5%	109.8	119.8	134.2	156.9	197.7
	8.0%	103.0	111.1	**122.6**	139.7	168.2
	8.5%	97.1	103.9	113.0	126.3	147.2
	9.0%	92.0	97.6	105.1	115.6	131.4
	9.5%	87.5	92.2	98.4	106.9	119.1
	10.0%	83.5	87.5	92.7	99.6	109.3
	10.5%	79.9	83.3	87.7	93.4	101.2

Source: Edison Investment Research

Exhibit 12: Sensitivity of per share valuation (p) to revenue growth & EBITDA margin

		Revenue growth					
		3.0%	5.0%	7.0%	9.0%	11.0%	13.0%
EBITDA margin	33%	100.4	109.7	120.2	131.8	144.7	158.9
	34%	103.0	112.7	123.5	135.5	148.8	163.5
	35%	105.6	115.6	126.7	139.1	152.9	168.2
	36%	108.2	118.5	130.0	142.8	157.0	172.8
	37%	110.8	121.4	133.3	146.5	161.1	177.4
	38%	113.4	124.3	136.6	150.2	165.3	182.0
	39%	116.0	127.3	139.9	153.9	169.4	186.6
	40%	118.6	130.2	143.1	157.5	173.5	191.2
	41%	121.2	133.1	146.4	161.2	177.6	195.8
	42%	123.8	136.0	149.7	164.9	181.7	200.4

Source: Edison Investment Research

Appendix

Business model

Revenues

For **DCB**, Boku offers two models to merchants, either settlement or transaction.

- **Settlement:** Boku sits between the merchant and carrier, collects payment from the carrier and passes it on to the merchant. The amount paid to the merchant is net of both the carrier's and Boku's fees. As Boku manages the cash flows, it is able to earn a higher margin (take rate) on each transaction processed, although it has implications for working capital management.
- **Transaction:** The carrier pays the merchant directly, net of their fees. Separately, Boku invoices the merchant for its fees. The only cash flow for Boku in this case is the receipt of its fees. As there is less involvement from Boku, it earns lower margins on these transactions.

Historically, Boku signed up most merchants on a settlement basis; the settlement margin is a multiple of the transaction margin. Some of the more recent merchants have contracted on a transaction basis and are driving the bulk of the TPV growth. Therefore, revenue growth has lagged TPV growth due to the lower margins earned under the transaction model. The mix of settlement versus transaction volumes will depend on new merchants' choice of business model and the growth of volumes from existing merchants. Fortumo bills most merchants on a settlement basis, although the large app stores use the transaction basis. All eWallet flows are on a settlement basis.

Cost of sales

For **DCB**, cost of sales is only a small proportion of total costs and mainly consists of the cost of messaging subscribers.

Working capital

Under the DCB settlement business model, Boku receives cash from the carriers before it pays it across to the merchants, hence it operates a negative working capital model. Under the transaction model, the company records its fees in accounts receivable, and is paid according to the merchant's payment schedule.

