Simplicity

Boku, Inc.
Annual Report and Accounts
for the year ended 31 December 2021

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Boku provides a global mobile payments network, M1ST (mobile-first), which reaches over 7 billion consumer payment accounts in more than 90 countries worldwide.

In 2020, mobile payments overtook card payments for eCommerce purchases globally. For billions of consumers, especially those younger and in emerging markets, paying with a plastic card is outdated, inconvenient, or out of reach. Boku integrates and processes mobile payments for 500+ merchant customers, including six of the seven most valuable companies in the world.

Boku's M1ST Payments Network enables merchants to accept over 340 payment methods, including eWallets, Real-Time Payments, and Direct Carrier Billing, through a single integration.

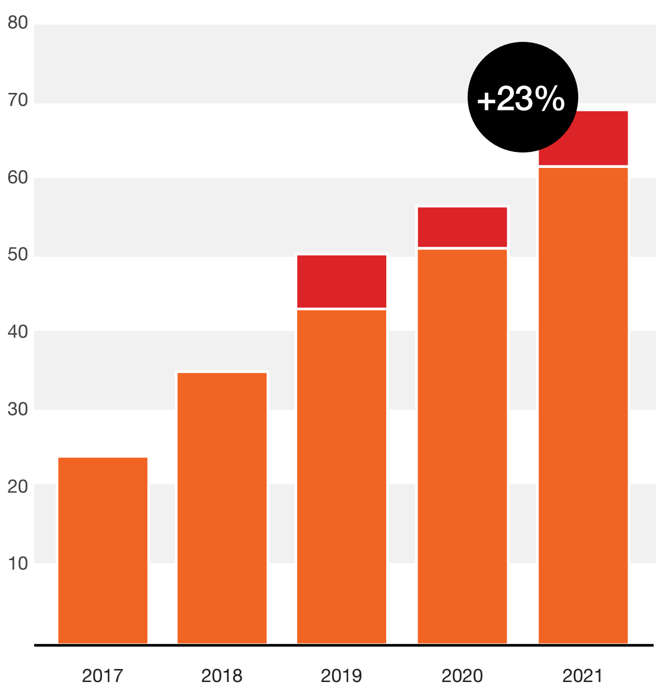
Boku empowers its merchants to grow their businesses in every corner of the globe, with payments that reach mobile-first consumers, targeted marketing programs that attract, engage, and retain digital subscription users, and merchant services that ease the complexities of global settlement, compliance, tax, and fraud mitigation.

To learn more about Boku, as well as obtain the latest information of interest to investors and stakeholders, please visit our website at www.boku.com.

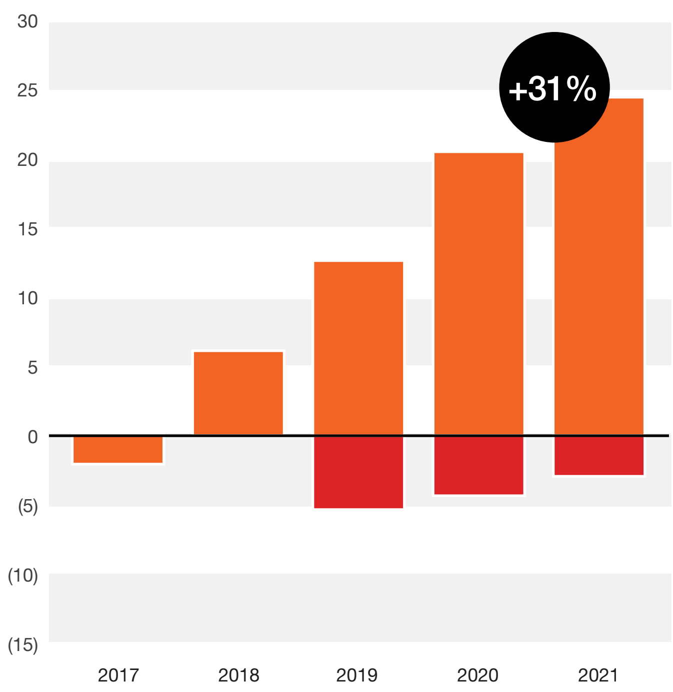
Our customers

Highlights

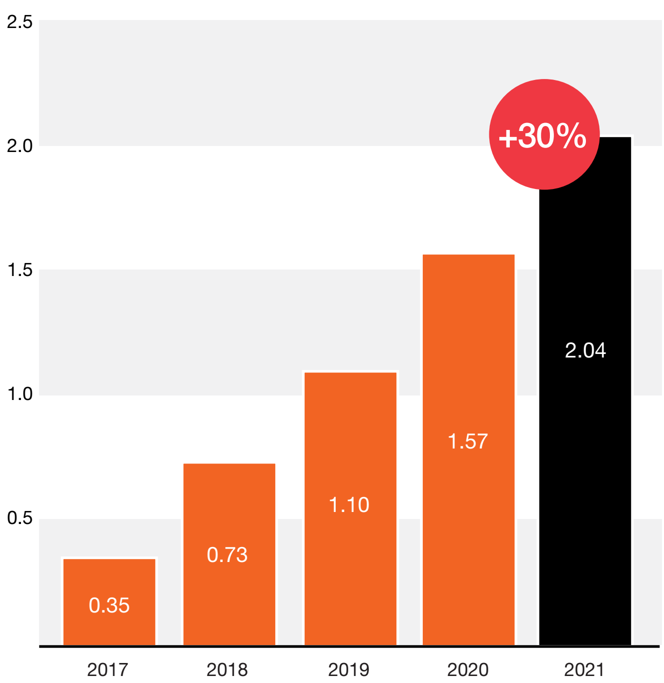
Revenue ($USD millions)



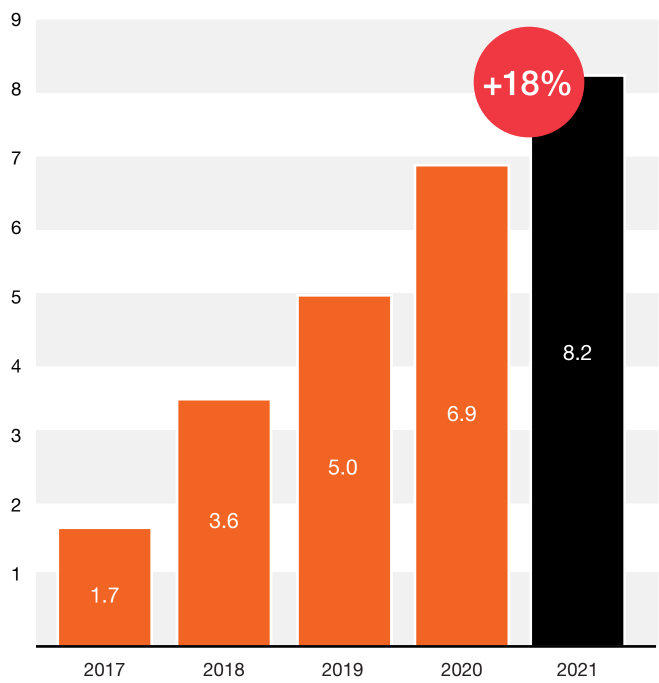
EBITDA ($USD millions)



Average Daily Active Users (millions)



TPV ($USD billions)



Chairman's Statement

I am pleased to report on another highly successful year of record revenues and Adjusted EBITDA for Boku in 2021. Having founded Boku in 2009 and served as Chairman since 2014, I believe now is the right time to step down from the Chair to become a Non Executive Director at the forthcoming Annual General Meeting. The Chair will be in fine hands with Richard Hargreaves stepping up from Senior Independent Non-Executive Director ('SID') to become Chairman with Stewart Roberts becoming the new SID.

Such moments of transition are times to take stock and reflect. There are many successful companies listed on public markets, but they represent only a fraction of those that started out, like us, with an idea and bucketloads of hope, energy and resilience. Most new companies fail or are taken over, rare it is to make it to the public markets. And, in Boku, we were able to stay true to our initial vision: to build a global payment mechanism out of connecting the mobile network operators of the world. Our plan was to connect directly to their billing systems ('Direct Carrier Billing' or 'DCB') to come up with a platform equivalent to the payment networks built by the card schemes. With the growth in mobile and digital entertainment, Boku has been able to develop ways not only to monetise users but also to simplify their recruitment. This insight allowed us to transform the way we worked, progressively persuading digital entertainment companies to hire us to help them grow. It didn't come in a straight line. There were near death experiences, but by 2017 we were established and ready for life as a public company.

Since then we've been able to grow substantially: The value processed through the system increased nearly five fold from $1.7 billion in 2017 to $8.2 billion in 2021. Monthly Active users have quadrupled from eight million to more than 32 million. Revenues have grown from $17 million in 2017 to just under $70 million in 2021 and we moved from EBITDA losses of $2.3 million in 2017 to 2021's EBITDA profit figure of $20.0 million.

But I believe Boku's best days lie in front of it. In 2021 we launched our Mobile First ("M1ST") Payment Network, which gives our merchants the opportunity to reach seven billion end user accounts. Four billion of those are Direct Carrier Billing connections, the remaining three billion are from other payment methods like eWallets and Real-Time Payments. It is these latter ones which represent the future. While DCB is growing steadily, these new payment products are more popular and are used to buy a wider variety of merchandise. It is right that we have sold the Identity business despite its improving performance, so as to focus the attention on the opportunities that these new local payment methods offer. They will be the motor that drives the Company to new heights.

It has been my honour to serve as Chairman and to help steer the Company. As I step back to become a Non Executive Director and hand over the reins to Richard Hargreaves, I will continue to contribute to the Company as it writes a new chapter over the next few years which, I have every confidence, will be even more exciting than the last decade.

Mark Britto
Non-Executive Chairman
28 March 2022

In the Beginning…

Steve Jobs famously understood the value of making complex things simple. He is quoted as saying: "That's been one of my mantras– focus and simplicity. Simple can be harder than complex: You have to work hard to get your thinking clean to make it simple. But it's worth it in the end because once you get there, you can move mountains."

He charged his designers to study Picasso's picture of The Bull to see how the complex can be stripped down to its essentials. For him, everything had to be reduced to its essence. We can see that influence in the design of Apple's consumer products. It is also a philosophy – ***focus and simplicity*** that informs Boku's approach.

Simplicity

In 2017 when Boku listed its shares on AIM, we referred to ourselves as a direct carrier billing ('DBC') company, expanding more broadly into carrier commerce. We understood that the value in our company was not so much in the code on our platform, but rather in the network that we assembled.

Harnessing the collective capabilities of the world's mobile network operators is hard. Each uses its own non-standardised technology and connecting for a merchant one-by-one would be complex, time-consuming and, for all practical purposes, commercially unsustainable. Imposing a single standard across this global network of non-standardised carrier billing payments connections was simply too complex and never going to happen. Our mission therefore was to simplify; to provide a solution in which merchants would integrate once and gain access to many mobile operators.

We developed and refined our ability to engage with mobile network operators and make them seem like regular payment methods to our large merchants. We simplified.

But, more than that, we took things down to their essence. We became successful because we focused on the merchant's requirements. We didn't simply take the capabilities that the mobile network operators offered. Instead, we worked closely with our merchants, developing the standards they required from payment methods. We worked tirelessly with our mobile operator partners to ensure that they met the needs of merchants, not the other way around.

Simplifying is not simple.

The flywheel, the scale player

The ‘light bulb’ moment was the realisation that the unique benefit of DCB was not primarily about moving money, rather it was the ability to acquire new users with a single tap on a mobile phone – which then charged purchases to the phone bill. Since mobile operator partners already knew the phone numbers of billions of their subscribers, we could uniquely streamline customer onboarding. To merchants, the value of DCB is as a highly effective customer acquisition tool.

Once Boku had proven the unique value and capabilities of carrier billing, a flywheel started to spin. Our payments network grew as operators wanted to accept payments on behalf of our merchants, and our growing payments network began to attract more and larger global merchants.

And so the flywheel turned.

The more it turned, the network effects we had created made it more difficult for others to compete with Boku, and within a few years, we had become the scale player in carrier billing as most of the world’s largest digital merchants used Boku for DCB, largely on an exclusive basis. In platform businesses, the scale player has considerable advantages. With the incremental cost of processing a transaction essentially zero, the platform with the largest transaction volumes can simultaneously be the lowest-cost player, whilst carrying the expense base that allows them to develop features that their competitors are not able to replicate.

Boku has established itself as the world’s leading DCB company. We process, mostly on an exclusive basis, mobile payments for all of the world’s largest digital entertainment companies: Amazon, Apple, Epic Games, Meta Platforms (Facebook), Microsoft, Google, Sony, Spotify, Netflix, Tencent, Activision Blizzard.

However, we haven’t stopped there.

“Growth is the only evidence of life”

- Cardinal Newman

We had a good runway of growth in front of us. Due to the complexity of deploying sophisticated carrier billing connections, it had not proved possible to immediately switch on all networks for all merchants. Rather, this must be scheduled with both the carrier and merchant. A steady roll out has delivered double digit revenue growth rates and much faster EBITDA growth for the past five years and, with the average merchant using only 10% of the network, there is plenty of growth still to come.

But on the horizon, there was a cloud no bigger than a man’s hand. It’s an unavoidable reality that direct carrier billing is a niche payment instrument.

An unparalleled user acquisition tool DCB may be, but the majority of people who buy digital entertainment products and services are not going to charge it to their phone bill. Saturation for carrier billing as a payment method comes, it seems, at about 15%: the other 85% is paid for by other means.

Moreover while, DCB works well in the digital entertainment industry, it is ill suited to other sectors. Consumers don’t really want to charge types of product or service to their phone bill. Digital entertainment is a big and growing market, but it only accounts for about 5% of online spending. Our Total Addressable Market was limited.

If we wanted to grow faster, we needed to find new markets. It was not enough for us to be the big fish in a small pond. We wanted to swim in the Big Pond.

In the Beginning...

Which pond?

We contemplated two approaches. We could either utilise our carrier network and find new uses for our carrier connections, or we could find new payment products to grab a larger share of our existing merchants' sales.

So double down on our suppliers or our customers? That was the choice. In fact, as we drew up our plans, we realised that we didn't have to choose; we could do both.

Boku's core competence has been in simplifying the complex. In taking the disparate set of different mobile network operator platforms and integrating them in such a way that a merchant can connect to us once and get access to the whole suite of them, without having to worry about the underlying differences.

In the world of payment cards, standardisation has been around for years, driven by the card schemes. There is in fact an international standard – ISO 8583 – which defines how card payments are processed. Switching costs are low, leading to the emergence of super high-volume commoditised processors, competing on price. We ran a mile from this part of the payment processing business. Therefore, in order to grow faster, we sought out other payment types that were similarly unstandardised, yet which were popular - and in eWallets we found them.

Boku's core competence has been in simplifying the complex.

Payments are in a period of significant change. Whilst in the West, credit and debit cards have long been the dominant means of payment, in the newly developed markets of Asia, the Middle East, Africa and Latin America, the card habit tended to be confined to old money. In those places, spending with cards was not the reflex for most merchants or consumers. For sure, as they got richer, people got bank accounts, but when it came to buying online, entrepreneurial companies sprang up to provide them with modern tools based around the mobile phone.

This mobile device knows where you are, can see, can authenticate you, and provide simple ways of displaying and analysing your spending. It was a no-brainer. Freed from the constraints of a rectangular piece of plastic, eWallets provide better ways of paying and have become enormously popular, particularly in Asia, to the extent that most of the world's eCommerce now takes place using them (albeit with a significant skew to China).

Boku started integrating eWallets in Indonesia and started to sell them to our customers. We found that the uptake was good, which encouraged us to invest further. Merchants who had previously just used us as a specialist Direct Carrier Billing company were prepared to see us as a Local Payment Method ('LPM') company.

Carrier Commerce

Boku Identity resulted from a desire to address a large and growing market – the verification of mobile transactions, using mobile network operator capabilities. Very often when undertaking a mobile transaction, the provider will want to know the phone number of the device with which they are interacting or its registered owner. Who better to ask than mobile network operators themselves?

In 2019, Boku bought Danal for $25.1million to kick start our entry into this industry, renaming it 'Boku Identity'. Despite setbacks in 2020 when we suffered an interruption to our carrier connectivity in the critical US market, we stuck to our guns, built out new connections in Europe and Asia, and added new customers. The business bounced back in 2021, posting revenue growth of 37%. We had found a formula, but to develop things further needed significantly more investment.

New Payment Methods for our Merchants

The second strand of our growth plan was to integrate new payment methods into our network, selling them to our existing merchants. One route for growth was from expansion in the direct carrier billing segment. In 2020, we acquired Fortumo, cementing our position as the DCB market leader. But there's only so much consolidation that can be done in DCB.

Boku has continued to invest in growing its network, now styled as our Mobile-First Payment Network, or ‘M1ST’, to such an extent, that it now reaches seven billion end-user accounts in 91 countries. Approximately 3 billion of these end-user accounts are from the new payment methods. eWallets and Real-Time Payments are no longer a minor part of Boku’s business – more than 1.1 million monthly active users paid with eWallets or Real-Time Payments in December 2021 – a figure that grew nine-fold during the year. The Big Pond is a lot bigger: According to eMarketer, global eCommerce in 2021 totaled $4.89 trillion. This compares with estimates of the digital entertainment industry, for which DCB is best suited, of approximately $300 billion.

Boku’s competitive strengths

Given its size, it’s not surprising that the Big Pond is full of big fish. Generalist payment processors like Worldpay and Adyen along with specialist players like dLocal and Rapyd. Companies with valuations many times Boku’s. Companies with larger headcounts. So how does Boku compete?

It’s the same formula. Build a good product, focus on the customer, help them to improve their business and you can grow. It’s not the big that beat the small, it’s the fast that beat the slow.

Boku focuses on building out wider coverage and stronger product features to compete, and this takes investment. We also continuously improve our platform: with an immediate focus on settlement capabilities, resellers, and improving the onboarding experience. We need to expand and support our network of licences – Boku has already extended its capabilities to process regulated payments into 50 countries, with licences in the UK, Ireland (passported across the EEA), Singapore, Hong Kong, and with applications and partnerships in several other countries.

In the Beginning...

Sale of Identity and focus on Payments

During 2021 it became clear that both of our new business lines needed investment. We had a winning formula in Identity, but we needed more coverage to help us grow. We had a winning formula in Payments, but that part of the business too needed investment.

Back in 2019 we didn't have to choose. Now we do.

We chose to focus all our efforts on the Payments business, where we have a proven track record and are aiming at a larger total addressable market.

While there was no committed plan to sell in 2021, we sold our Identity business to Twilio after the period close in February 2022 – details of this transaction are described elsewhere in the report.
Twilio will be able to give Boku Identity the investment and attention that it needs.

A pure-play payments business

Boku, therefore, enters 2022 as a pure-play payments business. We will focus on Boku and Fortumo as one integrated, cohesive, payments unit ready to grow its business in mainstream payment methods. The main planks of our strategy are as follows.

- **We will expand the M1ST network to encompass the leading Local Payment Methods** like eWallets in the countries where the new middle class resides.
- **We will build the highest quality connections enabling merchants to sell more stuff.** Our products will be expanded beyond the requirements of the digital entertainment industry, also to embrace other merchant sectors, including digital advertising, software, travel, and general ecommerce.
- **We will enhance our regulated payment and settlement capability** to allow us to help our merchants not only to process transactions, but also get settled in the currency of their choice with the frequency and speed they wish.

Our competitive advantage stems from three areas

1. We will maintain our reputation amongst the world's largest merchants for flawless execution and merchant-centric solutions. There are practically no other companies on earth who have been able to simultaneously support Amazon, Apple, Google, Microsoft, Netflix, Spotify, Facebook, and Tencent amongst others. This reputation is hard-won and will be defended. Looking after our customers helps us get more of their business and helps us win more customers too.
2. As well as supporting the biggest Local Payment Methods, we will also ensure that we have unique capabilities. This might be licenses that none of our competitors have, or connectors giving us more coverage, but we will ensure that there are some things that you can get from Boku that you won't be able to get from anyone else.
3. We will differentiate our product by producing features that help our merchant sell more. Most payment companies are interested in processing more and more volume, we obsess about helping our customers to acquire and retain users. This leads us to develop features that are more to do with marketing – optimisation of the enrolment process, prompts to users to renew if a payment fails, integrations directly into our merchants and suppliers marketing, and point of sale systems to allow bundled offers between the two to drive growth. Other payment companies don't do this. Our bundling product drives new user adoption for digital subscription services, from music and video streaming to dating apps and beyond.

The future for Boku is exciting. A future where we continue the transition from being the leading player of a niche payment method, DCB, to providing mainstream payments to mainstream merchants. **A future where we swim in the Big Pond.**

Chief Executive Officer's Report

The second year of the pandemic

Despite being in the second year of the pandemic, it was another year of significant progress for Boku as we navigated choppy waters to continue our record of growth, in spite of continuing distortions to normal life and trading patterns.

Our Group revenues grew by 23% to exceed $69 million. Profitability, measured through the Adjusted EBITDA measure, increased by 31% to $20 million. We battled some currency headwinds in the year – the Japanese Yen and Korean Won were both down by more than 10% against the US Dollar – had exchange rates stayed constant our results would have been better yet.

Boku Payments

The Payments division performed well in 2021. In December 2021, 32.3 million users made one or more transactions on our platform, up from 28.8 million a year earlier. Taking the year as a whole, on average, every day more than 2 million users were making purchases on Boku's platform.

The spending of these users translated into revenues up 21% to $62.1 million as we saw total processed value ('TPV') increase 18% to over $8.2 billion (2020: $6.9 billion) and Payments EBITDA grow to $22.9 million (37% EBITDA margin) in 2021.

Merchant Focus

It's quite deliberate that I started the review of Boku's Payments division by reference to the number of new users that we'd helped our merchants to acquire. Any chief executive will tell you that the key to their success comes from focusing on their customers' needs. It's become a platitude. Key to Boku's success is a focus not just on the nuts and bolts of payments – although that is important – it is that we try to look through the 'what' to the 'why'. Why would a merchant want to give their users more ways to pay?

When you boil it down, there is one overriding reason why merchants are driven to support a new payment method. It's not because it's more secure, or even because it's cheaper than the alternative – price can be negotiated. The real reason why a new method gets established is due to its ability to help the merchant sell more.

How can a new payment method help a merchant make more sales?

- It can unlock access to new users who simply can't pay with traditional payment methods like credit and debit cards (particularly relevant given the dominant payment method in much of Asia is now eWallets and not cards).
- It has a better user experience, enabling greater conversion on microtransactions (whereas higher friction methods will lead to higher rates of abandonment).
- It increases purchase values by offering credit, or buy now, pay later functionality.
- It increases purchase frequency due to a loyalty scheme.

In all of these cases, it is the prospect of extra sales that impels the merchant to make the effort of deploying a new payment method.

In the case of Boku, we enable our merchants to sell more by helping them to more easily and cost effectively acquire new users. Our Direct Carrier Billing ('DCB') service acquires new users through reach – more people have phones than bank accounts, and also through simplicity – it's easier to make a purchase with a single tap, than having to laboriously type in your card details.

Our local payment method business provides the same benefits. It allows users to pay with their preferred method. Many of the emergent middle classes of Asia, the Middle East, Africa and Latin America don't have payment cards (even though, in the main, they do have bank accounts). Having previously made their purchases in cash, as they acquired mobile devices, they use mobile native payment methods, like eWallets, to buy things online. If you want to sell to these people, you have to support the payment methods that they actually use.

It is for this reason that the New User metric that stands front and centre for Boku. As far as I know, we are the only payment company that focuses on this metric. Others brag about the value that they process or the number of transactions that flow through their systems. Our focus is on the things that matter to our customers.

Subscriptions driving change in Payments

What do the following have in common? Toothbrushes, music, toilet roll, snacks, cosmetics, random vegetables and video? You can buy them on subscription services. One-off purchases are being superseded by subscriptions because of the benefits to both buyers and sellers. Buyers get the latest products conveniently; sellers get predictable revenue streams. To meet this changing pattern of commerce, payment methods also have to adapt: new features need to help in customer acquisition, simplify repeat purchases, and boost customer retention.

This is one of the things that differentiates Boku. Our products are optimised for the age of subscriptions. Our bundling products support co-marketing between brands, our customer onboarding technology allows consumers to sign up with a single tap, and our messaging capabilities can prompt users whose renewals have failed.

Direct Carrier Billing

Boku has established itself as the leading Direct Carrier Billing company in the world. Our solutions are proven with world's largest digital companies: Amazon, Apple, Google, Sony, Microsoft, Meta Platforms (Facebook), Netflix, Spotify, Tencent, Activision, Epic Games and DAZN all use our carrier billing or bundling services, many on an exclusive basis. Growth in the DCB business can be driven by the expansion of Boku's network of mobile network operators and, more importantly by the expansion of the merchants' usage of that network. With the average merchant connected to 10% of the carriers in the network, there is 90% still to go for. Plenty of room to grow.

Larger Market with Local Payment Methods

The Company will carry on benefiting from growth in DCB, but the Total Addressable Market ('TAM') from deploying local payment methods such as eWallets and Real-Time Payments could be fifty times larger. Direct Carrier Billing helps grow digital entertainment, but is ill-suited to other types of merchants, such as consumer durables, transportation or foodstuffs. It's also a supplementary method, with an effective ceiling: In practice no more than around 15% of even a digital merchant's sales will be charged to the phone bill. The larger TAM comes from supporting the payment methods that consumers and businesses use for all of their daily purchases. In the West, that daily payment method is generally a credit or debit card, but in most of the rest of the world, consumers instead rely on eWallets and Real-Time Payments to buy things online.

Launch of M1ST

2021 was the year in which Boku's efforts to expand beyond DCB into these mainstream methods of payments – eWallets and Real-Time Payments -- started to bear fruit. We launched M1ST, our mobile-first payment network, and recently expanded its reach to over seven billion accounts in more than 90 countries. Four billion are connections to mobile phone accounts, and, impressively, three billion are for other mainstream local payment methods. These mainstream payment methods are regulated: we have also put significant effort into expanding our ability to process regulated payments, ending the year with a network spanning 50 countries. Boku is now regulated as a payment provider in Hong Kong, allowing us to process in China; in Singapore, where we have a Major Payment Institution Licence; we have a specific authorisation from the Reserve Bank of India allowing us to provide services to foreign merchants and a network of other authorisations and partners allows us to undertake regulated payments in 50 countries. These are capabilities which will help fuel our growth in future years.

By the end of the year, the number of monthly active users on these mainstream methods was more than 1.1 million. In absolute terms, this is a significant milestone, but when set against the group's total of more than 32 million, it was still relatively small. Looking only at new users, non-DCB was more significant with 2.7 million new users making their first-ever transaction with Boku at some stage during the year, compared to the annual new user total of 28 million (9.6%). Non-DCB users (eWallets adnd Real-Time Payments) grew nine-fold during the year and it is this rate of growth that is encouraging.

We have been able to win significant new deals against much larger companies. Boku has been selected to provide local payment services to the world's leading digital advertising platforms, console games providers, video and music streaming services, as well as several gaming companies. We're winning those deals because we typically have wider coverage of relevant payment methods and a wider list of features that matter to our merchants, including support for subscriptions.

Sale of Boku Identity

Boku acquired Danal Inc., a US-based provider, in 2019 for total consideration of $25.1 million and renamed it Boku Identity. As mobile commerce grew, there was increasing demand for a service that could easily identify phone numbers and phone owners. With our network of mobile operators, we felt we were well placed to build a global business.

The division posted improved results in 2021 as the strategy of building a global network started to pay off. Revenues were up 31% to exceed $7 million and losses fell to below $3 million. However this success also posed a dilemma: further growth would require further investment, at precisely the moment when our Local Payment Methods were gaining traction and required investment.

Ultimately we resolved the dilemma by selling Boku identity to Twilio for a transaction value of $32.3 million in February 2022. I want to place on record my thanks for the work of the Boku Identity team and management. Twilio will be a good owner of the business, one that can provide it with the investment and support that it needs to grow faster. At the same time, it allows Boku to concentrate on its Payments offering.

Board Changes

At this year's Annual General Meeting, our Chairman, Mark Britto, who founded the Company and served as its first CEO, has decided to relinquish the Chair, though he will remain on the Board as a Non-Executive Director. I want to place on the record my thanks for his wise counsel and leadership. Under his stewardship, the Company has grown considerably, and I am very grateful to have continued access to his experience and input.

I am also indeed fortunate that the Company has a worthy successor in Richard Hargreaves. Richard has served on the Board since 2016 and knows the Company well, having also served on the Audit Committee and as Chairman of the Remuneration Committee. I am delighted to welcome him to his new position.

Ukraine situation

Russia's attack on Ukraine is a tragedy for the people of that country. Although we have no employees or operations in Ukraine, we have a number of Ukrainian employees. Their families are uppermost in my thoughts. Boku has made a donation to support relief efforts; employees have also responded generously. Boku will further match their donations.

Commercially, we have no Russian merchants, nor assets in Russia. Nor do we have Belarussian or Ukrainian ones. We do have connections to Russian carriers — as we have connections in 90 other countries — and, before the war, used them to process transactions for 24 merchants. Almost all of them have stopped processing. Revenues from Russia, Belarus and Ukraine are not material. Given the fluid situation, the precise impact is difficult to estimate with certainty, but the worst case is approximately 2% of revenues in 2022.

Summary and Outlook

We are pleased with our performance in 2021. Going forward, 2022 will see the emergence of Boku as a pureplay payments company, with the leading position in Direct Carrier Billing and rapid growth in other local payment methods, such as eWallets and Real-Time Payments. We will invest further in building out our network and systems. This year we will broaden our M1ST network, grow existing merchants, recruit more new merchants who do not use us for DCB and expand into new territories. Non DCB payments will, for the first time, be a material part of our growth.

Trading so far this year has started well with growth on eWallets and Real-Time Payments to the fore. MAUs on these methods exceeded 1.4m in February - ten times the figure a year before. Our cash balances are strong and I look forward to the remainder of 2022 and beyond with considerable confidence.

Jon Prideaux
Chief Executive Officer
28 March 2022

Chief Financial Officer's Report

Strong Revenue and Adjusted EBITDA growth

Group results

2021 was another year of significant progress and achievement for Boku, despite continued challenging circumstances given the coronavirus pandemic and significant currency headwinds affecting the Payments division. Good revenue growth in both Payments and Identity saw Group revenues increase 23% to $69.2 million which in turn drove an increase of 31% in group Adjusted EBITDA* to $20.0 million (2020: $15.3 million***) and a net Profit before tax of $4.4 million (2020: $17.3 million loss).

After the year end an agreement was reached with Twilio, Inc. ("Twilio"), the leading cloud communications platform, to acquire Boku's Identity division comprising its wholly-owned subsidiary Boku Identity, Inc., as announced on 19 January 2022, for a maximum consideration of $32.3 million payable in cash and the transaction was closed on 28 February 2022. This enables Boku to focus on its core Payments business and building out the M1ST payments network.

Group Revenue and Gross Margins

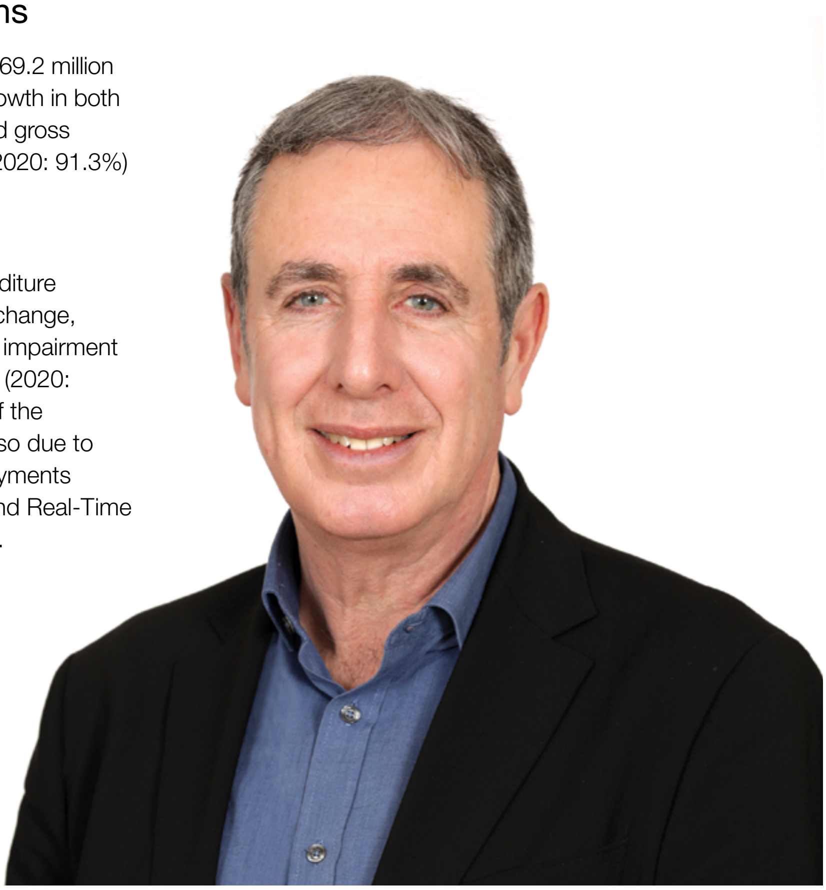
Group revenues for the year increased by 23% to $69.2 million (2020: $56.4 million) as the Company saw good growth in both its Payments and Identity businesses, while blended gross margins for the group increased slightly to 91.7% (2020: 91.3%)

Group Operating Expenditure

Adjusted Operating Expenditure (Operating Expenditure adjusted for depreciation, amortisation, foreign exchange, stock option expense, exceptional items, goodwill impairment and restructuring costs) increased to $43.3 million (2020: $36.2 million), partly driven by the full year effect of the Group's acquisition of Fortumo in July 2020 but also due to investment into building out Boku's mobile first Payments network ('M1ST') adding capabilities in eWallets and Real-Time Payments in the second half as flagged previously.

The Payments division's adjusted operating expenditure increased to $37.6 million (2020: $27.6 million) due to a number of factors including the full year effect of the acquisition of Estonian based Fortumo in July 2020, payroll increases, and some costs incurred in completing the migration of Boku's Payments platform into a cloud based environment (AWS). Identity adjusted operating expenditure remained stable at $5.8 million (2020: $5.8 million).

Both divisions benefited from continued material savings in travel and entertainment due to the impact of COVID-19 which reduced operating expenditure and increased Adjusted EBITDA, but it is expected that this expenditure will return to previous levels as it becomes possible to travel freely again.



Highlights

Group financial highlights

- Group revenues increased by 23% to $69.2 million (2020: $56.4 million***).
- Group Adjusted EBITDA* up 31% to $20.0 million (2020: $15.3 million).
- Net Profit before tax of $4.4 million (2020: $17.3 million loss).
- Closing cash balances were $62.4 million at 31 December 2021 (including restricted cash balances of $5.8 million) up from $48.6 million on 30 June 2021.
- Monthly average cash balances, which smooth the impact of intra-month flows of both carrier and merchant payments, were $50.8 million in December 2021 up from $38.0 million in June 2021.
- Cash generated from Operations before working capital changes during the year was $19.5 million (2020: $11.5 million).

Payment division highlights

- Payments division revenues up 21% to $62.1 million (2020: $51.2 million**).
- Payments division Adjusted EBITDA of $22.9 million (2020: $19.2 million).
- Monthly Active Users grew by 3.5 million to 32.3 million in December 2021 (December 2020: 28.8 million).
- Total Payment Volume (TPV)** up 18% to $8.2 billion in 2021 compared to $6.9 billion in 2020.
- Continued progress in building out Boku's mobile first payments network 'M1ST' which now reaches over seven billion end user accounts. Four billion of those are Direct Carrier Billing connections, three billion are from other payment methods like eWallets and Real-Time Payments.

Identity division highlights

- Identity business sold to Twilio after year end for up to $32.3 million on 28th February 2022. Cash receipts of $26.2 million received with balance due in 2023, contingent on the delivery of certain performance terms. Group term loan paid down in full from proceeds.
- Identity revenues up 37% to $7.1 million and reduced EBITDA loss of $2.9 million (2020: $3.9 million EBITDA loss).

*Adjusted EBITDA: Earnings before interest, tax, depreciation and amortisation, impairment of goodwill , non-recurring other income, stock option expenses, Forex gains/losses and Exceptional items
** TPV is the US$ value of transactions processed by the Boku platform
*** 2020 comparatives include six months of revenues and costs from Fortumo acquired 1 July 2020

Chief Financial Officer's Report

Payments division

Boku Payments and Fortumo Payments (acquired 1 July 2020) together form the Payments division and in 2021 the businesses were combined for both reporting and operational purposes.

Boku's Payments business was founded on Direct Carrier Billing ("DCB") which enables end user customers of Boku's merchants to charge payments to their phone bills, but its product suite has now expanded to offer connections to eWallets and Real-Time Payments ('RTP') through its mobile first 'M1ST' payments platform. These services are provided to the world's largest digital merchants including Apple, Netflix, Facebook, Google, Amazon, Spotify and Sony, mainly on an exclusive basis.

In 2021 the Payments division again performed strongly, with revenues increasing 21% to $62.1 million (2020: $51.2 million**) which in turn delivered increased Adjusted EBITDA* of $22.9 million (2020: $19.2 million) demonstrating the powerful operational leverage of our payments platform as additional incremental transaction revenues largely drop through to Adjusted EBITDA. This growth was despite considerable exchange rate headwinds without which revenues and EBITDA would have been higher. We also saw typical seasonal patterns distorted by COVID-19 lockdowns particularly in Q1 as gaming merchants saw increased sales which were later offset by slower second half performance. We expect more normal seasonal patterns to resume in 2022. Growth comes from both from the existing merchant base and also from adding new carrier and eWallet connections to new and existing merchants.

Total Payments Volume ("TPV") for the Payments division increased by 18% to $8.2 billion (2020: $6.9 billion) while Monthly Active Users grew by 3.5 million to 32.3 million (2020: 28.8 million).

The blended average take rate was broadly stable at 0.75% as we saw good growth from higher take rate settlement merchants. Gross margins for the Payments division remained stable at 97% in the year.

Adjusted operating expenditure for the Payments division increased to $37.6 million (2020: $27.6 million) due to a number of factors including the full year effect of the acquisition of Estonian based Fortumo in July 2020, payroll increases, some costs incurred in completing the migration of Boku's Payments platform into a cloud based environment but also due to investment in the second half, mainly in headcount, into building out Boku's mobile first 'M1ST' payments network, adding capabilities in eWallets and Real-Time Payments as well as building out our sales and marketing engine as we seek to sign new merchants outside of our traditional DCB base. As flagged in our interim statement, this will increase adjusted opex in 2022, however this is a one time investment to exploit the opportunity in eWallets and RTP and we expect the drop through of additional revenues to EBITDA to increase again in FY23 and beyond.

We continued to invest in the Boku Payments platform and in 2021 completed the migration of our payments platform into a cloud-based infrastructure (AWS) from two physical colocation facilities in the U.S. which were then decommissioned. Although the total running costs are similar in the cloud, the 'pay as you go' nature of the cloud services means that we are able to capitalise less of the cost and so adjusted operating expense increased as a result. The Boku Payments Platform has the capacity to process volumes considerably in excess of today's peak message rates.

Fortumo earnout

Boku acquired Estonia based carrier billing payments company Fortumo Holdings Inc ('Fortumo') on 1 July 2020, consolidating Boku's leading position in the global DCB payments market. An initial payment of $39.6 million was made in 2020 with a further $5.4 million put into an escrow account, subject to Fortumo meeting challenging earnout targets.

The final earnout payment, based on Fortumo Adjusted EBITDA** performance for the 12 month earnout period ended 30 June 2021, was $2.16 million, which was paid to Fortumo's former shareholders in October 2021, with the balance of $3.24 million returned to Boku. The excess amount repayable to Boku over the fair value on the Balance Sheet at 31 December 2020 of $1.08 million has been shown as 'Other Income' in the Income Statement. It has been excluded from Adjusted EBITDA* as a non-trading, non-recurring item. The total consideration for Fortumo was therefore $41.76 million which included $4.0m of working capital resulting in an enterprise value of $37.76 million for the acquisition.

Identity division

Boku's Identity division was formed in 2019 following the acquisition of Danal Inc on 1 January 2019 for $25.1 million. Identity revenues recovered strongly in 2021 growing 37% to $7.1 million (2020: $5.2 million) as we saw strong growth from key existing customers complemented by a ramp up in transaction volumes from new mobile wallet customers in new geographies such as Indonesia. We continued to build out Identity supply with new connections added in Germany, Spain, Italy and Indonesia.

Adjusted operating expenditure for Identity remained low in 2021 due to continued low travel and marketing spend as a result of the COVID-19 pandemic. The strong revenue growth and low-cost base resulted in a further reduced Adjusted EBITDA* loss of $2.9 million (2020: $3.9 million Adjusted EBITDA loss).

Although at year end no decision had been taken to sell, an agreement was reached, after year end, with Twilio Inc. ("Twilio"), the leading cloud communications platform, to acquire Boku's Identity division comprising its wholly-owned subsidiary Boku Identity, Inc., for a maximum consideration of $32.3 million payable in cash and the transaction was completed on 28 February 2022. This enables Boku to focus on its Payments business and in building out the M1ST payments network.

Group Adjusted EBITDA* and Operating Profit

Group Adjusted EBITDA* increased by more than 30% to $20.0 million (2020: $15.3 million) illustrating the powerful operational gearing in the payments business. Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation, adjusted for stock option expenses, forex gains/losses and exceptional items.

Reported Operating Profit for 2021 of $5.1 million was an increase of $21.8 million (2020: $16.7 million loss, primarily due to the goodwill impairment of the Identity division of $20.8 million).

The Operating Profit can be broken down as follows:

- Other income of $1.08 million relates to the excess receipts from the Fortumo earnout escrow over fair value.
- Gross margin increased to $63.4 million (2020: $51.5 million).
- Depreciation and Amortisation charges increased to $7.5 million (2020: $5.9 million) which included a full year of Fortumo charges in 2021 (acquired 1 July 2020).
- Foreign Exchange movements resulted in a small loss of $0.1 million (2020: $1.0 million gain).
- Stock Option Expenses increased to $7.4 million (2020: $4.9 million) as we included awards to Fortumo staff following the acquisition in 2020 and added headcount in the year. Boku has a policy of issuing RSUs to all staff annually. RSU charges are spread over three years from date of grant based on the Black Scholes method. Of the $7.4 million booked in 2021, $0.7 million was paid out cash (via employer's NI), the remainder was non-cash and expensed.
- Impairment of goodwill – there was no impairment in 2021 (2020 impairment of $20.8 million which related to the write down of the carrying value of the Identity division).
- Exceptional Items of $1.0 million mainly related to the 2021 costs of the disposal of Boku Identity (2020: $1.4 million mainly costs relating to the acquisition of Fortumo on 1 July 2020).
- Net financing expenses were $0.7 million in 2021 (2020: $0.6 million). These costs relate to Interest on leases and bank loans/overdraft.
- Tax credit of $1.9m (2020: $1.5m charge) relates primarily to recognition of an additional defered tax asset of $2.4 million in the year (see Balance sheet section below and note 8) which was partly offset by a tax charge of $0.5 million.

Net Profit after Tax

The Company reported a net profit before tax of $4.4 million (2020: $17.3 million loss primarily due to the goodwill impairment for Identity division of $20.8 million) and a net profit after tax for the year of $6.3 million (2020: $18.8 million loss).