Exhibit 13: Financial summary

$m	2017	2018	2019	2020	2021	2022e	2023e	2024e
31-December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT								
Revenue	24.4	35.3	50.1	56.4	69.2	67.5	74.6	81.5
Cost of Sales	(2.3)	(2.5)	(5.6)	(4.9)	(5.7)	(2.4)	(2.7)	(2.9)
Gross Profit	22.1	32.8	44.6	51.5	63.4	65.1	71.9	78.6
EBITDA	(2.3)	6.3	10.7	15.3	20.0	22.0	26.2	29.5
Normalised operating profit	(4.0)	4.8	4.5	11.6	15.4	16.1	18.6	22.9
Amortisation of acquired intangibles	(1.3)	(1.3)	(1.6)	(2.2)	(2.9)	(2.9)	(2.9)	(2.9)
Exceptionals	(2.2)	(1.4)	(0.3)	(21.1)	(0.0)	0.0	0.0	0.0
Share-based payments	(1.5)	(4.6)	(6.8)	(4.9)	(7.4)	(8.0)	(8.0)	(8.0)
Reported operating profit	(9.0)	(2.4)	(4.1)	(16.7)	5.1	5.2	7.7	12.0
Net Interest	(2.4)	(0.6)	(0.4)	(0.6)	(0.7)	(0.5)	(0.4)	(0.4)
Joint ventures & associates (post tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	(17.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	(6.4)	4.3	4.1	11.0	14.7	15.6	18.2	22.5
Profit Before Tax (reported)	(28.5)	(3.0)	(1.3)	(17.3)	4.4	4.7	7.4	11.6
Reported tax	(0.1)	(1.3)	1.7	(1.5)	1.9	(0.7)	(1.1)	(1.7)
Profit After Tax (norm)	(4.8)	3.4	3.2	8.8	11.7	12.5	14.4	17.8
Profit After Tax (reported)	(28.7)	(4.3)	0.4	(18.8)	6.3	4.0	6.3	9.9
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0	27.0	0.0	0.0
Net income (normalised)	(4.8)	3.4	3.2	8.8	11.7	12.5	14.4	17.8
Net income (reported)	(28.7)	(4.3)	0.4	(18.8)	6.3	31.0	6.3	9.9
Basic average number of shares outstanding (m)	150.3	217.1	246.8	273.8	294.0	297.4	300.4	303.4
EPS - basic normalised ($)	(0.03)	0.02	0.01	0.03	0.04	0.04	0.05	0.06
EPS - diluted normalised ($)	(0.03)	0.02	0.01	0.03	0.04	0.04	0.05	0.06
EPS - basic reported ($)	(0.19)	(0.02)	0.00	(0.07)	0.02	0.10	0.02	0.03
Dividend ($)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	42.0	44.5	42.2	12.5	22.6	(2.4)	10.5	9.2
Gross Margin (%)	90.7	92.9	88.9	91.3	91.7	96.4	96.4	96.4
EBITDA Margin (%)	(9.5)	17.9	21.3	27.1	29.0	32.6	35.2	36.2
Normalised Operating Margin	(16.5)	13.7	9.0	20.5	22.3	23.8	25.0	28.1
BALANCE SHEET								
Fixed Assets	26.9	23.0	52.2	69.8	71.9	65.3	61.0	57.1
Intangible Assets	25.8	22.5	46.8	65.6	63.1	57.4	54.3	52.2
Tangible Assets	0.4	0.3	3.5	3.8	5.7	4.5	3.4	2.4
Investments & other	0.7	0.3	1.8	0.5	3.1	3.4	3.3	2.6
Current Assets	79.3	84.0	89.2	155.2	145.0	191.4	223.3	254.2
Stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debtors	59.1	51.7	53.6	92.5	82.6	97.4	102.2	108.7
Cash & cash equivalents	18.7	31.1	34.7	61.3	56.7	88.3	115.3	139.7
Other	1.4	1.3	0.9	1.4	5.8	5.8	5.8	5.8
Current Liabilities	(78.0)	(79.6)	(81.8)	(139.7)	(122.1)	(129.6)	(142.9)	(152.1)
Creditors	(75.5)	(77.4)	(78.0)	(136.8)	(119.6)	(128.2)	(141.4)	(150.5)
Tax and social security	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short term borrowings	(2.5)	(2.2)	(2.1)	(1.4)	(1.1)	0.0	0.0	0.0
Other	(0.0)	0.0	(1.7)	(1.4)	(1.3)	(1.4)	(1.5)	(1.6)
Long Term Liabilities	(0.2)	(0.8)	(2.6)	(13.6)	(12.3)	(5.7)	(5.7)	(5.7)
Long term borrowings	(0.0)	0.0	0.0	(10.8)	(6.7)	0.0	0.0	0.0
Other long-term liabilities	(0.1)	(0.8)	(2.6)	(2.8)	(5.7)	(5.7)	(5.7)	(5.7)
Net Assets	28.0	26.6	57.0	71.8	82.4	121.5	135.7	153.6
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	28.0	26.6	57.0	71.8	82.4	121.5	135.7	153.6
CASH FLOW								
Op Cash Flow before WC and tax	(2.3)	6.3	7.4	15.3	20.0	22.0	26.2	29.5
Working capital	1.0	7.2	3.0	20.1	(7.1)	(0.2)	2.3	2.6
Exceptional & other	(5.5)	0.2	(1.3)	(3.8)	(0.6)	0.0	0.0	0.0
Tax	0.0	(0.2)	(0.1)	(0.3)	(0.4)	(1.0)	(1.0)	(1.0)
Net operating cash flow	(6.8)	13.5	9.0	31.3	11.9	20.8	27.6	31.1
Capex	(0.3)	(0.3)	(2.1)	(3.4)	(5.8)	(5.6)	(5.7)	(5.8)
Acquisitions/disposals	0.0	(0.2)	(0.7)	(36.6)	0.0	26.2	6.1	0.0
Net interest	(0.9)	(0.6)	(0.4)	(1.0)	(0.6)	(0.4)	(0.3)	(0.3)
Equity financing	19.8	0.5	0.6	26.2	1.1	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(1.1)	0.2	(1.5)	(2.6)	(6.1)	(0.6)	(0.6)	(0.6)
Net Cash Flow	10.6	13.1	4.857	13.8	0.5	40.4	27.1	24.4
Opening net debt/(cash)	9.9	(16.2)	(28.9)	(32.6)	(49.0)	(48.8)	(88.3)	(115.3)
FX	0.4	(0.5)	(1.1)	1.3	(0.6)	0.0	0.0	0.0
Other non-cash movements	15.1	(0.0)	(0.0)	1.2	(0.1)	(1.0)	0.0	0.0
Closing net debt/(cash)	(16.2)	(28.9)	(32.6)	(49.0)	(48.8)	(88.3)	(115.3)	(139.7)