Balance Sheet and Cashflow

- Closing cash balances were $62.4 million at the end of 2021 (including restricted cash balances of $5.8 million) (December 2020: $62.7 million) up from $48.6 million on 30 June 2021 (unaudited).
- Monthly average cash balances, which smooth the impact of intra-month flows of both carrier and merchant payments, were $50.8 million in December 2021 (December 2020: $46.7 million) up from $38.0 million in June 2021 (unaudited).
- Cash generated from Operations before working capital changes during the year was $19.5 million (2020: $11.5 million).
- To part finance the acquisition of Fortumo in July 2020, the Group took on $20 million of debt with Citibank, comprising a 3 year term loan of $10.0 million and a Revolving Credit Facility ("RCF") of $10.0 million. At year end the RCF had been paid down in full and the term loan had been paid down by $1.9 million to $8.1 million. After year end the balance of the term loan was repaid in full in February 2022 from the sale proceeds of Boku Identity.
- Deferred tax assets of $3.1 million were recognised at 31 December 2021 (compared to $0.5 million at 31 December 2020). This reflects a re-appraisal of the usability of certain tax losses and future transaction volumes through its US and UK incorporated entities.
- From a working capital perspective, Current Assets exceeded Current Liabilities at 31 December 2021 by $22.8 million compared with $15.6 million at the 2020 year end.
- Intangible Assets were $63.1 million as at 31 December 2021, compared to $65.6 million at 31 December 2020 due to amortization of certain intangibles. Following the disposal of Boku's Identity business which was completed on 28 February 2022 and as noted in PBSE (note 26) we have assessed the Identity CGU intangibles and determined that as the fair value less cost of disposal is greater than the value of the intangibles in the group's balance sheet and therefore these intangibles are not impaired. The Payments CGU was assessed using discount cashflows and again no impairment was needed.
- We assessed our other intangibles and goodwill for impairment and deemed that no impairment exists at 31 December 2021.

Going concern (including consideration of COVID-19)

In carrying out the going concern assessment, the Directors considered a number of scenarios, taking account of the possible continued impact of the COVID-19 pandemic in relation to revenue forecasts for the next 12 months from March 2022. Given current pandemic and macro-economic uncertainties, it is not yet fully clear when the global economic activity will fully return to pre pandemic levels, therefore, we continue to prepare the business for varying levels of performance. To that end, we have continued to model the effects of differing levels of sales performance along with the measures we can take to ensure that the Group remains within its available working capital.

In reaching their going concern assessment, the Directors have considered the foreseeable future, a period extending at least 12 months from the date of approval of this interim financial report. This assessment has included the year end cash balances in excess of $62 million at year end and the expected net proceeds from the disposal of Boku Identity in February 2022, consideration of the forecast performance of the business and the financing facilities available to the Group. Considering this analysis, the Directors are satisfied that the Group has sufficient working capital resources over the period of at least 12 months from the date of approval of the consolidated financial statements. As such, the consolidated financial statements have been prepared on a going concern basis.

Impact of Russia/Ukraine conflict

Boku is an international company providing payments services to global digital merchants such as Apple, Sony, Spotify, Google, Netflix and Amazon in over 90 countries. In 2021, total revenues from Russia/Ukraine/ Belarus were approximately 1% of Payments revenues.

Boku helps its merchants accept payments from consumers for their services in Russia and Ukraine, however:

- Boku does not have any relationships with merchants domiciled in Russia, Belarus or the Ukraine.
- Boku does not send any money to Russia nor has any active bank accounts domiciled in Russia.
- Boku does not have any employees or infrastructure in in Russia, Belarus or the Ukraine and has not seen any disruptions to its operations as a result of the conflict.
- Boku does have connections to Russian carriers almost all of which have stopped processing and are unlikely to resume in 2022. Assuming that is the case the revenue impact for the remainder of 2022 is not expected to be more than $1.5 million.

Looking Ahead

The divestment of our Identity business will enable Boku to focus on its core Payments business and to invest to fully exploit the Big Pond opportunity by continuing to build out the Boku 'mobile first' (M1ST) payments network. As flagged in our interim report, we expect Adjusted operational expenditure in the Payments division to increase more quickly in 2022 as we invest in sales and marketing as well as technology and operational headcount but we also expect this to flatten again in FY23 and beyond after this one-time investment.

We are pleased with the 2021 financial results and believe the company is well positioned for 2022 as a pure play payments company to exploit the substantial opportunities it has.

Keith Butcher
Chief Financial Officer
28 March 2022

*Adjusted EBITDA: Earnings before interest, tax, depreciation and amortisation, non recurring other income, impairment of goodwill, stock option expenses, forex gains/losses and exceptional items

** TPV is the US$ value of transactions processed by the Boku platform

*** 2020 comparatives include six months of revenues and costs from Fortumo acquired 1 July 2020

Principal Risks and Uncertainties

Risk management in our business

Effective risk management is critical to achieving the Group's objectives. Boku operates a Group-wide risk management framework across all its lines of business and covering all departments, ensuring the strategic and operational risks are identified, evaluated, mitigated, monitored and reported in a consistent way.

This framework allows us to take a holistic approach to risk management and to make meaningful analysis and comparisons of the risks we face and how we manage them across our footprint, which is essential to achieve our strategic objectives.

It is an evolving framework as we continuously seek to improve and enhance our risk management processes.

Responsibility

Risk management at Boku is reviewed and approved at Board level but delegated to the Audit Committee for ongoing review through the year.

The Board has oversight responsibility for the effective management of all major risks affecting the Group. In each area, the Board is supported by members of the Senior Management team and other managers with key functional responsibilities to ensure that an effective risk management is embedded, considering both opportunities and threats, throughout the organisation.

The Audit Committee continually monitors and promotes the highest standards of integrity, financial reporting, risk management and internal control.

Identifying and managing our risks

Our risk identification process is a combination of a "top down" approach (driven by the Audit Committee and the Board) and a "bottom up" process (originating from the business' operations).

Risks are classified on two dimensions risk level and risk tolerance. The former is classified High/Medium/Low and relates to the potential impact, the latter is classified as Red/Amber/Green and relates to the likelihood of the risk occurring.

The risk champion of each department shares their most significant risks after having considered a set of external factors from the various jurisdictions in which Boku operates to the internal ways of operating.

All risks are then consolidated into a Group-wide register which is then presented to our Senior Management and the Board which in turn will perform their own review and add further input on the risks before agreeing the Principal Risks.

Risk	Mitigation
Competitive and rapidly changing environment The Group operates in rapidly evolving payments markets where service provision is subject to rapid technological change and use is dependent on user behavior. The impact of changes to the structure of the app store payment market, competition, pricing pressure, DCB market shrink, could result in a material loss of revenue and profit for the Group. Risk level: **High** Risk tolerance: **Amber** Risk movement from last year: **Unchanged**	• Investing in new products, markets and technologies and improving relationships with key merchants and carriers. • Launching new payment products and developing the Group's offerings to meet changing client demands and market preferences. • Develop the necessary expertise and experience to sell and deliver new products and technologies to new and existing clients. • Analysis of the external environment to understand where the market is heading. • Attending tech fairs, discussion groups etc. to be up to date with recent technology, find new sources of ideas to create new products addressing customers needs. • Experienced sales team that builds close relationships with our merchants to better understand their needs. • Engage with merchants potentially impacted by any possible app store market changes.
Fail to evolve the organisations' systems and tools to be fit for today/ future goals As Boku is growing and continuously evolving, systems and mainly production, should be able to keep up with scaling demand. Failing to keep up with the growth, could cause transaction processing failures that could lead to loss of revenue and even loss of merchants. Risk level: **High** Risk tolerance: **Amber** Risk movement from last year: **Unchanged**	• Identify current and future needs of new systems (production, etc.). • Identify current and future needs of tools to increase efficiencies. • Investing significantly in 2021 and 2022 in Technology, both in Product and Platform (AWS). • Further team optimisation plans.

Principal Risks and Uncertainties

Risk	Mitigation
Adverse changes to the regulatory environment Frequent changes in the regulatory arena could have adverse effects on Group's existing processes and provision of services. Examples can be: - Some EU markets introducing changes to the treatment of DCB (additional requirements to comply with). - Privacy/ Data residency (Privacy shield invalidity in EU, data residency requirements in India and other regions. - AML and customer due diligence (stricter requirements from Central Banks & non-financially regulated bodies introducing new requirements to DCB). Risk level: **High** Risk tolerance: **Amber** Risk movement from last year: **Unchanged**	• Diversifying the range of services available to all types of customers to mitigate the impact of any single regulatory change. • Continuing to invest in solutions that improve the Group's ability to manage risks and ensure compliance with regulations. • Attending industry events and associations member meetings to stay current with any significant changes relevant to our business. • Applied for and granted a Payment Institution license in Ireland to operate Local Payment Methods (LPM's) and explore other wider opportunities. • Applied for and granted a Major Payment Institution license in Singapore to support typically global merchants that head their APAC operations from Singapore registered companies. • Applied for and granted authorisation as a Money Service Operator in Hong Kong to support processing payments from e-wallets, in particular Chinese wallets. • Applied for and granted Payment Agent license in India to operate LPMs. • Continue applying for Payment Institution licenses and setting up local companies in other jurisdictions (i.e. Malaysia, Thailand, Philippines) to support the already existing regulated payment solutions in 45 countries. • Follow European Commissions template of Standard Contractual Clauses (SCC) and external expert advice.
Failure of carriers/ intermediaries to pay the amount due to merchants The company is reliant on third parties, including MNOs, SMS aggregators, Local Payment Methods (LPM's) to pay significant amounts due from them in a timely manner as specified under contract. A large-scale failure to do so may have an impact on the Group's financial condition or operating results. Risk level: **Low** Risk tolerance: **Green** Risk movement from last year: **Reduced**	• Developing strong relationships with MNOs, aggregators and Local Payment Methods (LPM's). • Effective credit control and management of receivables. • Creating direct relationships with fewer intermediaries. • Use Creditsafe tool for a credit check during onboarding of new customers. • Our merchant contracts limit the liability to Boku for non payment by carriers or intermediaries.

Risk	Mitigation
Significant fraud events or social engineering attack A large fraud incident or social engineering attack could lead to reputational damage, losses in revenue, costs of dealing with the fraud, and potential loss of merchant confidence. Risk level: **Medium** Risk tolerance: **Amber** Risk movement from last year: **Unchanged**	• Regularly review risk rules to ensure they are effectively monitoring customer behavior. • Recruiting specialised, experienced fraud prevention staff. • Review investment opportunities in solutions that improve the Group's ability to manage risk. • Developed comprehensive internal policies and procedures.
Threats from weak Cyber Security and Data Protection The Group IT environments may be subject to hacking, data theft or other cyber security threats which may harm customer relationships and the market perception of the effectiveness and resilience of the Group's products and services. Such an attack may also have a material adverse effect on the Group's financial position. Risk level: **High** Risk tolerance: **Amber** Risk movement from last year: **Increased**	• Ensuring there are systems and experienced staff in place to defend against potential cyber security threats. • Building resilience within the Platform to mitigate the impact of an attack in the event of a successful penetration. • Continuous testing and assurance activities (internally and externally). • Continuous education on and raising awareness of cyber threats and data theft for staff. • Broaden existing ISO 27001 certification to cover all Boku business lines.
Fail to effectively integrate newly acquired business Having acquired Danal Inc in 2019 and Fortumo Holdings, Inc. in 2020, the period following the merger of two companies required in-depth analysis and planning around integration, finding the synergies and ensuring an effective operational model is in place, and focusing on how the working cultures and values are integrated. Risk level: **Medium** Risk tolerance: **Amber** Risk movement from last year: **Increased**	• Being a global company that is growing rapidly, an international environment where we respect our similarities and differences, is in the core of our values. • Form working groups to execute the plans following the synergies identified. • Align polices and best practices to be followed by all employees. • Review costs and duplication of activities for better utilisation of resources. • Create a consolidated product roadmap with aligned engineering investment. • Put in place integrated teams and management with common objectives.

Principal Risks and Uncertainties

Risk	Mitigation
Difficulty in attracting and retaining the best talent The Group's success depends on its ability to attract and retain key management and skilled technical employees. If the Group is unable to identify, attract, develop, motivate, adequately compensate and retain well-qualified and engaged personnel, this could have a material effect on the Group's reputation, business, operations and financial performance. Risk level: **Low** Risk tolerance: **Green** Risk movement from last year: **Decreased**	• Developing the skills and capabilities of staff as part of talent management. • Creating opportunities within the Group for personal development and career enhancement. • Recruiting experienced HR staff and working with specialized recruitment agencies. • Simplified our recruitment approach to attract and provide a better experience for potential candidates. • Flexible working provides more opportunities of attracting and hiring employees from new locations, outside of the main office locations. • Ensuring that all Employees have equity in the company through our RSU programme.
Unforeseen disasters and other Black Swan events Boku is a global company, operating in a number of jurisdictions. Because of that global scale and the current post pandemic world, we face a number of uncertainties where an unforeseen disaster (Black Swan) might impact us significantly and in an immediate way, or emerging risks may potentially impact us in the longer term. Risk level: **Medium** Risk tolerance: **Amber** Risk movement from last year: **New**	There might be cases where we have insufficient information to understand the likely scale or impact the risk could have in our business and people. We also might not be able to fully define a mitigation plan until we have a better understanding of the threat. However, currently we are doing the below: • We have also created a "risk universe" which is a much wider list of risks which we monitor regularly for changes in priority • We have created a watchlist of those emerging risks which we review on a regular basis so that future strategies take into account future technological, environmental, regulatory or political changes. • We have created a Business Continuity Program and developed disaster recovery plans to respond to events as necessary. The Russia/Ukraine conflict that started in 2022 is an example of a 'Black Swan' event. Boku operates in 91 countries globally and therefore its revenues are well spread. Connections to carriers in Russia have been impacted as detailed in the CEO and CFO reports but the overall revenue impact in 2022 is expected to be relatively small.

Environmental impact

Given the nature of Boku's online business servicing only digital merchants, our environmental impact is relatively low. However, Boku is committed to finding ways to operate the business in a more energy efficient and environmentally advantageous manner, for example moving its servers into a cloud based environment in 2021 Further, regulatory changes are reviewed regularly to ensure Boku acts on all relevant local and international requirements accordingly.

Board of Directors

Mark Britto
Non-Executive Chairman

With over 20 years as an entrepreneur, sales and financial services executive, Mark Britto is currently the Chief Revenue Officer at PayPal. He also serves as Boku's Non-Executive Chairman.

Mark founded Boku after six years as the CEO of Ingenio, a service marketplace and performance advertising company, which he led to a 2007 acquisition by AT&T. Prior to Ingenio, Mark spent 4 years as SVP of worldwide services and sales at Amazon.com.

Mark's 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 began his career in senior credit and risk management roles at leading national banks FirstUSA and Bank of America.

Jon Prideaux
Chief Executive Officer

Jon has more than 25 years of payments experience. He was an early Visa Europe employee and a key contributor to its growth, leaving in 2006 as EVP Marketing. He started Visa Europe's eCommerce division, was the lead executive on the introduction of Chip and PIN technology, and oversaw product launches such as Visa Electron and V PAY.

He served on the Board of EMVCo, was the Chairman of the Compliance Committee, and was a member of Visa's Global Product and Brand Councils.

Since 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, the ecommerce software platform.

Jon joined Boku in 2012, becoming CEO in 2014 and led the company's IPO in 2017

Keith Butcher
Chief Financial Officer

Keith has had considerable experience as a listed company CFO and of online payments businesses. His experience includes six years as CFO of AIM listed online payments company DataCash Group plc during its period of rapid growth and ultimate sale to MasterCard.

More recently, he was CFO of LSE listed payments company Paysafe Group plc (formerly Optimal Payments plc), which grew its market capitalisation from £40 million to £2 billion during his tenure through a combination of organic growth and a number of acquisitions including the €1.1 billion acquisition of Skrill.

Keith became CFO of Boku in 2019, having originally joined the Board as a non executive Director on Boku's admission to AIM in 2017, where he was audit committee chairman. Keith was awarded Finance Director of the Year at the Quoted Company Alliance Awards (QCA) 2014.

Dr. Richard Lawrence Hargreaves

Independent Non-Executive Director

Richard Hargreaves began his career at ICFC (now 3i plc), which was then the principal source of equity for UK unquoted companies. He next started Baronsmead plc, which he developed until its sale. He was actively involved in the growth of the venture capital industry through the British Private Equity & Venture Capital Association (BVCA), where he became chairman. He was involved with their tax incentive lobbying, which saw the birth of the Venture Capital Trust, and Baronsmead's name is still on several of the best performing VCTs.

More recently, he co-founded Endeavour Ventures Ltd, which invests in young technology companies for its client base of high-net-worth individuals. He retired from Endeavour in 2018 to focus on being a professional business angel.

Richard has nearly 50 years' experience investing in young technology companies and helping them to grow. He is a very experienced non-executive director with significant understanding of the US market.

He is a graduate of the University of Cambridge and has an MSc and PhD from Imperial College, London.

Stewart Roberts

Independent Non-Executive Director

Stewart has over 30 years of experience in payments, banking and technology, across both start-ups and institutional employers and is a recognised payments industry expert in both the traditional and emerging payments space, as well as the mobile application sector.

Stewart had previous roles as Global Director of Innovation for Barclaycard and Head of International – Merchant Services for the Royal Bank of Scotland Group. More recently, Stewart was CFO and then Executive Vice President of iZettle AB and was a key member of the team that agreed the sale of iZettle to PayPal in May 2018 for US$2.2 billion. Mr. Roberts is the Chairman of Boku's Audit Committee and is also Chairman at HappyOrNot AY

Charlotta Ginman

Independent Non-Executive Director

Charlotta began her career at Ernst & Young, where she qualified as a Chartered Accountant. She was then appointed to a series of senior roles in investment banking with UBS, Deutsche Bank and JP Morgan both in London and Singapore, where she gained considerable M&A transactional experience. Charlotta has also held senior roles within Nokia Corporation, including acting as CFO of its luxury mobile phone division Vertu Corporation Limited.

Charlotta is a Non-Executive Director and Chair of the Audit Committee of two investment trusts, Polar Capital Technology Trust PLC and Pacific Asset Trust PLC, as well as AIM listed Keywords Studios plc and Gamma Communicatios plc. She is also a Non-Executive Director of Unicorn AIM VCT PLC, a Venture Capital Trust.

As three of Charlotta's roles are with investment companies that have only 4-5 meetings a year and the others are all AIM listed, with less regulatory burden than a premium listing, Charlotta has sufficient time to devote to each of her roles.

Senior Management

Adam Lee

Chief Product Officer

Adam has been developing new products and services for startup ventures for over 20 years. At Boku, Adam leads product, design, and marketing, charged with finding innovative new applications for the 7B+ consumer payment accounts connected to Boku's M1ST Payments Network.

Before joining Boku, Adam was at Intuit where he launched the world's first consumer medical wallet used to understand, manage, and pay for healthcare expenses, distributed by two of the largest US healthcare networks, UnitedHealthcare and CIGNA.

Prior to Intuit, Adam had also worked for two major industry backed B2B platform companies, Neoforma and more notably GlobalNetXchange where he developed technology and services to drive better supply chain performance between companies around the world including Carrefour, Sears, Sainsburys, Metro AG, Karstadt Quelle, Unilever, Proctor & Gamble, and Diageo.

Chris Newton-Smith

Chief Operating Officer

Chris has more than 20 years of experience in B2B software, working in mobile, digital, and hospitality businesses. At Boku, Chris leads the Technology, Operations, and People Operations teams.

Prior to Boku, Chris was CEO of iRiS Software Systems, the leading guest experience SaaS platform serving the hospitality industry. Chris led the roll-out of its innovative digital food & beverage (F&B) ordering solution to global hotel groups including Marriott International and Four Seasons Hotels & Resorts.

Previously, Chris was General Manager, Europe, Middle East, and Africa (EMEA) and Chief Product & Marketing Officer at Redknee Solutions as the company grew from a Canadian start-up to a global leader in monetization software for telecoms, with more than 200 carrier customers in 100 countries.

Chris has also held product management and business development roles at LogicaCMG Telecoms and BlackBerry. He has been a mentor for METRO Accelerator by Techstars and was Chair of the Board of Trustees and a Trustee at Emmaus Hertfordshire. He has a Bachelor of Engineering and Management degree from McMaster University in Canada.

Mark Stannard

Chief Business Officer

Mark has over 20 years experience in mobile, digital, and fintech services and is a leading member of the team that has brought the biggest digital brands to carrier billing: Apple, Facebook, Spotify, Sony PlayStation, Google, Netflix and Microsoft.

He played a critical role in building Boku's market-leading carrier billing network of nearly 200 carriers, and as Chief Business Officer – Payments, has direct responsibility for Boku's Worldwide mobile payments business. This includes the deployment of new mobile Alternative Payment Types onto the Boku platform, such as digital eWallets and mobile banking Apps.

Previously, Mark held positions at Deutsche Telekom & Buongiorno-Vitaminic (now part of NTT-DOCOMO) where he managed BD, and led marketing & licensing for music and digital entertainment services. He launched Europe's first mobile music service in 2001, signing deals with all five major record labels, and later brought leading film, TV & toy brands to mobile, including Spider-Man, Pink Panther and Transformers.

Corporate Governance Report

Chairman's Introduction

Dear Shareholder,

Part of my role as Chairman is to ensure that the highest levels of corporate governance are maintained throughout the Company and also at Board level.

I recognise the importance of, and we as a Board are committed to, high standards of corporate governance, aligned with the needs of the Company and the interests of all our stakeholders.

My fellow directors and I fully appreciate the importance of sound governance in the efficient running of the company, and in particular in the effectiveness and independence of the Board. The following report sets out how we do this. It also covers how the Board and its committees operated in 2021 and how we have continued to comply with the principles of the QCA Corporate Governance Code (the "QCA Code"). Information of Boku's compliance with the principles of the QCA Code can also be found on our website at: https://www.boku.com/investor-relations/corporate-governance-statement/.

Mark Britto
Non-Executive Chairman
28 March 2022

Statement of Compliance

Application of the QCA Corporate Governance Code

Principle	Application/Evidence
Deliver Growth	
1. Establish a strategy and business model which promote long-term value for shareholders	One of the Board's principal roles is to provide effective leadership of the company and to establish and align Boku's purpose, strategy, values and culture across its business. In 2021, Boku's management team established its first formal set of objectives and key results ("OKRs") for the business. The OKRs create a framework for the setting, and achieving, of goals within each team at Boku. The aim is to create a business model in which all teams work towards the same goal of promoting the success of Boku. This aim is further supported through monthly business reviews and "all-hands" calls which provide all Boku's employees with updates on the business performance, upcoming changes and other pertinent issues. An explanation of the Company's business model and strategy, including key challenges in their execution (and how those will be addressed) is included on pages 4 to 19.

Principle	Application/Evidence
Deliver Growth	
2. Seek to understand and meet shareholder needs and expectations	Communication between Boku and its shareholders is an essential element of Boku's governance framework. The main day-to-day engagement with shareholders and prospective investors is carried out by the Chief Executive Officer and Chief Financial Officer. During the year, meetings with analysts and institutional shareholders take place immediately after the results announcements, supplemented by ad hoc meetings and calls at other times. Regular market reports are prepared by Company's Nominated Advisor, Peel Hunt, which are then forwarded to the Board to ensure the Directors have a good understanding of shareholders' views. The Group has a dedicated investors section on its website, https://www.boku.com/investor-relations/corporate-governance-statement/, together with a wide range of Boku's reports, results and shareholders documents. The Board engages with shareholders via a variety of channels and activities during the year including the annual general meeting, updates to shareholders via its reporting and the regulatory news services, institutional and retail investor presentations and investor roadshows, all of which provide an opportunity for shareholders to engage directly with senior management and the Board. The Board engages with shareholders via a variety of channels and activities during the year including the annual general meeting, updates to shareholders via its reporting and the regulatory news services, institutional and retail investor presentations and investor roadshows, all of which provide an opportunity for shareholders to engage directly with senior management and the Board.
3. Take into account wider stakeholder and social responsibilities and their implications for long term success	Boku focuses on building strong and sustainable relationships with a range of different stakeholders in order to support its long-term success. The Board regularly considers the key stakeholder relationships which give the Company its competitive advantage and thereby contribute to its long-term success. The key stakeholders are the skilled people employed by the Company but also its merchant and carrier relationships together with other service providers, are central to the success of Boku and its strategy. These relationships are regularly monitored by the Board. Boku's culture is very open and this includes reaching out and seeking feedback on a regular basis through employee opinion surveys. The results of which are analysed, presented to the Board and kept under review. Boku established a Diversity, Equity and Inclusion ("DEI") Committee in the period with the objective of improving social mobility and inclusion of one its key stakeholders, its employees. The Committee conducted its first DEI survey in April 2021, the results of which are summarised on pages 48 to 51.
4. Embed effective risk management, considering both opportunities and threats, throughout the organization	The Board retains overall responsibility for identifying the major business risks faced by the Group by setting both the framework and risk appetite of the Group, in line with best practice. Our risk management framework and approach to risk is summarised pages 20 and 24.

Principle	Application/Evidence
Maintain a Dynamic Management Framework	
5. Maintain the Board as a well-functioning, balanced team led by the chair	The QCA Code requires that boards have an appropriate balance between executive and non-executive directors and that each board should have at least two independent directors. The Board is currently made up of a Non-executive Chairman (Mark Britto), two Executive Directors: the Chief Executive Officer (Jon Prideaux) and the Chief Financial Officer (Keith Butcher) and three Non-executive Directors (Richard Hargreaves, Stewart Roberts and Charlotta Ginman). All three of these directors are considered independent. The Board is supported by an appropriate committee structure, comprising of separate Audit and Remuneration Committees that have the necessary skills and knowledge to discharge their duties and responsibilities effectively. In order to develop their skills and keep up to date with market developments, the directors receive regular training on the AIM Rules and other key rules and regulations relevant to AIM-listed companies, conducted by Peel Hunt. Further details of the current directors and a note of those who are considered to be independent are set out page 26.
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	The Board is satisfied that its directors have an effective and appropriate balance of skills and experience, and that there is a suitable balance between independence of character and judgement, and knowledge of the Company, to enable it to discharge its duties and responsibilities effectively. All directors are encouraged to use their independent judgement and to constructively challenge all matters, whether strategic or operational. The current directors, their background and experience are described on pages 26 to 27. Collectively, our team has all the necessary skills and experience, to carry out the Group's strategy and business model effectively. Richard Hargreaves is the senior independent director and he is available to speak with shareholders concerning the corporate governance of the Company or indeed anything else. Richard Hargreaves will be taking over as Chairman with effect from the conclusion of the Annual General Meeting on 1st June 2022, at which point Stewart Roberts will become the senior independent director. The Company Secretary, Deepa Kalikiri is responsible for advising the Board on governance matters and ensuring that decisions of the Board in relation to governance matters are implemented. Following the latest review of Board effectiveness, various changes were made in the structure of the Board meeting, in particular to include a non executive session at each meeting as well as to more clearly set out a calendar of events and reviews.

Principle	Application/Evidence
Maintain a Dynamic Management Framework	
7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Board has undertaken a formal annual evaluation of its own performance, including of the Company's committees. The evaluation demonstrated overall positive results of the performance of the Board and committees, by recognising the strengths and addressing ways of improvement where appropriate. Appropriate training is also available to all directors to develop their knowledge and ensure they stay up to date on matters for which they have responsibility as a Board member. Following feedback from the Directors, the Board reviewed the structure of its bi-monthly Board meetings. The meetings were subsequently streamlined to consist of Directors' only "executive" session and then a wider strategy session, in which other members of the Company's management team are invited to report to the Board. At the end of each Board session, there is a non-executive session to provide an opportunity for the non-executive Directors to meet privately and discuss certain topics if necessary.
8. Promote a corporate culture that is based on ethical values and behaviours	The Company's culture is guided by many different activities, which include regular senior management meetings and feedback following the employee surveys. Such surveys provide an insight to the views of the workforce on the Company. The Company's policies set out its zero-tolerance approach towards any form of discrimination or unethical behaviour relating to bribery, corruption or business conduct in all jurisdictions in which it operates. A recruitment policy, used consistently across the business is in place, which together with training and policies on whistleblowing and anti-bribery assist in embedding a culture of ethical behaviour for all employees. An outline of the corporate culture promoted by the Board is set out in the About Us section of the Company's website headed Our Values.

Principle	Application/Evidence
Maintain a Dynamic Management Framework	
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	Formal Board meetings are held every two months to review strategy, management and performance of the group. Additional meetings between those dates are convened as necessary. We have two Board committees: the Audit Committee and the Remuneration Committee. The terms of reference of both these committees have been revised to reflect the principles of the QCA Code. The terms of reference can be viewed at https://www.boku.com/investor-relations/reports-documents/ Due to the current size of the Company, the Board still considers a Nominations Committee is not appropriate, any decisions relating to appointments to the Board will be a matter for the consideration of the whole Board. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises. The roles and responsibilities of the Chairman, Chief Executive and any other directors who have specific individual responsibilities or remits (e.g. for engagement with shareholders or other stakeholder groups) are set out on page 26. The principal responsibilities of Board members are as set out below: Amongst other things the Chairman is responsible for: • Promoting the highest standards of corporate governance and ethical leadership; • Developing effective working relationships with the Executive Directors; • Promoting effective relationships between all Board members; • Setting the agenda for Board meetings and ensuring that sufficient time is devoted to the consideration of agenda items and that each director can express their views on matters; • Ensuring that the Board monitors and determines the nature of the significant risks the Company embraces in the implementation of its strategy; • Ensuring the Company maintains effective communications with shareholders and other stakeholders and that the Board as a whole is made aware of shareholder and stakeholder issues and concerns. The Chief Executive is responsible for the following matters amongst others: • Developing and implementing strategy following approval by the Board; • Reporting on a regular basis to the Board of progress in respect of strategy, Company performance and business matters; • Developing the senior management teams and creating the appropriate organisational environment to deliver the strategy; • Acting as the principal spokesman for the Company.

Principle	Application/Evidence
Maintain a Dynamic Management Framework	
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board [continued]	The Chief Financial Officer is primarily responsible for the delivery of high quality information to the Board on the financial position of the Company. The Non-executive Directors are responsible for providing a challenge to the Executives where required and to make the Board aware of their views on matters before Board decisions are made. They must be able to devote sufficient time to develop their knowledge and skills to be able to make a positive contribution to the Board. The Board has a schedule of matters reserved for the Board which requires the following key matters to considered and approved by the Board: • Strategy and overall management of the Group; • Financial reporting and controls; • Ensuring a sound system of internal controls; • Approval of major capital projects and contractors; • Communication with shareholders; • Board membership and appointments; • The Remuneration Policy; • Delegated authorities; • Corporate governance matters; • Approval of key policies. The Board and its committees receive appropriate and timely information before each meeting, a formal agenda is produced for each meeting, and Board and committee papers are distributed several days before meetings take place allowing all Board members to contribute even if they cannot attend. Any director can challenge proposals, and decisions are taken democratically after discussion. Any director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all directors. Specific actions arising from such meetings are agreed by the Board or relevant committee and then followed up by management. The Board's Remuneration Committee is supported by a remuneration consultant who provides the Committee, from time to time, with advice on remuneration structures and market updates and sentiments. The Board established the General Management Committee ("GMC") and two sub-committes, Payments Management Committee and Identity Management Committee, in the period. The two sub-committees reported on matters relating to each line of the business into the GMC. The GMC is responsible for the day-to-day running of the business. The GMC reports into the Board on all aspects of the business, providing useful and important business oversight. The Board continues to receive departmental 'deep dives' during the Board meetings, which has strengthened the Board's exposure to the executive committee and other senior management. Following the improvements made in the course of the year, the Board is satisfied that the governance arrangements for the business remain appropriate and that the delegations in place are effective and with strong oversight and controls. This is, of course, subject to regular Board and managerial oversight and review.

Principle	Application/Evidence
Build Trust	
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	Reports on the work of the Board and its committees are set out as follows: • Board: pages 26 • Audit Committee: pages 38 • Remuneration Committee: pages 41 The Group's approach to investor and shareholder engagement is described under Principle 2 above. Annual Reports, Annual General Meeting notices, regulatory announcements, trading updates and other governance related materials for 2021 and retrospective years are available from the Company's website.

The Board Composition and Responsibilities

The Board currently consists of a non-executive Chairman, the Chief Executive Officer, the Chief Financial Officer and three non-executive Directors. There is a clear division of responsibilities between the Chairman and the executive officers and the Board considers three of the non-executive directors to be independent.

The composition of the Board ensures that no single individual or group of individuals is able to dominate the decision-making process.

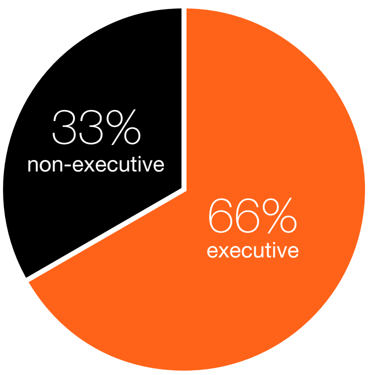
By rotation, Directors are subject to reappointment by a shareholder vote at the Company's Annual General Meeting. Mr Roberts and Mr Hargreaves are up for re-election at the Annual General Meeting scheduled for 1st June 2022. The directors evaluate the balance of skills, knowledge and experience of the Board when defining the role and capabilities required for new appointments.

The Board is responsible for setting the strategic direction and policies for the business. The Board meets regularly to attend to any issues which require its attention and oversees the financial position of the Company, monitoring performance on behalf of the shareholders, to whom the Directors are accountable. The primary duty of the Board is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal controls and the Company's approach to risk management. The day-to-day management of the Company's business is delegated to the Chief Executive Officer and the senior executives.

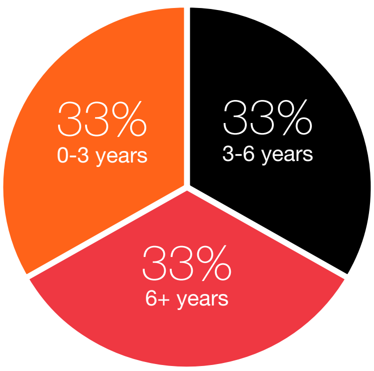
Directors' Duties

As a US incorporated company, Boku is subject to the laws of the State of Delaware such that our Directors are not obliged to comply with the principles of the Companies Act 2006. The Directors nonetheless take pride in following a general set of director duties throughout their engagements. In particular, the Directors act in good faith and in the way that they consider will be most likely to promote the success of the Company for the benefit of its shareholders as a whole. The Directors also act with reasonable care, skill and diligence, taking steps to ensure that they exercise independent judgement at all times and that processes are in place to enable robust decision-making, especially when there are more difficult decisions to be made. Boku recognises the importance and responsibility that lays in continuous engagement with stakeholders and in continuously acting in members' best interests, Directors have regard (amongst other matters) to:

Board Composition



Board Tenure



- the likely consequences of any decisions in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.

Management Team

The Board meets at least once every two months and Board meetings are attended by all directors either in person or over the phone. The Board formulates and approves the Company's strategy, budgets, corporate actions and monitors the Company's progress towards its goals.

It has established an audit committee and a remuneration committee with formally delegated duties and responsibilities and with written terms of reference.

From time to time, separate committees may be set up by the Board to consider specific issues when the need arises. Due to the size of the Company, the directors have decided that issues concerning the nomination of directors will be dealt with by the Board rather than by a committee.

Audit committee

The Audit Committee is chaired by Stewart Roberts and its other members are Richard Hargreaves and Charlotta Ginman, all of whom are independent non-executive Directors. The Audit Committee meets formally at least three times a year and otherwise as required. It has the responsibility of ensuring that the financial performance of the Company is properly reported and reviewed and its role includes monitoring the integrity of the financial statements of the Company (including annual and interim accounts and results announcements), reviewing internal controls and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, and advising on the appointment of external auditors. A full report of the Audit Committee can be found on page 38.

Remuneration committee

The Remuneration Committee is chaired by Richard Hargreaves and its other members are Charlotta Ginman and Stewart Roberts, all of whom are independent non-executive directors. The Remuneration Committee meets at least twice a year and at such other times as required. It has responsibility for determining, within the agreed terms of reference, the Company's policy on the remuneration packages of the Company's Chief Executive, Chairman, and the executive directors and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors will be a matter for the Chairman and executive directors of the Board. No director or manager is allowed to partake in any discussions relating to their own remuneration. In addition, the Remuneration Committee engages with a remuneration consultant from time to time in order to obtain independent advice to provide the committee with thorough and effective oversight on remuneration topics such as executive and management compensation and share market trends. The Remuneration Committee has the responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and succession planning. It also has responsibility for recommending new appointments to the Board. A full report of the Remuneration Committee can be found on page 41.

Share Dealing code

The Company has adopted a dealing code for the directors and all employees, which is appropriate for a company whose stock is admitted to trading on AIM. The Company takes all reasonable steps to ensure compliance by the Directors and employees with the terms of that dealing code by providing regular training and making the share dealing code and associated documents readily available at all times.

Shareholders

The Board is committed to regular, open and effective communication with shareholders to ensure that the Company's strategy and performance are clearly understood. The Company provides annual and interim statutory financial reports, investor and analyst presentations, regular trading and business updates. At the Annual General Meeting all shareholders have the opportunity to meet and ask questions of the Board of Directors. The next Annual General Meeting is scheduled for 1 June 2022.

Audit Committee Report

Committee Chairman Introduction

Dear Shareholders,

I am pleased to introduce the Audit Committee report for the year ended 31 December 2021. In the report below we explain how the committee discharged its responsibilities during the year, including the significant issues that we considered in relation to the financial statements and how we safeguarded the independence and objectivity of the external auditors.

Our external auditors are BDO LLP who were appointed in 2017. Taking account of the Auditing Practice Board's Ethical Standard 3 the exiting senior statutory auditor who has been our Partner for the past five years will be stepping down and a new senior statutory auditor will be appointed for our next audit period.

Composition of the committee

The Audit Committee comprises Stewart Roberts (who serves as chair), Richard Hargreaves and Charlotta Ginman, who have all served on the Board and the audit committee throughout the full financial year.

All members of the committee are non-executive directors and are independent of management. Both Mr Roberts and Mrs Ginman have significant accounting, auditing and other related financial management expertise and the Board considers that the Audit Committee as a whole has competence relative to the sector in which the Company operates.

Executive directors and senior executives (the Group Financial Controller and Company Secretary) attend meetings by invitation as required, but do not do so as of right. Representatives of BDO LLP (external auditor) also attend the committee meetings and meet privately with committee members, in the absence of executive management, prior to each committee meeting.

The committee is required to meet a minimum of three times during each financial year but chose to meet four times during 2021.

The Role and the responsibilities of the committee

The Audit Committee Terms of Reference are published on our website but for clarity, the committee's principal responsibilities are to:

- monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them. The committee also reviews the Group's Annual Report and Accounts and Interim Report prior to submission to the full board for approval.
- monitor the Group's accounting policies and review the Company's internal financial controls and financial reporting procedures and, on behalf of the board, the Company's internal control and risk management systems.
- monitor the adequacy and effectiveness of the Company's internal controls and internal financial controls, risk management systems and insurance arrangements.
- make recommendations to the board, for it to put to the shareholders for their approval in the Annual General Meeting, in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- oversee the relationship with the external auditors and review and monitor their independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK and US professional and regulatory requirements.
  - develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
  - provide a forum through which the Group's auditors and external tax advisors report to the board; and report to the board on how The Committee has discharged its responsibilities.

External Audit

The scope of the audit work undertaken by external auditors is agreed in partnership with the Audit Committee and typically covers the following areas:

- the External Auditor's overall work plan for the forthcoming year;
- the External Auditor's fee proposal;
- the major issues that arose during the course of the audit and their resolution;
- key accounting and audit judgements and estimates;
- the levels of errors identified during the audit, and;
- recommendations made by the External Auditor in their management letters and the adequacy of managem ent's response.

The Audit Committee meets privately with the External Auditor in the absence of management to review matters within their sphere of interest and responsibility.

Non-audit services and fees

It can occasionally be more efficient or necessary for a company to engage the external auditors to provide non-audit services because of their knowledge and experience and/or for reasons of confidentiality. However, safeguarding the objectivity and independence of the external auditors is an overriding priority. The external auditors will only be appointed to perform a service when doing so would be consistent with both the requirements and principles of the relevant external regulations including the Revised Ethical Standards 2019, and when their skills and experience make the firm the most suitable supplier.

We classify work that the external auditors might be permitted to perform into one of two categories and manage these as follows:

- Audit services – the scope and fees for the statutory audit are agreed by the committee.
- Audit – related services (including the review of interim financial information) – the scope of any such services and the fees must be pre-approved by the committee.

	2021 $	2020 $
Audit services – core	358,822	232,655
Audit services – new subsidiary audits	138,228	59,773
Audit services – specific to FY20 year end	-	42,000
Audit - related services (audit review of interim accounts)	27,400	26,300
Sub total: audit and audit related fees	**524,450**	**360,728**
Third party audit fees specific to FY20	-	45,000
Total audit fees	**524,450**	**405,728**

The 2021 audit fees include an amount of $69,879 relating to the 2020 audit.

Internal Audit

Boku does not employ an internal audit function - as is typical for a company of Boku's size. However, the need for an internal audit team was considered during the year and deemed not necessary at this stage. This decision will be reviewed periodically by the Audit Committee.

Boku has a Risk & Compliance Team whose primary focus is to ensure that the company remains compliant with all relevant regulation, most notably the FCA in the UK/ EU (issuer of our e-money license) and relevant local Telecoms regulation within each specific market; in addition to broader regulatory requirements such as GDPR and PSD2 within the EU. The company also employs a dedicated team focused on transaction monitoring and revenue and reconciliation.

Risk management and internal controls

As detailed in the Corporate Governance Statement, the Group's risk management and controls framework is monitored by the Committee. The framework is designed to manage the Group's risk appetite rather than being designed to eliminate any risk of failure to meet the Group's strategic objectives. The principle risks are set out in the Risk Management section of this report on pages 20 to 24.

In the weeks following the initial invasion the current Russia/ Ukraiane conflict has been considered in detail and has been deemed not to constitute a material business risk by the committee for the reasons laid out in the CFO report and Risks sections.

Changes of accounting policies/ Application of IFRSs

The Committee is satisfied that there are no changes in accounting policies impacting the current year and that there are no IFRSs yet to be adopted that the Committee expects to have a significant impact on the financial statements.

Key activities in the year ended 31 December 2021

Fulfil each of the business considerations commensurate with the Audit Committee Terms of Reference.

Reviewed budgets, forecasts and the group's Going Concern paper produced by management.

Reviewed the key business risks of the company and agreed the subsequent updates to the focus areas. (Please refer to page 20 for a more detailed review of company's principal Risks and Uncertainties).

Reviewed the Impairment review paper produced by management.

Reviewed and agreed the fitness for purpose of primary control processes in the business including updates for implementation in 2022.

Monitored the result of the project to migrate Fortumo's accounting systems onto the Boku Navision system in the first half of 2021.

Looking ahead

The agreed divestment of Boku Identity to Twilio will result in a requirement to refresh and review budgets and financial reporting accordingly.

Final review and implementation of refreshed Internal Control processes and procedures for 2022.

Stewart Roberts
Audit Committee Chairman
28 March 2022

Remuneration Report

Chairman's Introduction

Dear Shareholder,

I am pleased to present the Directors' Remuneration Report for the 2021 financial year. This letter introduces the report, outlines the major decisions on Directors' remuneration during the year and explains the context in which these decisions have been taken.

Boku is committed to high standards of corporate governance and our policy and disclosures on Directors' remuneration are intended to reflect this approach. We welcome shareholder feedback and will continue our practice of putting an advisory resolution on remuneration to shareholders at our AGM.

This report sets out the remuneration policy and the detailed remuneration for both the Executive and Non- Executive Directors of the Company for the period to 31 December 2021. The information provided fulfils the requirements of AIM Rule 19. Boku, Inc, being US incorporated and quoted on AIM is not required to comply with the UK's Companies Act Schedule 8 of the Large and Medium- sized Companies and Groups (Accounts and Reports) Regulations 2008. The information is unaudited.

Remuneration Policy

The Company's approach to remuneration is that the overall package should be sufficiently attractive to recruit, motivate and retain individuals of a high calibre with significant technical and strategic expertise. The Company needs to ensure that key personnel can deliver its objectives and value for shareholders in a competitive sector.