Source: Boku, Edison Investment Research

Contact details	Revenue by geography
Second floor 9 Orange Street London, WC2H 7EA UK www.boku.com	<Insert chart>

Management team

CEO: Jon Prideaux	CFO: Keith Butcher
Jon joined Boku in 2012 and was appointed CEO in 2014. He has more than 25 years of payments experience: he was an early Visa Europe employee, where he started Visa Europe's e-commerce division. He served on the board of EMVCo, was the chairman of the Compliance Committee and a member of Visa's Global Product and Brand Councils. After leaving Visa in 2006, Jon served as deputy CEO for SecureTrading, where he doubled transaction numbers and quadrupled profitability. He then led a management buy-in at Shopcreator, an e-commerce software platform.	Until his appointment as CFO in October 2019, Keith was an independent non-executive director and chairman of Boku's Audit Committee from the company's admission to AIM in 2017. He has had considerable experience as a listed company CFO and of online payments businesses, including six years as CFO of AIM-quoted online payments company DataCash Group during its period of rapid growth and ultimate sale to Mastercard. More recently, he was CFO of LSE-listed payments company Paysafe Group (formerly Optimal Payments). Keith was awarded Finance Director of the Year at the Quoted Company Alliance Awards (QCA) 2014.
Non-executive chairman: Mark Britto (until May)	**Non-executive chairman: Dr Richard Hargreaves (from May)**
Mark founded Boku after six years as the CEO of Ingenio, which he led to a 2007 acquisition by AT&T. Prior to Ingenio, Mark spent four years as SVP of worldwide services and sales at Amazon.com. His first start-up, Accept.com, was bought by Amazon.com in 1999 and served as the primary backbone of Amazon's global payments platform. Mark is currently EVP chief product officer at PayPal.	Richard co-founded Endeavour Ventures in 2006 and has been investing in and advising companies for over 30 years. He began his career at 3i where he spent 10 years before starting Baronsmead and launched one of the first VCTs – Baronsmead VCT (sold to Friends Ivory & Sime in 1995, later becoming ISIS Equity Partners). Richard is a former chairman of the BVCA and has significant experience as a non-executive director on public and private boards.

Principal shareholders	(%)
Vitruvian Partners LLP	7.1
Capital Research Global Investors	6.9
BlackRock Investment Management	6.5
Abrdn (Standard Life)	6.2
Danske Capital	5.9
Boku directors and related parties	5.8
Canaccord Genuity Wealth Management (London)	5.2
Canaccord Genuity Wealth Management (Jersey)	3.8
Swedbank Robur	3.5
Danal	3.4

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