The four main elements of the remuneration package are base salary, benefits, annual performance related bonuses and long-term share incentives, payable to Executive Directors, namely the CEO and CFO, and other executive team members. The policy in each area is detailed in this report.

Performance and Decisions on Remuneration Taken

The Company performed well in 2021 and continues to grow fast. Revenues and Adjusted EBITDA were in line with market expectations and were upgraded during the course of the year. This was achieved despite material adverse foreign exchange headwinds.

Bonuses for 2021 were awarded to the two Executive Directors as detailed in note 32. Awards were made to all eligible employees under the 2021 company's Equity Plan in January 2022 and comprised time based Restricted Stock Units (RSUs).

Additionally, during the year, the company made long term incentive awards to executives and other employees in the form of Performance Restricted Stock Units (PRSUs). These stock units have vesting rules which are detailed in note 20. Awards of performance stock units were made to Jon Prideaux, Keith Butcher, other members of the Executive Team and various other key employees. These awards vest after three years.

The remuneration report for 2020 was the subject of an advisory vote at the Annual General Meeting of the company. The report was approved by 84% of votes cast. Those who voted against the report indicated that it was due to the fact that 50% of the Executive Long Term Incentive Plan RSUs were time based without a further performance condition. As a result, the remuneration committee has revised its approach for 2022 and applied an EBITDA based performance condition to all LTIP RSU grants.

Decisions for 2022

Annual bonuses for 2022 will operate in a similar way to 2021, reflecting the core objectives of revenue and Adjusted EBITDA growth and personal contribution. LTIP Performance RSUs (PRSUs) have also been granted to Executive Directors. These PRSUs will vest in three years subject to a long term Adjusted EBITDA target.

I hope that you find the report helpful and informative.

Richard Hargreaves
Remuneration Committee Chairman
28 March 2022

Remuneration Report

Composition of Committee

The Committee members are Richard Hargreaves (Chairman), Stewart Roberts and Charlotta Ginman. The Committee meets at least twice a year to review the remuneration of the Executive Directors and other executive team members and to set the overall pay policy. The views of the Chief Executive Officer are sought in respect of awards to the other Executive Director and Executive Team members.

Remuneration Policy

The Committee's overall approach is focused on ensuring the company's remuneration policy is aligned with shareholders' interests whilst enabling the company to attract, retain and motivate high quality executive management. A full external benchmarking exercise was undertaken in 2020 to rebase compensation in line with market norms and practices. This year adjustments to Executive pay were made in line with the pay increases awarded to staff.

Base Salary

Base salary for each Executive Director is reviewed annually by the Committee: salary levels paid by companies of a similar size and nature; the performance of the Group as a whole and the Director's performance, experience and responsibilities are all taken into account. Changes will be effective from 1 February 2022 (2021: 1 February 2021).

Annual Bonus

Bonuses are paid at the discretion of the Committee. The Committee's general policy is that Executive Directors should receive a bonus for the achievement of stretching performance targets. Currently the Company uses revenue, Adjusted EBITDA and personal performance targets.

Bonuses for achievement of target performance will be paid in cash on a half-yearly basis. Bonuses for over performance will only be paid annually. The Committee has discretion to make adjustments to the level of bonus to avoid unintended consequences. For 2021, the bonus for the CEO was set at 50% of salary for achieving target performance and capped at 100% of salary for over performance. For the CFO, on target performance bonus was 40% and capped at 80% for over performance.

The bonus scheme extends to the other executives who are members of the Executive Management Team.

Long Term Incentives

During 2021, the company made long term incentive awards to executives and other employees in the form of performance-based restricted stock units. In general, restricted stock units vest and convert into common shares on the vesting date. Details of awards currently held by directors are set out later in this report.

The Committee sees long term incentives as an important part of the remuneration of executives, to align them with shareholders and reward them for strong performance. In line with its policy of making annual awards, in 2021 the Committee made further PRSU awards to executives. New grants to Executive Directors and key employees have a minimum normal vesting period of three years, and all are subject to a performance condition relating to long term Adjusted EBITDA performance.

Pension Provision

The Company operates a stakeholder pension scheme for UK employees. Executive Directors participate on the same basis as other employees. Mr. Prideaux has opted out from the pension scheme.

Benefits

The Company provides the option for employees to participate in a private healthcare plan. Mr. Prideaux participated for the entire year and Mr. Butcher did not participate in 2021.

Remuneration of Non-Executive Directors

The fees paid to the Non-Executive Directors are determined by the Executive Directors. They receive an annual fee and additional fees for chairing board committees but they are not entitled to receive any bonus or other benefits. Non-Executive directors are entitled to reasonable expenses incurred in the performance of their duties. Non-Executive Directors become eligible for a single grant of RSUs after they have served on the Board for a year.

Service Contracts

The service contracts and letters of appointment of the Directors include the following terms:

Executive Directors	Date of contract	Notice period (months)
Jonathan Prideaux	1 May 2012	3
Keith Butcher	01 Oct 2019	3
Non-Executive Directors		
Mark Britto	30 August 2017	2
Richard Hargreaves	8 August 2017	2
Stewart Roberts	1 January 2020	2
Charlotta Ginman	24 September 2020	2

The service contracts of the Executive Directors do not provide for any extra payment on the termination of employment. The letters of appointment of the Non-Executive Directors have an initial period of 12 months.

Directors are subject to re-election by rotation every third year at the Annual General Meeting. Mr. Roberts and Dr. Hargreaves are up for election at the 2022 Annual General Meeting.

Annual Report on Remuneration

The following sections show how remuneration was managed during 2021.

Salaries

Base salaries for Executive Directors at 31 December 2021 were as follows:

Jonathan Prideaux	Chief Executive Officer	£300,000
Keith Butcher	Chief Finance Officer	£210,000

Fees

Fees for Non-Executive Directors at 31 December 2021 were as follows:

Name	Role	Committee Chairman	Base Fee	Committee Chairman Fee
Mark Britto	Chairman		$100,000	-
Richard Hargreaves	Non-Executive Director	Remuneration	£40,000	£5,000
Stewart Roberts	Non-Executive Director	Audit	£40,000	£5,000
Charlotta Ginman	Non-Executive Director		£40,000	-

2021 Bonus (Payable in 2022)

The annual bonus targets for 2021 were based on growth in revenue, Adjusted EBITDA and personal performance. Half of the maximum is payable for the achievement of Board defined targets, with the balance being awarded for over-performance.

The maximum awardable to Mr. Prideaux was £150,000 (50% of salary) for achieving targets, with a maximum further amount of £150,000 (50% of salary) payable for over performance. On-target bonus was set at £84,000 (40% of salary) for Mr. Butcher, with a maximum further amount of £84,000 (40% of salary) payable for over performance.

In 2021, revenue was in line with the company's targets and Adjusted EBITDA was ahead of them. Following the publication of the audited accounts, total bonuses in respect of 2021 scheduled to be paid to Mr. Prideaux and Mr. Butcher are £211,000 (70.3% of the maximum; 2020: £164,172) and £118,160 (70.3% of the maximum; 2020: £130,591) respectively.

Summary of Directors' Total Remuneration for 2021and 2020

Executive Directors	Salary £	Performance Bonus £	Pension £	Total Benefits £	Total 2021 £	Total 2020 £
Jonathan Prideaux	294,544	211,000	-	2,030	507,574	400,918
Keith Butcher	208,047	118,160	1,055	-	327,262	313,878
Non-Executive Directors					**Fees 2021 £**	**Fees 2020 £**
Mark Britto					72,687	46,743
Richard Hargreaves					45,000	35,000
Stewart Roberts					45,000	35,000
Charlotta Ginman					40,000	10,000
Total					1,037,523	841,539

Performance bonuses reflect performance in 2021 but are for payment in 2022. 2021 FX Rate used: GBP/USD= 1.376

Equity Plan and Long-Term Incentive Plan

During 2021 the Company granted 2,449,665 (2020: 2,092,873) PRSUs and 2,753,774 (2020: 2,342,189) RSUs over common shares to Executive Directors, other executives, employees, and Non-Executive Directors, under the Company's 2017 Equity Incentive Plan.

The PRSUs granted to the executives and Executive Directors will vest as Common Shares three years from the award date, in one event, subject to meeting a long term Adjusted EBITDA performance target.

Boku also makes a once only award of RSUs to Non-Executive Directors of the Company after a year's service to support retention and align the interests of these directors with those of the Company's shareholders. These RSUs vest after two years, subject to certain conditions. The programme was established in 2018, and the level of award is reviewed if and whenever new Non-Executive Directors are appointed and become eligible.

A breakdown of the Directors' current interests is set out below.

Market value options

Name	Date of grant	Number	Exercise price	Initial vesting date	Final vesting date	Lapsing date
Mark Britto	28 Oct 2016	569,930	USD $0.28	23 Jan 2013	23 Dec 2016	23 Dec 2023
	28 Oct 2016	424,514	USD $0.28	23 Jan 2013	23 Jan 2017	23 Dec 2023
	28 Oct 2016	500,000	USD $0.28	23 Sep 2016	23 Sep 2020	27 Oct 2026

Performance Restricted Stock Units

Name	Date of Issue	Number	Share Price on award date	Value on award date	Initial Vesting Date	Final Vesting Date	Lapsing Date
Jonathan Prideaux	19 Jan 2022	210,000	£1.64	£344,400	01 April 2025	01 April 2025	23 Jan 2026
	20 Jan 2021	300,000	£1.40	£420,000	01 Apr 2024	01 April 2024	20 Jan 2025
	22 Jul 2020	301,142	£0.87	£261,993	01 Apr 2023	01 April 2023	31 Jul 2023
	15 Jan 2020	150,000	£0.76	£114,000	01 Apr 2023	01 Apr 2023	30 Apr 2023
	15 Feb 2019	300,000	£0.89	£267,000	01 Apr 2022	01 Apr 2022	15 Feb 2024
Keith Butcher	19 Jan 2022	175,000	£1.64	£287,000	01 April 2025	01 April 2025	23 Jan 2026
	20 Jan 2021	250,000	£1.40	£350,000	01 Apr 2024	01 Apr 2024	20 Jan 2025
	22 Jul 2020	171,046	£0.87	£148,810	01 Apr 2023	01 Apr 2023	31 Jul 2023
	15 Jan 2020	125,000	£0.76	£95,000	01 Apr 2022	01 Apr 2023	30 Apr 2023

Restricted Stock Units

Name	Date of Issue	Number			Initial Vesting Date	Final Vesting Date	Lapsing Date
Charlotta Ginman	22 Sep 2021	103,276	£2.04	£210,683	01 Apr 2023	01 Apr 2023	31 Dec 2023
Stewart Roberts	20 Jan 2021	68,814	£1.40	£96,339	01 Apr 2023	01 Apr 2023	31 Dec 2023
	14 Mar 2021	34,462	£1.575	£54,278	01 Apr 2023	01 Apr 2023	31 Dec 2023

Directors' Interests in Shares

The interests of the Directors as at 31 December 2021 in the shares of the company were:

Name	Number of Common Shares	Percentage of share capital
Mark Britto	10,328,145	3.5%
Jonathan Prideaux	2,949,716	1.0%
Richard Hargreaves	1,241,998	0.4%
Keith Butcher	542,500	0.2%
Charlotta Ginman	12,715	0.0%

*Jon Prideaux's interests include 16,949 shares held by his spouse and 1,694 shares held by a family member. Richard Hargreaves's interest include 589,897 shares held by his family members.

Directors' Remuneration for the Year Commencing 1 February 2022

Executive Director salary levels as at 1 February 2022 were as follows:

Jon Prideaux £309,000

Keith Butcher £216,500

In setting salaries for 2022, the Committee adjusted executive salaries by 3% in line with pay rises awarded to other employees. The Committee undertakes a regular benchmarking review of executive compensation against market rates. The last such review was in 2020, the next one is expected to be undertaken in 2023.

The Executive Directors' annual bonus for the year commencing 1 January 2022 will be operated in line with the policy disclosed elsewhere in this report. Mr. Prideaux's maximum bonus will be set at 50% of salary for on-target performance with amounts above this paid for exceeding targets. Maximum bonus is capped at 100% of salary. For Mr. Butcher, the equivalent amounts are 40% for on target performance, with maximum bonus capped at 80% of salary.

The company has also awarded PRSUs to Executive Directors and other executives in 2022. Mr Prideaux was awarded 210,000 and Mr. Butcher, 175,000 as shown in the PRSU table above. These PRSUs are subject to EBITDA related performance conditions.

Non-Executive Director fees in 2022 were increased by 3% in line with pay rises awarded to employees. The Chairman's fee was increased to $103,000 from 1st February 2022. The rates for other Non-Executive Directors were increased to £41,200 from 1st February 2022; the supplementary fee for chairing a Board Committee was increased to £5,150, from 1st February 2022.

Environmental, Social and Governance Report (ESG)

At Boku, environmental, social and governance ('ESG') considerations are an integral part of the decision making process at all levels across the business. As such, we are committed to evolving Boku's ESG framework through developing, in particular, an improved understanding and resolution of diversity and inclusion issues across the business, reducing Boku's environmental footprint and, increasing transparency in, and quality of, our ESG reporting.

Environmental

Given the nature of our business our environmental impact is relatively low compared with other, more production intense sectors. However, we are committed to finding ways to operate the business in a more energy efficient and environmentally advantageous manner.

We have already taken some measures which have helped us to reduce our carbon footprint, such as moving our platform to Amazon Web Services, encouraging the use of digital signatures where possible and encouraging a reduction in printing. Despite the measures taken, we anticipate energy use to increase in 2022 due to an increased return to office working following the end of the pandemic.

As part of Boku's commitment to a more robust and transparent ESG framework, work has been undertaken to record energy consumption across its offices in 2021. It is Boku's intention, from 2022 onwards, to report its greenhouse gas emissions in compliance with the UK's Streamlined Energy and Carbon Reporting regime requirements for large unquoted companies and LLPs. We intend to use 2021 as our base year and to spend 2022 improving our data collection and consumption calculation methods.

The Scope 1 figures, which capture our refrigerant emissions only, were calculated using the screening method. This is a method whereby an organisation multiplies the refrigerant amount by an emission factor, based on the specific type of equipment and emission event, to determine the operating emissions of our equipment.

The Scope 2 figures, showing emissions from purchased electricity and heat, were calculated using location-based reporting methods. The Scope 2 figures for Germany were calculated using an energy consumption estimate provided by the landlord for our office building in Munich. The Scope 2 figures for UK and, from September 2021, USA were calculated using the area method. This allows users to estimate their energy use based on their share of the building's floor space and total energy consumption, as individual energy consumption data was not available. The Scope 2 figures for Estonia and India were calculated using monthly bills with individual usage data from the building landlords and energy providers, respectively.

As a provider of online services, our Scope 3 emissions consist primarily of upstream emissions, notably capital goods, waste generated in operations, business travel, employee commuting and upstream leased assets. In 2021, office working and travel were impacted by COVID-19 and it is anticipated that the Company's Scope 3 emissions will increase in 2022 when business travel and office working begin to increase.

Several of our offices are supplied by energy tariffs which are either powered wholly or partly by renewable sources, with our London office supplied by a 100% renewable energy tariff.

Energy Consumption (tCO2e) FY21	**UK**	**Estonia**	**USA**	**India**	**Germany**	**Total**
Scope 1	0.40	-	-	0.19	-	0.59
Scope 2	6.04	35.95	21.72	20.40	0.91	85.02
Total	6.45	35.95	21.72	20.58	0.91	85.61
Intensity Ratio (tCO2e per $m group rev.) FY21	**UK**	**Estonia**	**USA**	**India**	**Germany**	**Total**
Scope 1	0.01	-	-	-	-	0.01
Scope 2	0.11	0.64	0.39	0.36	0.02	1.51
Total	0.11	0.64	0.39	0.36	0.02	1.52

Climate change

Boku is an online payments company servicing most of the world's largest digital merchants and as such its climate change impact is low as its business is all online and its merchants' business is the sale of digital goods such as streaming services. In the last two years Boku has moved most of its physical servers into a cloud based environment (AWS) and has reduced international travel for its staff thereby reducing any climate change impact.

Social

Mission Statement: Embracing our differences, just the way we are…

Since Boku's incorporation, we have maintained a focus on the people at the core of our operation, recognising the role that the team plays in being the key driver of Boku's success. To this day, consideration for our staff still plays an integral role in our strategy. In particular, we look to build our company's progression on three fundamental pillars: Diversity, Equity and Inclusion. These three concepts guide our decision-making and permeate our culture, which is underpinned by Boku's overarching responsibility towards its employees, prioritising their wellbeing and helping them to develop and achieve their goals.

These efforts were formalised when Boku established a Diversity, Equity and Inclusion (DEI) committee at the start of 2021. The DEI committee has membership from across the company, improves our working culture and promotes representation for all employees.

We conducted the first annual Boku DEI survey in 2021. The goals of the survey included: providing a baseline breakdown of our current demographic makeup, understanding whether employees of all backgrounds feel a sense of belonging at Boku, obtaining data on how employees think about or experience DEI and identifying our strengths and opportunities so that we can improve DEI at Boku.

Diversity

Diversity is integral to Boku's structure and operation, which brings together a group of people from many different backgrounds, nationalities and cultures with a wide-ranging set of skills and experience. Boku cultivates an open environment where employees are encouraged to participate in decision making at all levels - this empowers our people to bring their own unique perspective and ideas in order to improve the quality of the discussions and decision making which, in turn, delivers on the wider Boku strategy by making our business more robust and sustainable.

We value the fact that our colleagues, at both a domestic and international level, come from a diverse range of backgrounds, ethnicities and nationalities. Overall, Boku's workforce is spread globally, across countries including Brazil, Canada, China, Czech Republic, Estonia, France, Germany, Italy, India, Indonesia, Ireland, Japan, Latvia, Malaysia, Mexico, the Netherlands, Romania, Singapore, Spain, Sweden, Taiwan, UAW, Vietnam, the United Kingdom and the United States.

Our 2021 DEI survey gathered data across several groups of respondents. Our plan in 2022 is to investigate how to improve DEI data collection in our multiple jurisdictions.

Equity and Inclusion

At Boku, we work continuously to provide equal opportunities to all our employees and candidates. In particular, we are committed to developing an environment where anyone from any background can flourish and this ethos is applied throughout the organisation. Our recruitment processes are reviewed regularly and are designed to enhance diversity and social mobility in our recruitment channels. For example:

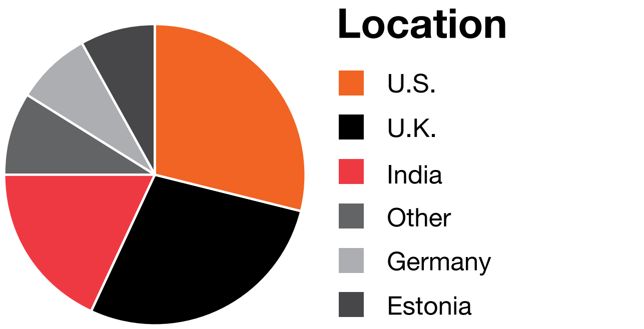
- we aim to make our opportunities available to those who can show us that they have the aptitude to join Boku and the attitude our clients are looking for, regardless of their background or educational path;
- we use competence-based questions during the interview process, ensuring candidates are not assessed on social capital; and
- all of our staff involved in interviewing applicants undergo training to help mitigate any unconscious bias.

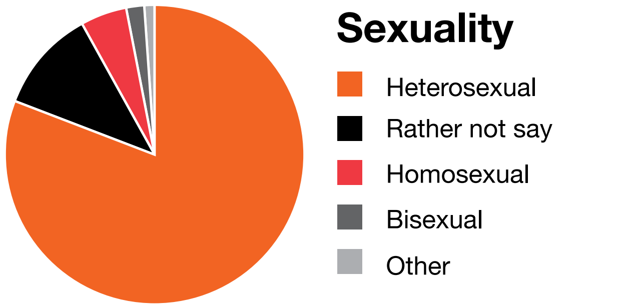
Our inclusive approach to recruitment enables us to strive for balanced representation and a culture of equality.

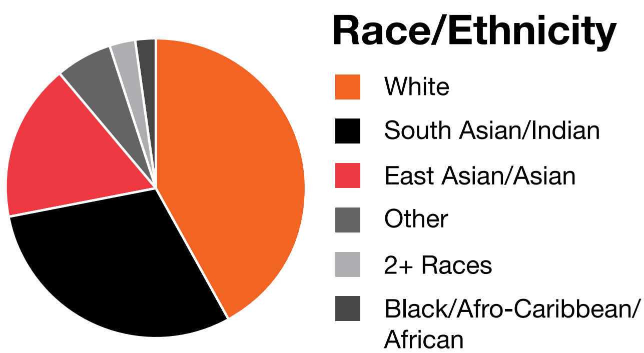
Gender balance

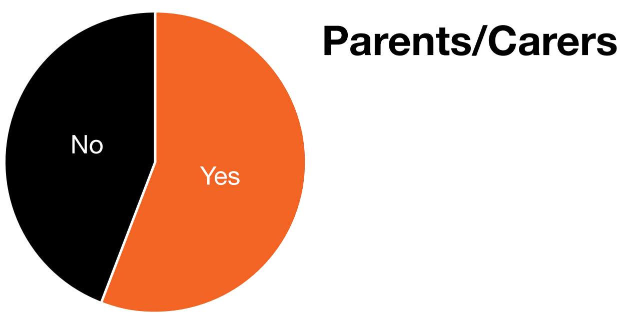
It is commonly cited that gender diversity in FinTech is not where it should be. For example, in the UK, around 30% of the FinTech workforce is female (Brett, Louise. "Fintech has a bigger gender problem than it realises" Deloitte, https://www2.deloitte.com/uk/en/pages/financial-services/articles/fintech-has-bigger-gender-problem-than-it-realises.html). As at the time of this report, Boku is currently ahead of the curve in this regard, with a global workforce that is 34% female. However, this figure can be improved and Boku is committed to taking actionable steps to level the gender balance within Boku.

With this in mind, in 2021 we started to collect and publish data from across our global workforce on gender diversity. This is to help inform action plans and areas on which to focus; from attraction and recruitment to progression and retention.









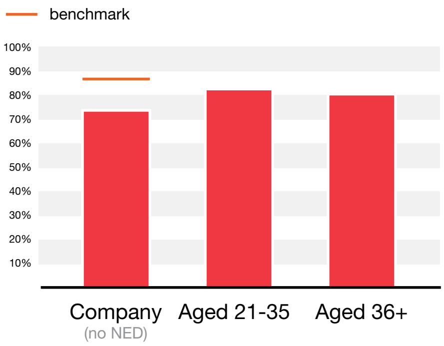
Gender pay gap

Our worldwide (excluding NEDs) gender pay gap at December 2021 was 26%. Females made up 17% of senior leadership roles at Boku in 2021. We monitor these results and keep our policies under review in order to encourage female applicants and to help support the advancement of our female members of staff. The gender pay gaps in our USA and India offices are already lower than the local industry benchmark in both cases.

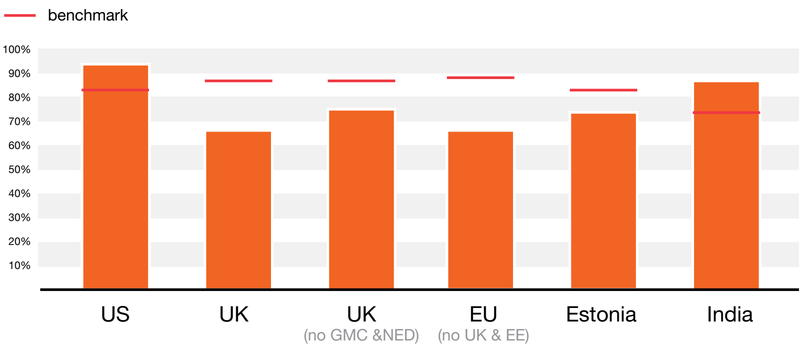
Due to the lack of comparable information across the various seniority levels at Boku, we have reported our gender pay gap information using salary averages across the whole male and female employee population rather than by seniority level. The data we provided in this report, shows that we do not have an equal pay issue but we have more to do to increase female representation in our workforce, in particular at more senior levels which we are committed to improve.

We are committed to creating an inclusive atmosphere in which all members of staff are valued for their differences and can feel comfortable being themselves, creating a sense of belonging. In doing so, we hope to create an environment in which all employees can develop and feel empowered to reach their full potential. We value each individual for their differences, in addition to what they are able to offer to their team and to the wider company. We will continue to work hard to increase the number of women we employ, develop and promote to improve our gender balance and become a more diverse organisation. We plan on doing that by focusing on attracting more women into traditionally male dominated roles and supporting their development; and providing more opportunities for women to progress into senior positions, and thereby improving the overall gender balance of our company.

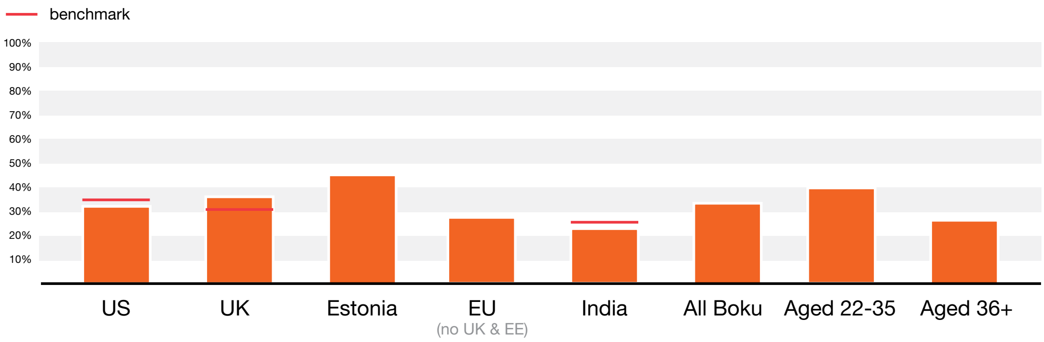
Female base salary as percentage of male base salary (age)



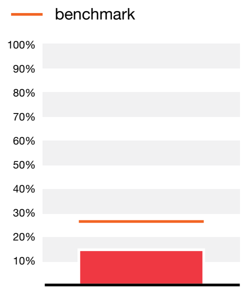
Female base salary as percentage of male base salary (geographic)



Percentage of female staff



Percentage of female senior leadership



Company culture

Beyond Diversity, Equity and Inclusion, we focus on supporting our employees' health and wellbeing. For example, many members of our staff balance work commitments alongside family responsibilities, whether managing childcare commitments or looking after a sick or elderly relative. Over half of the staff at Boku are parents or carers.

We are committed to supporting all our staff in balancing work and family life and we have implemented certain policies and support mechanisms to deliver on this objective. One such policy is to offer staff the choice to work flexibly, giving them some control over their schedule. This policy allows employees to organise their time by working around external commitments, such as childcare duties.

We continue to invest in technologies to ensure that our team members can work productively, regardless of where they are based. We also have a Home Office Expense Policy, which provided a stipend to all employees to put in place a suitable home working environment.

Furthermore, we recognise the pressures of modern life and so we run initiatives to reduce potential stress and to allow our employees to take a breather and to focus on their wellbeing. As part of our Zen Friday policy, we ask all employees, where possible, to avoid having meetings on Fridays to facilitate a calm end to the working week. We also offer Press Pause Days, an extra day of holiday every quarter for all members of staff, which is on the same day and as a result creates a break from work for everyone.

Improving Social Mobility

Boku is a proactive and enthusiastic promoter of social mobility and inclusion within the workforce, supporting all staff in their career progression. Through our DEI committee, we aim to raise awareness of social mobility issues across the business and sector. Our goal is to help those who would otherwise not have the opportunity to work in the Fintech sector and we strive to hire and support future talents, empowering them to reach their potential. Their contribution, in turn, drives the ability of Boku to better meet the goals of its customers.

Boku's UK office participates in Urban Synergy's mentoring and externship (DREAM) programs. Urban Synergy is a youth empowerment charity whose stated mission is to inspire, guide and ignite the ambitions of young people. They run an early intervention scheme which helps youths, aged from 10 – 18 years old, to reach their full potential. Multiple members of the Boku team in the UK have participated in these programs in order to help nurture talent and encourage development in the next generation, irrespective of their background.

Governance

Boku recognises that a strong corporate governance framework is an essential foundation for the running of a successful, sustainable and ethically run business. Governance arrangements are reviewed by the Boku Board on a regular basis to ensure that they are fit for purpose and comply with the Quoted Companies Alliance Corporate Governance Code. A summary of Boku's compliance with the QCA Code can be found on page 30.

Boku has established a Code of Ethics which is underpinned by several policies, procedures and training modules to ensure that staff adhere to its principles. We also have specific staff conduct policies include whistleblowing, information security and anti-bribery and corruption. Compulsory training modules on data protection, information security and anti-money laundering are taken by all staff on an annual basis.

Boku is committed to not only preventing unethical practices, such as modern slavery, within its own business but across its supply chain. Due to the nature of our business Boku's main suppliers are mostly involved in IT and Marketing services and are largely considered to be low risk. As part of our onboarding process, we conduct due diligence on all our prospective partners and suppliers, applying a risk-based approach to ensure that all our partners are meeting our highest standard. Boku has established and published a modern slavery statement which can be found on our website.

Directors' Report

The Directors present their report and the audited financial statements for Boku Inc. for the year ended 31 December 2021.

The preparation of financial statements is in compliance with IFRS issued by the International Accounting Standards Board (IASB) ("IFRS") and IFRIC Interpretations issued by the International Accounting Standards Board (IASB).

Principal Activities

The principal activity of Boku Inc. and its subsidiaries (the "Group") is the provision of digital payments, including mobile wallets, real-time payments schemes, and direct carrier billing for global merchants. These solutions enable merchants to acquire new customers and accept online payments from billions of consumers who prefer to pay without credit cards.

Business review and future developments

The review of the period's activities, operations, future developments and key risks is contained in the Strategic Report on pages 4 to 19.

Directors

The Directors who held office during the period and subsequently were as follows:

1. Mark Britto
2. Jon Prideaux
3. Richard Hargraves
4. Keith Butcher
5. Stewart Roberts
6. Charlotta Ginman

With regard to the appointment and replacement of directors, the Company is governed by its Charter (the US equivalent of the Articles of Association) and related legislation. The Charter may be amended by special resolution of the shareholders.

The Remuneration and Audit Committee reports can be found on pages 41 and 38 respectively.

Directors' interests

Directors' share options and interests in shares can be found in the remuneration report on page 41.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Dividends

The Directors do not recommend a final ordinary dividend for the period (2021: £nil).

Post Balance Sheet Events

On 18 January 2022, Boku reached an agreement for the divestment of its wholly owned subsidiary, Boku Identity, Inc. to Twilio, Inc. for a maximum transaction value of $32.3 million and the transaction was completed on 28 February 2022.

Financial Risk management

Details of financial risk management are provided in note 3 to the financial statements.

Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The processes to identify and manage the key risks of the group are an integral part of the internal control environment.

Such processes, which are regularly reviewed and improved as necessary, include strategic planning, approval of annual budgets, regular monitoring of performance against budget (including full investigation of significant variances), control of capital expenditure, ensuring proper accounting records are maintained, the appointment of senior management and the setting of high standards for health, safety and environmental performance. The effectiveness of the internal control system and procedures is monitored regularly through a combination of review by management, the results of which are reported to and considered by the Audit Committee. The system of internal control comprises those controls established to provide assurance that the assets of the Group are safeguarded against unauthorised use and to ensure the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. Any system of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failing to achieve the business objectives of the Group.

Going Concern

The Group going concern assessment is based on forecasts and projections of anticipated trading performance. The assumptions applied are subjective and management applies judgement in estimating the probability, timing and value of underlying cash flows.

The Directors confirm that they have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the next 12 months from approval of these financial statements and accordingly these financial statements are prepared on a going concern basis, with no material uncertainty over going concern.

As outlined in the CFO report the impact of the Russia/ Ukraine conflict is not expected to have a material effect on 2022 revenues.

Purchase of own shares

The Group does not hold any shares in treasury.

Statement of Disclosure to the Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors appointment

BDO were appointed during the period and have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Substantial shareholdings

The Company has been advised of the following interests in more than 3% of its ordinary share capital as at 31 December 2021:

Shareholder	
Build Lux Holdco Sarl (Luxembourg)	7.16%
Capital Research Global Investors (Los Angeles)	6.92%
BlackRock Investment Mgt (London)	6.28%
Boku Inc Directors and Related Parties (London)	5.78%
Danske Capital Mgt (Copenhagen)	5.68%
Canaccord Genuity Wealth Mgt (London)	5.19%
Aberdeen Standard Investments (Standard Life) (Edinburgh)	5.11%
Swedbank Robur (Stockholm)	4.16%
Canaccord Genuity Wealth Mgt (Jersey)	3.69%
Danal Co. Ltd (Hwaseong)	3.43%
	53.4%

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Company is incorporated in and subject to the laws of the State of Delaware, USA, which does not require the directors to prepare financial statements for each financial year. However, the Group is required to do so to satisfy the requirements of the AIM Rules for Companies. When preparing the financial statements, the directors are required to prepare the group financial statements in accordance with an appropriate set of generally accepted accounting principles or practice. The Directors have elected to use International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) ("IFRS").

The directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 (revised) requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that correctly explain the transactions of the Company, enable the financial position of the Company to be determined with reasonable accuracy at any time and allow financial statements to be prepared. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors' responsibility also extends to the continued integrity of the financial statements contained therein.

By order of the Board

Jon Prideaux
Chief Executive officer
28 March 2022

Independent Auditor's Report

to the directors of Boku, Inc.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as issued by the International Accounting Standards Board (IASB);

We have audited the financial statements of Boku Inc., (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, and notes to the financial statements, including summaries of significant accounting policies.

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 issued by the International Accounting Standards Board (IASB).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Review of the internal forecasting process to confirm the projections are prepared by an appropriate level of staff that is aware of the detailed figures included in the forecast but also have a high-level understanding of the entity's market, strategy and changes in the customer base;
- Review of the forecasts prepared and challenge of the key assumptions and inputs used by management in their prepared models, to determine whether there is adequate support for the assumptions underlying the forecasts. Furthermore, we considered the outcome of prior year forecasts to consider the historical accuracy of the Directors' forecast and agreed the consistency of the model to those used elsewhere in the business, for example discounted cashflow models used in impairment reviews;
- The Directors have applied downwards sensitivities to the more variable aspects of the forecasts and also modelled a number of mitigating cash saving initiatives. We considered the appropriateness of the sensitivities applied in respect of the impact of COVID-19 and the Directors' available mitigating actions and their effects on the group's solvency and liquidity position;
- Review of post year-end management accounts, specifically comparing the cash position against that budgeted.
- Making inquiries of the Directors as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern;
- Considering the adequacy and completeness of the disclosures in the financial statements against the requirements of the accounting standards and the Directors' going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	98% (2020: 99%) of Group revenue 98% (2020: 98%) of Group profit/loss before tax 88% (2020: 97%) of Group total assets		
Key audit matters		2021	2020
	Revenue Recognition	X	X
	Fair values recognised in relation to the Fortumo Acquisition (2020 only; as Fortumo was acquired in 2020)	–	X
	Impairment of Goodwill in the Identity cash generating unit (2020 only: as strong impairment indicators existed)	–	X
Materiality	*Group financial statements as a whole* $651k (2020: $532k) based on 1% (2020: 0.9%) of revenue.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group is comprised of two (2) incorporated UK trading or holding companies, one of which is deemed significant and five (5) significant non-UK components; the remaining entities are deemed non-significant components.

Based on our assessment of the group, we focused our group audit scope primarily over the parent company (Boku Inc.) and five principal trading entities that were identified as significant components: Boku Network Services UK Ltd, Boku Identity Inc, Boku payments Inc., Boku Network Services Inc. and the sub-group headed by Fortumo OÜ. These components accounted for 98% of the Group's revenue in both 2021 and 2020. Furthermore:

- Boku Inc, Boku Network Services UK Ltd, Boku Identity Inc, Boku payments Inc., Boku Network Services Inc, were subject to full scope audits by the group audit team, as the Group's finance team and information for these territories are based within the UK; and
- Fortumo OÜ (and its sub group) was subject to a full scope audit by our network member firm in Estonia.

For components of the group not considered to be significant components:

- Boku AG: our member firm in Germany performed a specific scope audit; and
- All other entities: The group audit team performed limited audit procedures including a combination of analytical procedures and where considered necessary, certain specific procedures.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group's financial statements as a whole. Our involvement with the component auditors included the following:

- Fortumo OÜ and subsidiaries: We instructed our member firm in Estonia as to the scope and timing of their work on the financial information for group reporting purposes, we held virtual meetings through the planning, execution and completion stage with the audit team and performed a review remotely of their audit documentation and findings and participated, virtually, in the local audit close meeting; and
- BNS AG: We instructed our member firm in Germany as to their specific scope and timing of their work on the financial information for group reporting purposes, we held virtual meetings with the audit team, and reviewed their audit documentation and findings remotely.

Key audit matter

Key audit matters ('KAM') 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, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the 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		**How the scope of our audit addressed the key audit matter**
Revenue Recognition *See accounting policy in Note 2 on page 70 and related disclosures in Note 4 on page 86*	The Group's revenue is earned primarily from services earned on mobile payment transactions, integration fees and identity verification. There is a risk that Group's revenue streams have not been recognised appropriately in line with their respective performance obligations and that the revenue policy itself is not in accordance with appropriate accounting standards. The risk of a material misstatement was focused on whether revenue during the period and around the year end (existence and completeness) was correctly recognised, and the gross receipts from mobile network operators ('MNO's') and the associated gross payables to merchants are appropriately accrued at year end (accrued income and deferred revenue existence and completeness). These amounts are material.	With regards to the risk of material misstatement related to the recognition of revenue we performed the following procedures: We assessed whether the revenue recognition policies adopted by the Group comply with accounting standards. In relation to accrued and deferred revenue at year-end, we selected a sample of carriers and performed the following audit procedures: • Obtained and tested management's reconciliation of accrued revenue to the underlying transaction systems, checking that the amounts recorded agreed with and were supported by the existence of transactions; • Recomputed the accrued revenue based on the contractual terms with the carrier; • Obtained the post-year end statements for a sample of carriers and agreed the amounts recorded to the amounts subsequently received and paid. In relation to revenue recognition during the year, we agreed a sample of the revenue recognised to original contracts and receipt of funds and we reviewed documentation to confirm the delivery date of work. In making our assessment of compliance with the Group's accounting policy, we also checked that revenues were only recognised at the point of delivery of the Group's services. Key observations: Based on the work performed we consider that the Group's revenue recognition accounting policy is appropriate and that revenue has been recognised in accordance with the Group's revenue policy.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	
	2021	2020
Materiality	$651,000	$532,000
Basis for determining materiality	1% of Revenue	0.9% of Revenue
Rationale for the benchmark applied	We considered revenue to be the most appropriate benchmark as this is the primary key performance indicator, which is used to address the performance of the Group by the board and an important performance-based metric to the users of the financial statements.	
Performance materiality	$488,250	$399,000
Basis for determining performance materiality	Performance materiality was set at 75% (2020: 75%) due to the low value of brought forward adjustments and expected total value of known and likely misstatements.	

Component materiality

We set materiality for each component of the Group based on a percentage of between 23% and 50% (2020:12% and 60%) of the group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from $147,000 to $318,000 (2020: $65,000 to $292,000). In the audit of each component, we further applied performance materiality levels of 75% (2020:75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $32,550 (2020: $26,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 'Annual Report and Accounts' 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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 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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those than relate to the reporting framework, AIM Rules for Companies and the relevant tax compliance regulations;
- We considered provisions of other laws and regulations that do not have direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate. These include compliance with FCA regulations, Money Laundering Regulations 2007 and Proceeds of Crime Act, and the Data Protection Act;
- We understood how the Group is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management from across the Group to understand where they considered there was a susceptibility to fraud;
- Our audit planning identified fraud risks in relation to management override of controls and inappropriate or incorrect recognition of revenue (revenue recognition assessed as a Key Audit Matter above) across the Group. We obtained an understanding of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those processes and controls;
- We designed our audit procedures to detect irregularities, including fraud. Our procedures included journal entry testing, with a focus on large or unusual transactions based on our knowledge of the business; enquiries with Group Management; and focussed testing as referred to in the Key Audit Matters section above;
- With regards to the fraud risk in management override of controls, our procedures included journal transaction testing, across the group, with a focus on large or unusual transactions based on our knowledge of the business. We also performed an assessment on the appropriateness of key judgements and estimates, which are subject to managements' judgement and estimation, and could be subject to potential bias; and
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and component auditors, who were all deemed to have appropriate competence and capabilities, to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's directors, as a body, in accordance with the terms of our engagement letter dated 17 August 2021. Our audit work has been undertaken so that we might state to the Parent Company's directors 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 Parent Company and the Parent Company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Iain Henderson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
28 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2021 $'000	Year ended 31 December 2020 $'000
Revenue	4	**69,165**	56,402
Cost of sales		**(5,733)**	(4,925)
Gross profit		**63,432**	51,477
Other Income (non-recurring)*		**1,080**	–
Administrative expenses	5	**(59,377)**	(68,200)
Operating profit/(loss) analysed as:			
Adjusted EBITDA**		**20,028**	15,268
Other Income (non-recurring)	4	**1,080**	–
Depreciation and amortisation		**(7,487)**	(5,917)
Stock Option expense	20	**(7,391)**	(4,925)
Foreign exchange (losses)/gains		**(134)**	1,048
Impairment of goodwill	11	**–**	(20,775)
Exceptional items (included in administrative expenses)	5	**(961)**	(1,422)
Operating profit/(loss)		**5,135**	(16,723)
Finance income	7	**22**	70
Finance expense	7	**(770)**	(662)
Profit/(loss) before tax		**4,387**	(17,315)
Tax credit/(expense)	8	**1,882**	(1,470)
Net profit/(loss) for the period attributable to equity holders of the parent company		**6,269**	(18,785)
Other comprehensive income/(losses) net of tax Items that will or may be reclassified to profit or loss			
Foreign currency translation (loss)/profit		**(2,407)**	1,720
Total comprehensive (loss)/profit for the period		**(2,407)**	1,720
Total comprehensive profit/(loss) for the period attributable to equity holders of the parent company		**3,862**	(17,065)
Profit/(loss) per share attributable to the owners of the parent during the year			
Basic EPS and	9	**0.0213**	(0.069)
Fully diluted EPS ($)		**0.0206**	(0.069)

* Other Income in 2021 relates to the acquisition of Fortumo and is the difference between the expected fair value of the Fortumo earnout escrow amount as at 31st December 2020 and the actual amount paid to Fortumo shareholders in September 2021; to better reflect underlying performance, this non-recurring income is excluded from Adjusted EBITDA. Further information on this non-recurring Payment Income is detailed in Note 4.
**Earnings before interest, tax, depreciation, amortisation, non-recurring other income, stock option expense, foreign exchange gains/(losses), impairment of goodwill and exceptional items. Management has assessed this performance measure as relevant for the user of the accounts.

Consolidated Statement of Financial Position

	Note	31 December 2021 $'000	31 December 2020 $'000
Non-current assets			
Property, plant and equipment	10	**5,670**	3,771
Intangible assets	11	**63,117**	65,559
Deferred tax assets	8	**3,105**	483
Total non-current assets		**71,892**	69,813
Current assets			
Trade and other receivables	13	**82,557**	92,535
Cash and cash equivalents - unrestricted	14	**56,651**	61,290
Cash and cash equivalents - restricted cash	14	**5,789**	1,414
Total current assets		**144,997**	155,239
Total assets		**216,889**	225,052
Current liabilities			
Trade and other payables	16	**119,641**	136,779
Bank loans and overdrafts	17	**1,125**	1,438
Lease liabilities	15	**1,335**	1,436
Total current liabilities		**122,101**	139,653
Non-current liabilities			
Other payables	16	**1,700**	862
Deferred tax liabilities	8	**456**	228
Loans and borrowings	17	**6,688**	10,813
Lease liabilities	15	**3,498**	1,742
Total non-current liabilities		**12,342**	13,645
Total liabilities		**134,443**	153,298
Net assets		**82,446**	71,754
Equity attributable to equity holders of the company			
Share capital	18	**29**	29
Share premium		**246,883**	240,053
Foreign exchange reserve		**(2,714)**	(307)
Retained losses		**(161,752)**	(168,021)
Total equity		**82,446**	71,754

The financial statements were approved by the Board for issue on 28 March 2022

Jon Prideaux
Chief Executive Officer

Keith Butcher
Chief Financial Officer

Consolidated Statement of Changes In Equity

	Share capital $'000	Share premium $'000	Foreign exchange reserve $'000	Retained losses $'000	Total $'000
Equity as at 1 January 2020	25	208,196	(2,027)	(149,236)	56,958
Loss for the year	–	–	–	(18,785)	(18,785)
Other comprehensive income	–	–	1,720	–	1,720
Issue of share capital upon exercise of 8,906,542 stock options and RSUs	–	1,700	(32)	–	1,668
Share-based payment1	–	4,313		–	4,313
Shares issued	3	25,159	32	–	25,194
Issue of RSU's related to Fortumo acquisition	–	1,340	–	–	1,340
Share issue costs	–	(654)			(654)
Other reserves	–	(2,447)			(2,447)
Share issued for warrant	1	2,446			2,447
Equity as at 31 December 2020	29	240,053	(307)	(168,021)	71,754
Profit for the year	–	–	–	6,269	6,269
Other comprehensive income/(loss)	–	–	(2,407)	–	(2,407)
Issue of share capital upon exercise of 6,751,318 stock options and RSUs	–	1,146	(37)	–	1,109
Share-based payment1	–	5,434	–	–	5,434
Issue of RSU's related to Fortumo acquisition	–	250	37	–	287
Equity as at 31 December 2021	29	246,883	(2,714)	(161,752)	82,446

[1] Share based expense has been credited against share premium in accordance with the local company law and practice in US.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2021 $'000	Year ended 31 December 2020 restated $'000
Cash generated from operations	22	**12,362**	31,529
Income taxes paid		**(443)**	(269)
Net cash from operating activities		**11,919**	31,260
Investing activities			
Purchase of property, plant and equipment		**(812)**	(489)
Purchase of internally developed software		**(5,022)**	(2,920)
Purchased financial asset		**–**	(2,160)
Investment in subsidiary, net of cash acquired		**–**	(34,435)
Interest received		**22**	70
Net cash used in investing activities		**(5,812)**	(39,934)
Financing activities			
Payment of principal to lease creditors		**(1,694)**	(2,045)
Payment of interest to lease creditors		**(235)**	(292)
Issue of common stock to employees		**1,109**	1,700
Issue of new ordinary shares		**–**	25,129
Share issue costs		**–**	(654)
Settlement of loan by shareholder		**–**	793
Interest paid on borrowings		**(409)**	(307)
Proceeds from bank loan		**–**	20,000
Repayment of bank loan		**(4,563)**	(7,313)
Borrowing costs		**–**	(500)
Repayment of bank facility		**–**	(2,092)
Net cash (used in)/from financing activities		**(5,792)**	34,419
Net increase in cash and cash equivalents		**315**	25,745
Effect of foreign currency translation on cash and cash equivalent		**(579)**	1,336
Cash and cash equivalents at beginning of period		**62,704**	35,623
Cash and cash equivalents at end of period	14	**62,440**	62,704

Notes to the Consolidated Financial Statements

1. Corporate Information

The consolidated financial information represents the results of Boku Inc. (“the Company”) and its subsidiaries (together referred to as “the Group”).

Boku Inc. is a company incorporated and domiciled in the United States of America. The registered office of the Company is located at 660 Market Street, Suite 400, San Francisco, CA 94104, United States.

The principal business of the Group is the provision of mobile billing and payment solutions for mobile network operators and merchants. These solutions enable consumers to make online payments using their mobile devices.

2. Accounting policies

The financial information has been prepared using the historical cost convention, as stated in the accounting policies below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations issued by the International Accounting Standards Board (IASB).

The Consolidated financial statements have been prepared on a going concern basis. These financial statements have been prepared for a 12 month period.

The preparation of financial statements in conformity with 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 accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below in II, “Critical accounting estimates, assumptions and judgements”. The accounting policies adopted in these financial statements have been consistently applied to all the years presented and are consistent with the policies used in the preparation of the financial statements for the year ended 31 December 2020, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2021. There are deemed to be no new standards, amendments and interpretations to existing standards, which have been adopted by the Group, that have had a material impact on the financial statements.

The principal accounting policies adopted by the Group in the preparation of the Consolidated financial statements are set out below.

The presentation currency of the consolidated financial statements is US Dollars, rounded to the nearest thousands ($’000) unless otherwise indicated. The main functional currencies for the Company’s subsidiaries are the United States Dollar, Euro and Great Britain Pound.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The ability of the Group to continue as a going concern is contingent on the ongoing viability of the Group. The Group meets its day-to-day working capital requirements through its cash balances and also has a bank facility that it can use. The current economic conditions continue to create uncertainty, particularly over (a) the level of consumer engagement; and (b) the level of new sales to new customers. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group expects to be able to operate within the level of its current cash resources and bank facilities. Further information on the Group's borrowings and available facilities is given in Note 17 to these consolidated financial statements.

The directors have prepared cash-flow forecasts covering a period of at least 12 months from the date of approval of the financial statements which foresee that the Group will be able to operate within its existing facilities.

The COVID-19 pandemic continued to have limited impact on Boku's business in 2021, indeed the Payments business saw increased processed volumes in COVID-19 impacted countries and regions, and therefore the Board believes that the business is able to navigate through the continued impact of COVID-19 due to the strength of its customer proposition and business partnerships, statement of financial position and the strong net cash position of the Group (cash balances of $61.4 million at year end with further cash receipts from the disposal of the identity business on 28th February 2022).

The ongoing Russia/Ukraine conflict is not expected to have a material impact on Group revenues in 2022 as detailed in the CEO and CFO reports.

Having assessed the principal risks and the other matters discussed in connection with the going concern statement, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting and deem there to be no emphasis over going concern, in preparing the financial information.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial information presents the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial information incorporates the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

A list of the subsidiary undertakings is given in Note 12 of the financial information.

2. Accounting policies (continued)

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The accounting policies adopted in these consolidated financial statements are consistent with those of the annual financial statements for the 12 months ended 31 December 2020. The IABS issued the following new and updated standards for annual reporting periods beginning on or after 1st January 2021. The Group adopted the amendments to the following existing standards during 2021:

Amendments to Existing Standards		IASB effective date
1	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS39, IFRS,&, IFRS 4and IFRS 16)	01-Jan-21
2	Amendments to IFRS 4 Insurance Contracts	01-Jan-21
3	COVID-19 Related Rent concessions beyond 30 June 2021	01-Apr-21

1) Interest rate benchmark reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

Major changes:
(i) Added a practical expedient that enables a company to account for a change in the contractual cash flows that are required by the reform by updating the effective interest rate to reflect, for example, the change in an interest rate benchmark from LIBOR to an alternative benchmark rate, i.e., apply IFRS 9:B5.4.5 rather than IFRS 9:B5.4.6, and
(ii) Provide relief from specific hedge accounting requirements.

There is no impact on the Group Financial Statements for the 12 months ending 31st December 2021 as a result of this standard.

2) Amendments to IFRS 4 – Insurance Contracts (deferral of IFRS 9)

The Amendments made to IFRS 4 related to companies providing insurance. The Group does not provide insurance services so this standard has no current or future impact on the Group financial statements.

The amendment is effective for periods beginning on or after 1 January 2021.

3) COVID-19 Related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)

In March 2021, IASB issued an amendment to IFRS 16 which extended the COVID-19 related rent concessions beyond 30 June 2021. This amendment is required to be mandatorily adopted by a lessee who had elected to apply the original practical expedient. The Group did not benefit from any rent concessions during the twelve months ending 31 December 2021.

The amendment is effective for periods beginning on or after 1st April 2021.

(b) New and amended standards published, but not yet applicable for the annual period beginning on 1st January 2021, not yet adopted by the Group :

1) Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)

2) Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)

3) Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)

4) Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022)

5) IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023). This standard will have no impact on the future Group financial statements as the group does not issue Insurance contracts.

6) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)

7) Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)

8) Amendments to IAS12 Income taxes: require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Management continues to monitor the issuance of new standards and any further amendments to the existing standards and considers that the application of the new amendments in the table above will not materially affect the Group after adoption.

Foreign currency translation

The presentation and functional currency for the group is US dollars. Items included in the financial statement of each of the Group's entities are measured in the functional currency of each entity.

Foreign currency transactions and balances:

i) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

ii) Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within administrative expenses.

iii) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments (including purchased intangible assets) to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Consolidation of foreign entities

On consolidation, the results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) Assets and liabilities for each Consolidated statement of financial position presented are translated at the closing rate at the date of that Consolidated statement of financial position.

ii) Income and expenses for each Consolidated statement of comprehensive income item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

iii) All resulting exchange differences are recognised as a separate component of equity.

Exchange differences are recycled to profit or loss as a reclassification adjustment upon disposal of the foreign operation.

2. Accounting policies (continued)

Revenue

Boku recognises revenue in accordance with IFRS 15 Revenue from Contracts with Customers by applying the required five steps: identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognise revenue when (or as) the entity satisfies a performance obligation. Revenue is allocated to the various performance obligations on a relative stand-alone selling price ("SSP") basis.

An analysis of the key considerations that IFRS 15 has on the Group's revenue streams is summarised below.

1. Payments Segment revenue

Boku's technology for the ***Payments segment*** delivers a low friction way for mobile phone users to buy things and charge them to their phone bill or pre-paid phone or wallet balance. The Group's revenue is principally its service fees which are earned from its merchants.

(i) Settlement Model: when it acts as an agent between a merchant and mobile network operators (MNOs), or an aggregator (a middleman between the Group and the MNO) or an eWallet provider. Management has determined that it is acting as an agent under IFRS 15 because it does not have the primary responsibility for providing the services to the customer. Therefore, there has been no change in the classification as an agent from the previous assessment. Fees are calculated as a percentage of the value of transaction. An additional fee is also earned when a merchant requires settlement in a different currency than the currency received, at contractual agreed rates, in line with IFRS 15.

(ii) Transactional Model: from larger virtual and digital merchants who receive the sale collections directly and pay a service fee to the Group.

Under both the transactional and settlement model (see point (i) and (ii) above), the Group's contracts with customers include one performance obligation only. This relates to an obligation to facilitate the payment for the transaction between the merchant and their end users. Under IFRS 15 revenues for this service is recognised under this contract at a point in time as the obligation is fulfilled at time when transaction happens, as the point of delivery of the performance obligation is the same as when the risks and rewards have been transferred. Payments are due once the Group receives the statement of information from the Aggregator or the MNO or wallet provider.

(iii) Other revenue: from special merchant integrations, subscription services and early settlement of funds.

In 2020, Special merchant integrations were recognised in full once the integrations were successfully tested and approved by the customer. Maintenance arrangements were negotiated separately and fees were paid monthly and were recognised in full at each month end, in line with IFRS 15. In 2021 the pricing model was changed from this fixed fee plus monthly maintenance fees model, to charging a percentage of the a value of the transaction volumes processed for that merchant.

Contract assets and contract liabilities are included within 'trade and other receivables' and 'trade and other payables' respectively on the face of the statement of financial position.The group recognises all revenue initally as accrued income/contract asset, until the reports from carriers are received at which points these contract assets are recognised as debtors/receivables.

The Group's revenue is principally its service fees earned from its merchants. There are slight differences to contracts depending on the services provided. All revenue from the Payment segment is recognised at one point in time. Therefore, for the Payments segment, at 31 December 2020 and 31 December 2021, the Group does not have deferred revenue on the balance sheet.

2. Identity Segment Revenue

Boku's technology for the Identity segment provides identity services to customers by silently validating a mobile device using automatic mobile number verification, streamlining the Know Your Client ('KYC') processes by validating the name and address entered by a user against the MNOs data, and reduce fraud on marketing promotions by linking marketing promotions to secure SIM based user identities instead of email or unverified mobile numbers etc.

Identity merchants are charged either on a per user basis – for monitoring – or a per transaction basis, typically with monthly minimums.

For the Identity segment, deferred revenue consists of billings processed in advance of revenue recognition generated by Boku Identity's Mobile Identification/TCPA services. For these services, Boku bills its customers at the beginning of the contract term as a pre-payment for services which are billed at a set price per transaction. The revenue is recognised monthly, at a point in time, based on the amount of transactional volume processed during the month and services will continue to be performed until the full value of the contract is realised. For the period ended 31 December 2021, deferred revenue on the balance sheet for the Identity Segment was $303,853 (2020: $443,585).

Cost of sales

Cost of sales is primarily related to the monthly fees and service charges from MNOs and other providers, customer services fees, some marketing expenses and bad debt.

Operating Segments

In accordance with IFRS 8, "Operating Segments", the Group has derived the information for its segmental reporting using the information used by the Chief Operating Decision Maker ("CODM"), defined as the General Management Committee (GMC). The segmental reporting is consistent with those used in internal management reporting and the measure used by the GMC is Adjusted EBITDA.

The Board considers that the Group's provision of a payment platform for the payment processing of virtual goods and digital goods purchases constitutes one operating and one reporting segment (Payments segment), and the provision of identity services another operating and reporting segment (Identity segment) as defined under IFRS 8. Management reviews the performance of the Group by reference to total results against budget as well as for each of the two operating segments.

Exceptional Items

Exceptional items are those significant items, which are separately disclosed by virtue of their size, nature or incidence to enable a full understanding of the Group's financial performance. In setting the policy for exceptional items, judgement is required to determine what the Group defines as "exceptional". The Group considers an item to be exceptional in nature if it is non-recurring or does not reflect the underlying performance of the business. Exceptional items are recorded separately below Adjusted EBITDA.

Management of the Group evaluates Group strategic projects such as acquisitions, divestitures and integration activities, Group restructuring and other one-off events such as restructuring programmes. In determining whether an event or transaction is exceptional, management of the Group considers quantitative and qualitative factors such as its expected size, precedent for similar items and the commercial context for the particular transaction, while ensuring consistent treatment between favourable and unfavourable transactions impacting revenue, income and expense. Examples of transactions which may be considered of an exceptional nature include major restructuring programmes, cost of acquisitions, the cost of integrating acquired businesses or gains or losses on the disposal of discontinued operations.

2. Accounting policies (continued)

Retirement Benefits: Defined contribution schemes

The Group operates various pension schemes in various jurisdictions, all being defined contribution schemes (pension plans). A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

In the U.S. the group has a 401(k) plan, a type of defined contribution scheme in the United States in which all employees can participate after meeting eligibility requirements. Participants may elect to have a portion of their salary deferred and contributed to the scheme up to the limit allowed by applicable income tax regulations. The Company has made a matching contribution to the scheme for the years ended 31 December 2021 and 31 December 2020.

Contributions to defined contribution schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Share-based payments

Where equity settled share options and Restricted Stock Units ('RSUs') are awarded to employees, the fair value of the options or RSUs at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options or RSUs that eventually vest.

Where the terms and conditions of options or RSUs are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Where options are cancelled within the vesting period, the remaining cost of the options is accelerated and charged to the income statement in the year. The value of share-based payment is taken directly to reserves and the charge for the period is recorded in the income statement.

The Group's scheme, which awards shares in the parent entity, includes recipients who are employees in subsidiaries. In the consolidated Financial Statements, the transaction is treated as an equity-settled share-based payment, as the subsidiary has received services in consideration for Boku Inc's equity instruments. An expense is recognised in the consolidated Group income statement for the fair value of share-based payment over the vesting year, with a credit recognised in equity. In the subsidiaries' financial statements, the awards, in proportion to the recipients who are employees in said subsidiary, are treated as an equity-settled share-based payment, as the subsidiaries do not have an obligation to settle the award. An expense for the grant date fair value of the award is recognised over the vesting period, with a credit recognised in equity. The credit is treated as a capital contribution, as the parent company is compensating the subsidiaries' employees with no cost to the subsidiaries as there is no expectation to recharge the cost. In the parent company's financial statements, there is no share-based payment charge where the recipients are employed by a subsidiary, with the parent company recognising an increase in the investment in the subsidiaries as a capital contribution from the parent and a credit to equity. There are no cash settled share-based payments allowed under the scheme, but if they were they will be recognised as an expense in the income statement with a corresponding credit to liabilities.

RSU's issued in connection with business combinations as replacements for instruments held by employees are treated as part of the consideration transferred to the extent that the Company is obliged to issue the replacement awards and that they compensate for service that has been provided pre-combination. To the extent awards are voluntary or that they relate to the provision of future services they are treated as a post-combination expense.

Share options and RSUs which will incur future employer payroll taxes on exercise, are accrued for the future cost of Employer's National Insurance from the point the options are granted over their vesting period. This liability is then amended at each subsequent balance sheet date under IFRS 2.

Intangible assets

(i) Goodwill

The Group uses the acquisition method of accounting for the acquisition of a subsidiary. The consideration transferred is measured at the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed in the period. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

In respect of business combinations that have occurred since January 2014, goodwill represents the excess of the cost of the acquisition and the Group's interest fair value of net identifiable assets and liabilities acquired. In respect of business combinations prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under US GAAP. As permitted by IFRS 1, Goodwill arising on acquisitions prior to 1 January 2014 is stated in accordance with US GAAP and has not been remeasured on transition to IFRS. Goodwill is recognised and measured at the acquisition date.

Goodwill is capitalised as an intangible asset at cost less any accumulated impairment losses. Any impairment in carrying value is being charged to the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Goodwill is allocated to appropriate cash generating units (CGUs). Goodwill is not amortised but is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The major assumptions are disclosed in note 11.

(ii) Intangible assets acquired as part of a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset. All intangible assets acquired through business combinations, are amortised over their useful lives.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired.

2. Accounting policies (continued)

(iii) Research and development

Expenditure on research activities as defined in IFRS is recognised in the income statement as an expense as incurred.

Expenditure on internally developed software products and substantial enhancements to existing software product is recognised as intangible assets only when the following criteria are met:

1. it is technically feasible to develop the product to be used or sold;
2. there is an intention to complete and use or sell the product;
3. the Group is able to use or sell the product;
4. use or sale of the product will generate future economic benefits;
5. adequate resources are available to complete the development; and
6. expenditure on the development of the product can be measured reliably.

The capitalised expenditure represents costs directly attributable to the development of the asset from the point at which the above criteria are met up to the point at which the product is ready to use. The costs include external direct costs of materials and services consumed in developing and obtaining internal-use computer software, and payroll and payroll-related costs for employees who are directly associated with and who devote time to developing the internal-use software. If the qualifying conditions are not met, such development expenditure is recognised as an expense in the period in which it is incurred. Product development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(iv) Amortisation rates

The significant intangibles recognised by the Group and their useful economic lives are as follows:

Intangible asset	Useful economic life
Tradenames	Indefinite life – not amortised
Acquired intangibles (Fortumo acquisition)	10 years
Merchant relationships	5-10 years
Developed technologies	5 years
Domain names	10 years
Internally developed software	3 years

The amortisation expense is recognised within administrative expenses in the consolidated statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment are held under the cost model and are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the Consolidated statement of comprehensive income during the financial year in which they are incurred. Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Office equipment and furniture	3-5 years on cost
Computer equipment and software	3 years on cost
Leasehold improvement	3-5 years on cost
Right-of-use assets	Shorter of useful life of the asset or lease term

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Consolidated statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

Financial assets

The Group's financial assets mainly comprise cash, trade and other receivables.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provisions for impairment based upon an expected credit loss methodology. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance matrix for all trade receivables (including accrued receivables). A provision of the lifetime expected credit loss is established upon initial recognition of the underlying asset and are calculated using historical account payment profiles along with historical credit losses experienced. The loss allowance is adjusted for forward looking factors specific to the debtor and the economic environment. The amount of the provision is recognised in the Consolidated statement of comprehensive income.

2. Accounting policies (continued)

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. The Group's financial liabilities are categorised as loans and Trade and other payables.

At initial recognition,

- Financial liabilities (trade and other payables, excluding other taxes and social security costs and deferred income), are measured at their fair value plus, if appropriate, any transaction costs that are directly attributable to the issue of the financial liability. These financial liabilities are subsequently carried at amortised cost.
- Bank borrowings are initially recognised at fair value net any of transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost ensuring the interest element of the borrowing is expensed over the repayment period at a constant rate.

Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Incremental borrowing rate

IFRS 16 Leases requires that all the components of the lease liability are required to be discounted to reflect the present value of the payments. The discount rate to use is the rate implicit in the lease, unless this cannot readily be determined, in which case the lessee's incremental borrowing rate is used instead.

The definition of the lessee's incremental borrowing rate states that the rate should represent what the lessee *'would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.'* In applying the concept of 'similar security', a lessee uses the right-of-use asset granted by the lease and not the fair value of the underlying asset. This is because the rate should represent the amount that would be charged to acquire an asset of similar value for a similar period.

In practice, judgement may be needed to estimate an incremental borrowing rate in the context of a right-of-use asset, especially when the value of the underlying asset differs significantly from the value of the right-of-use asset.

The analysis showed that the incremental borrowing rate as at 1st January 2019 was 8.5% which was used as discount rate for all leases in all subsidiaries, which were acquired before 1st July 2020. The Group borrowed funds from its bankers in June 2020 and reviewed the incremental borrowing rate to be 4.285% and applied this rate to all leases acquired after 1st July 2020.

The discount rate will be revised, in line with IFRS 16, and the lease liability remeasured only when:

- there is a change in the lease term,
- a change in the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset or
- a change in floating interest rates, resulting in a change in the future lease payments (this approach is consistent with IFRS 9's requirement for the measurement of a floating rate financial liabilities subsequently measured at amortised cost)

A lessee is not required to reassess the discount rate when there is a change in future lease payments due to a change in an index. – e.g. the consumer price index.

Share Capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary share capital and share premium are classified as equity instruments.

Taxation

Current tax

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

2. Accounting policies (continued)

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Costs related to acquisitions, other than those directly attributable to the issue of debt or equity, are expensed as incurred.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the profit or loss.

Critical accounting estimates and judgements

In preparing these Consolidated financial statements, the Group has made its best estimates and judgements of certain amounts included in the financial statements, giving due consideration to materiality. The Group regularly reviews these estimates and updates them as required. Actual results could differ from these estimates. Unless otherwise indicated, the Group does not believe that there is a significant risk of a material change to the carrying value of assets and liabilities within the next financial year related to the accounting estimates and assumptions described below. The Group considers the following to be a description of the most significant estimates and judgements, which require the Group to make subjective and complex judgements and matters that are inherently uncertain.

(a) Goodwill, Intangible assets acquired in a business combination

As set out in the accounting policies above, intangible assets acquired in a business combination are capitalised and amortised over their useful lives. Both initial valuations and valuations for subsequent impairment tests are based on risk adjusted future cash flows discounted using appropriate discount rates. These future cash flows are based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the Group. Refer to note 11 for a description of the specific estimates and judgements used including the critical accounting estimates and judgments used in the calculation of the goodwill impairment.

(b) Held for sale

Non-current assets and disposal groups are classified as held for sale if it is probable their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a sale to be highly probable, management should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and plan initiated, the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, the sale should be expected to be completed within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. In respect to the group's Identity business and as of year end, while management were considering strategic options, they were not committed to a plan nor was there knowledge or belief that a sale would be definitively complete; taking account of this the Identity business was not deemed held for sale.

(c) Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Where such a model is required, the group is using the Black Scholes model to calculate its share-based compensation expenses. (Please refer to note 20 for full details).

(d) Taxation

In recognising income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. In recognising deferred tax assets and liabilities management also makes judgements about likely future taxable profits. The carrying values of current tax and deferred tax assets and liabilities are disclosed separately in the consolidated statement of financial position.

(e) Impairment of goodwill and other intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount of the cash generating unit to which the goodwill has been allocated, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Other intangible assets include acquired merchant relationships, an IT Platform and Domain names as well as internally developed intangibles (capitalized development costs). Acquired intangible assets are recognised at fair value at the acquisition date and are amortized on a straight-line basis over their estimated useful lives.

Impairment reviews are undertaken if events or changes in circumstances reveal any indicators of impairment. If indicators of impairment are present, the carrying value of the asset is compared to the recoverable amount of the cash generating unit to which the asset is allocated, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense.

It is possible that changes in economic conditions or deviations in actual performance from forecast could result in a material adjustment to the carrying value of the CGU within the next financial year. The key estimates made by management are set out in note 11.

3. Financial instruments – Risk Management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group reports in US$. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Group does not issue or use financial instruments of a speculative nature.

The Group is exposed to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents and restricted cash
- Trade and other payables
- Bank loans

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 31 December 2021 and 31 December 2020.

Trade and other receivables are measured at book value and amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Trade and other payables are measured at book value and amortised cost.

Financial instruments by category

Financial assets

	31 December 2021 $'000	31 December 2020 $'000
Cash and cash equivalents	56,651	61,290
Restricted cash	5,789	1,414
Total Cash	62,440	62,704
Accounts receivable (net)	78,606	86,360
Other receivables (including contingent asset)	484	3,100
Total other financial assets	79,090	89,460
Cash, and other financial assets	141,530	152,164

Financial liabilities

	31 December 2021 $'000	31 December 2020 $'000
Trade payables	94,152	105,376
Accruals	23,375	28,135
Total other financial liabilities	117,527	133,511
Bank loans (secured)	7,813	12,250
Lease liabilities	4,833	3,178
Loans and borrowings	12,646	15,428
Financial liabilities at amortised cost	130,173	148,939

The management of risk is a fundamental concern of the Group's management. This note summarises the key financial risks to the Group and the policies and procedures put in place by management to manage them.

a) Market risk

Market risk arises from the Group's use of interest bearing and foreign currency financial instruments. There is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or foreign exchange rates (currency risk).

3. Financial instruments – Risk Management (continued)

Interest rate risk

The Group is exposed to cash flow interest rate risk from bank borrowings at variable rates but with a lower floor. The Group's bank borrowings and other borrowings are disclosed in note 17. Interest rates for the current Boku bank loan were based on LIBOR, however the decision was made to phase out LIBOR by the end of 2021. Current contracts have been agreed at similar or equivalent rates after transition and did not have a material effect on the Group finances. The Group manages the interest rate risk centrally. After year end, the term loan was repaid in full on 28th February 2022 following the disposal of the Identity division to Twilio.

The following table demonstrates the sensitivity to a 1 percent change (higher only due to the fixed lower floor) to the interest rates of the following borrowings at 31 December 2021 to the profit before tax and net assets for the period:

	31 December 2021 **Increase/(decrease) of loss before tax and net assets** **$'000**	31 December 2020 Increase/(decrease) of loss before tax and net assets $'000
Bank loans	**+81**	+124

Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business.

The effect of fluctuations in exchange rates on the Euro and GBP denominated trade receivables is partially offset through the use of foreign exchange contracts to the extent that any remaining impact on profit after tax is not material.

The Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred. The Group manages all treasury activities centrally, with the exception of the acquired Fortumo entities where treasury processes are in the process of being aligned with group treasury policies and procedures.

As of 31 December, the Group's gross exposure to foreign exchange risk was as follows:

31 December 2021	GBP $'000	Euro $'000	Other $'000	Total $'000
Trade and other receivables	12,399	28,352	34,500	72,521
Cash and cash equivalents and restricted cash	9,849	14,268	23,511	47,628
Trade and other payables	(18,934)	(47,757)	(45,006)	(111,697)
Financial assets/(liabilities)	3,314	(5,137)	13,005	11,182

10% impact - +/-	**368**	**(571)**	**1,445**	**1,242**

31 December 2020	GBP $'000	Euro $'000	Other $'000	Total $'000
Trade and other receivables	11,630	25,375	46,476	83,481
Cash and cash equivalents and restricted cash	10,083	15,912	21,053	47,048
Trade and other payables	(21,138)	(60,967)	(41,542)	(123,647)
Financial assets/(liabilities)	575	(19,680)	25,987	6,882

10% impact - +/-	64	(2,187)	2,887	765

The group operates in 37 currencies. We have separated GBP and Euro as the two primary currencies. The other 35 currencies are include in the 'Other' column. The impact of 10% movement in foreign exchange rate of US$ will result in an increase/decrease of total comprehensive profit/loss after tax and financial assets/(liabilities) of $1,242 thousands for December 2021 (2020: $765 thousands).

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. The Group's net trade receivables for the three reported periods are disclosed in the financial assets table above.

The Group is exposed to credit risk in respect of these balances such that, if one or more the aggregators or MNOs encounters financial difficulties, this could affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the credit rating of new customers and MNOs prior to entering into contracts, by entering contracts with customers with agreed credit terms and also by limiting its liability to its customers in the event of non-payment from MNOs and aggregators.

To minimise this credit risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding receivables amount from carriers/aggregators less the value of corresponding outstanding amount payable to merchants, which equals to the loss of revenue recorded in the financial statements in respect of the uncollected funds.

At the reporting date, the exposure was represented by the carrying value of trade and other receivables, against which $149 thousands was provided at 31 December 2021 (2020: $1,323 thousands). The provision amounts represent an estimate of potential bad debt in respect of the year-end Group trade receivables. The Group's customers are spread across a broad range of sectors and consequently it is not otherwise exposed to significant concentrations of credit risk on its trade receivables.

A debt is considered to be bad when it is deemed irrecoverable, for example when the debtor goes into liquidation, or when a credit or partial credit is issued to the customer for goodwill or commercial reasons. The Group has applied the Simplified Approach applying a provision matrix based on number of days past due being greater than 150 days to measure expected credit losses and after taking into account customer sectors with different credit risk profiles,history of collections and current and forecast trading conditions.

3. Financial instruments – Risk Management (continued)

The Group's provision matrix is as follows:

31-Dec-21	< 60 days	61–120 days	121–150 days	> 150 days	Total
Expected credit loss % range	0%	0%	0%	95%-100%	
Gross carrier receipts ($'000)	77,775	491	340	756	79,362
Expected credit loss rate ($'000)	–	–	–	(149)	(149)

At 31 December 2021 the Group had a provision for $149 thousands (31 December 2020: $1.323 million) of which $36 thousands was utilised and $1,137 thousands was fully reversed in the year – see Note 13 for full details of the movement in the year. As the company revenue is recorded as the net between the amounts received from carriers and aggregators less the amounts payable to merchants, the provision of $149 thousands has been created in the year against receivables. This represents the management best estimate of the potential revenue loss for the Group if the $756 thousands old receivables were not received from carriers. The acquisition of Fortumo and the alignment of our Payment divisions policies and procedures has resulted in an enhanced contractual position in the event of carrier non-payment, which has increased protection from the possible downside risk and related credit loss and as a result the expected credit risk loss in 2021 is lower than in prior years.

31-Dec-20	< 60 days	61–120 days	121–150 days	> 150 days	Total
Expected credit loss % range	0%	0%	0%	95%-100%	
Gross carrier receipts ($'000)	82,597	1,880	1,883	1,323	87,683
Expected credit loss rate ($'000)	–	–	–	(1,323)	(1,323)
					86,360

Other receivables are considered to be low risk. Management do not consider that there is any concentration of risk within other receivables. No other receivables have been impaired.

Credit risk on cash and cash equivalents is considered to be small as the counterparties are all substantial banks with high credit ratings. The maximum exposure is however the amount of the deposit. To date, the Group has not experienced any losses on its cash and cash equivalent deposits.

c) Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The table below analyses the Group's financial liabilities by contractual maturities (all amounts disclosed in the table are the undiscounted contractual cash flows):

31 December 2021	Within 1 year $'000	2-5 years $'000	More than 5 years $'000
Trade and other payables	119,641	1,700	–
Bank loans and overdrafts (secured)*	1,250	6,875	–
Leases liabilities	1,477	3,868	–
Total	122,368	12,446	–

*No material difference between discounted and undiscounted fair value.

31 December 2021	Within 1 year $'000	2-5 years $'000	More than 5 years $'000
Trade and other payables	136,779	862	–
Bank loans and overdrafts (secured)*	1,438	10,813	–
Leases liabilities	1,625	1,937	–
Total	139,842	13,612	–

*No material difference between discounted and undiscounted fair value.

Capital Management

The Group's capital is made up of share capital, foreign exchange reserve and retained losses.

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders' equity as set out in the consolidated statement of changes in equity. All working capital requirements are financed from existing cash resources and borrowings.

4. Segmental analysis

(a) Operating Segments – primary basis

Prior to 1 Jan 2019, the Group considered that for executive management purposes, the Group had one reportable segment - provision of a payment platform for processing payments for virtual goods and digital goods purchases. Following the acquisition of Danal Inc on 1 January 2019, the Group revised its activities into two operating segments, Payments and Identity, as disclosed below. The segments are based on the Group's main revenue generating activities. On 1st July 2020, the Group completed the acquisition of payments company Fortumo Holdings Inc and its subsidiaries. Fortumo was a competitor to Boku and operated in the same carrier billing space as the existing Boku payments business. Therefore, the results of Fortumo O (the trading subsidiary of Fortumo Holdings Inc) and its subsidiaries together with the existing Boku Payments business are viewed by the management as one Payments segment.

The Group CEO and CFO review the management reports for both segments monthly before sending the results to the Board.

The following summary describes the operations in each of the Group's reportable segments:

Payments Segment - provision of payment platform which enables mobile phone users to buy goods and services and charge them to their mobile phone or prepaid balance.

In 2021 there were two customers, within the Payments Segment with revenue amounting to more than 10% (each) of the payments segment revenue (2020: 1 customer).

Identity Segment - provision of Identity services which are used to simplify transactions or combat fraud.

Operating segment information under the primary reporting format is disclosed below:

Boku Income Statement by segment for 12 months to 31 December 2021	2021		
	Total Payments	**Total Identity**	**Total Group**
	$'000	$'000	$'000
Fee Revenue	62,082	7,083	69,165
Cost of sales	(1,571)	(4,162)	(5,733)
Gross Profit	**60,511**	**2,921**	**63,432**
Other Income (non-recurring)	1,080	–	1,080
Administrative Expenses	(50,951)	(8,426)	(59,377)
Operating gain/(loss) analysed as:			
Adjusted EBITDA*	**22,922**	**(2,894)**	**20,028**
Other Income (non-recurring)	1,080	–	1,080
Depreciation and amortisation	(6,251)	(1,236)	(7,487)
Stock Option expense	(6,414)	(977)	(7,391)
Foreign exchange gains / (losses)	115	(249)	(134)
Exceptional items (included in administrative expenses)	(812)	(149)	(961)
Operating gain/(loss)	**10,640**	**(5,505)**	**5,135**
Finance income	22	–	22
Finance expense	(770)	–	(770)
Profit/(Loss) before tax	9,892	(5,505)	4,387
Tax credit	1,882	–	1,882
Net profit/(loss) for the period attributable to equity holders of the parent company	**11,774**	**(5,505)**	**6,269**

**Earnings before interest, tax, depreciation, amortisation, non-recurring other income, stock option expense, foreign exchange gains/(losses) and exceptional items. Management has assessed this performance measure as relevant for the user of the accounts.*

The consideration for the Fortumo acquisition included $5.4m, representing 12% of the total maximum consideration, held in escrow in cash, subject to certain Adjusted EBITDA* earnout, working capital and indemnity conditions being satisfied in the period 1st July 2020 to 30 June 2021.

The final earnout payment, based on Fortumo Adjusted EBITDA* performance for the 12 months period ended 30 June 2021, was $2.16m, with the balance of $3.24 million returned to Boku.

The difference of $1.08 million between the expected fair value of the Fortumo earnout escrow amount as at 31st December 2020 of $3.24 million and the actual amount paid to Fortumo shareholders in September 2021, of $2.16 million has been shown as "Other Income" in the Income Statement. This amount has been excluded from the adjusted EBITDA* as a non-trading, non-recurring item.

Boku Income Statement by segment for 12 months to 31 December 202	2020		
	Total Payments	**Total Identity**	**Total Group**
	$'000	$'000	$'000
Fee Revenue	51,231	5,171	56,402
Cost of sales	(1,669)	(3,256)	(4,925)
Gross Profit	**49,562**	**1,915**	**51,477**
Administrative Expenses	(39,737)	(28,463)	(68,200)
Operating gain/(loss) analysed as:			
Adjusted EBITDA*	**19,176**	**(3,908)**	**15,268**
Payments Revenue Adjustment (non-recurring)			
Depreciation and amortisation	(4,726)	(1,191)	(5,917)
Stock Option expense	(4,010)	(915)	(4,925)
Goodwill impairment	–	(20,775)	(20,775)
Foreign exchange gains	807	241	1,048
Exceptional items (included in administrative expenses)	(1,422)	–	(1,422)
Operating gain/(loss)	**9,825**	**(26,548)**	**(16,723)**
Finance income	70	–	70
Finance expense	(649)	(13)	(662)
Profit/(Loss) before tax	9,246	(26,561)	(17,315)
Tax expense	(1,469)	(1)	(1,470)
Net gain/(loss) for the period attributable to equity holders of the parent company	**7,777**	**(26,562)**	**(18,785)**

4. Segmental analysis (continued)

The net assets for each segment are disclosed below:

Net Assets by segment	2021		
Non-current assets	**Payments $'000**	**Identity $'000**	**Consolidated $'000**
Property, plant, and equipment	5,668	2	5,670
Intangible assets	58,777	4,340	63,117
Deferred tax assets	3,105	–	3,105
Total non-current assets	67,550	4,342	71,892
Current Assets			
Trade and other receivables	81,102	1,455	82,557
Cash and cash equivalents	55,565	1,086	56,651
Restricted cash	5,789	–	5,789
Total current assets	142,456	2,541	144,997
Total assets	**210,006**	**6,883**	**216,889**
Current liabilities			
Trade and other payables	118,201	1,440	119,641
Loans and borrowings	2,455	5	2,460
Total current liabilities	120,656	1,445	122,101
Non-current liabilities			
Trade and other payables	2,156	–	2,156
Loans and borrowings	10,191	(5)	10,186
Total non- current liabilities	12,347	(5)	12,342
Total liabilities	**133,003**	**1,440**	**134,443**
Net assets	**77,003**	**5,443**	**82,446**

Net Assets by segment	2020		
Non-current assets	**Payments $'000**	**Identity $'000**	**Consolidated $'000**
Property, plant, and equipment	3,749	22	3,771
Intangible assets	60,252	5,307	65,559
Deferred tax assets	483	–	483
Total non-current assets	64,484	5,329	69,813
Current Assets			
Trade and other receivables	91,122	1,413	92,535
Cash and cash equivalents	61,038	252	61,290
Restricted cash	1,414	–	1,414
Total current assets	153,574	1,665	155,239
Total assets	**218,058**	**6,994**	**225,052**
Current liabilities			
Trade and other payables	135,203	1,576	136,779
Loans and borrowings	2,863	11	2,874
Total current liabilities	138,066	1,587	139,653
Non-current liabilities			
Trade and other payables	1,090	–	1,090
Loans and borrowings	12,560	(5)	12,555
Total non- current liabilities	13,650	(5)	13,645
Total liabilities	**151,716**	**1,582**	**153,298**
Net assets	**66,342**	**5,412**	**71,754**

4. Segmental analysis (continued)

(b) Geographic segment – secondary basis

The geographical analysis of the revenue by location of the users and segment is presented below:

Group Revenue by Region and Segment	**Payments**		**Identity**		**Total**	
‘ 000 USD	**Dec-21 YTD**	%	**Dec-21 YTD**	%	**Dec-21 YTD**	%
Americas	3,018	4.9%	5,621	79.4%	8,639	12.5%
APAC	33,444	53.9%	1,065	15.0%	34,509	49.9%
EMEA	25,620	41.3%	397	5.6%	26,018	37.6%
Grand Total	**62,082**	100.0%	**7,083**	100.0%	**69,165**	100.0%

Group Revenue by Region and Segment	**Payments**		**Identity**		**Total**	
‘ 000 USD	**Dec-20 YTD**	%	**Dec-20 YTD**	%	**Dec-20 YTD**	%
Americas	1,556	3.0%	4,847	93.7%	6,403	11.4%
APAC	28,398	55.4%	90	1.7%	28,488	50.3%
EMEA	21,277	41.5%	234	4.5%	21,511	38.1%
Grand Total	**51,231**	100.0%	**5,171**	100.0%	**56,402**	100.0%

An analysis of non-current assets by geographical market is given below:

	2021 **$’000**	**2020** **$’000**
United States of America	51,662	47,613
Europe	16,551	20,996
Rest of the World	574	721
Total	68,787	69,330

5. Administrative expenses (including exceptional items)

	2021 $'000	2020 $'000
Audit fees - BDO LLP & all subsidiaries audits	524	361
Third party audit fees specific to FY 2020 – EY fees	–	45
Taxation services (not performed by auditor)	749	289
Professional services not performed by auditor	113	122
Consultancy and compliance services	835	1,005
Staff costs (excluding stock option expense – note 6)	33,598	29,032
Travel & entertainment	408	343
Property occupancy costs	1,203	935
Total IT, development and hosting	3,453	2,721
Total banking costs	506	52
Legal fees	879	718
Other costs including marketing, support & testing and other administration expenses	1,136	586
Operating Expenses, excluding items in Adjusted EBITDA	43,404	36,209
Depreciation of property, plant and equipment	2,255	2,446
Amortisation of intangible assets	5,232	3,471
Impairment of goodwill (Identity Business)	–	20,775
Foreign exchange loss/(gain)	134	(1,048)
Exceptional items – restructuring costs*	961	184
Exceptional items – acquisition costs	–	1,238
Share – based expenses (note 20)	7,391	4,925
Total administrative expenses	**59,377**	**68,200**

*Exceptional items of $961 thousands represent professional fees related to contracted costs exploring opportunities for the Identity business.

6. Key management personnel costs

Key management personnel compensation was made up as follows:

	2021 $'000	2020 $'000
Salaries	3,455	2,431
Short-term benefits	35	41
Social security costs	1,298	240
Stock option expense	2,126	1,464
Pension costs	8	7
Total	6,922	4,183

Directors' remuneration included in staff costs:	2021 $'000	2020 $'000
Salaries including bonuses	1,424	1,077
Short-term benefits	3	3
Total	1,427	1,080

7. Finance income and expenses

	2021 $'000	2020 $'000
Finance income		
Interest income from bank deposits	22	70
Total	22	70

Finance expenses		
Interest on bank loans & overdrafts	385	277
Other interest payable (including interest paid for factoring)	25	31
Interest on lease liabilities	235	292
Amortisation of debt costs	125	62
Total	770	662

Net finance expenses	748	592

8. Income tax

	2021 $’000	2020 $’000
Current tax		
US tax	–	2
Foreign tax	513	374
Total current tax	513	376
Deferred tax (credit)/expense	(2,395)	1,094
Total tax (credit) / expense	(1,882)	1,470

The reasons for the difference between the actual tax charge for the period and the applicable rate of income tax of the US reporting entity applied to the result for the period are as follows:

	2021 $’000	2020 $’000
Profit before tax	4,387	(17,315)
Tax rate	21%	21%
Profit/(loss) before tax multiplied by the applicable rate of tax:	921	(3,636)
Expenses not deductible for tax purposes	2	4,628
Withholding taxes	78	68
Recognition of tax losses	(2,646)	–
Other - difference in tax rates and adjustments in respect of prior years	(237)	410
Total tax (credit)/expense	(1,882)	1,470

Deferred Tax

	2021 $’000	2020 $’000
Net opening position	253	1,377
Arising from business combinations	–	–
Net recognition (de-recognition) / in the year	2,359	(1,094)
Foreign exchange revaluation	37	(30)
Net closing position	2,649	253

8. Income tax (continued)

The net closing position is made up of:

- A deferred tax liability of $456,097 (2020: $227,956): This constitutes tax positions connected with the Boku Inc UK fixed temporary differences. The 2020 balance is connected with a deferred tax liability associated with intangible assets acquired as part of the legacy business combination with the group's now German business: this was released in the year.
- The deferred asset of $3,105,382 (2020: $482,573). This increase relates primarily to the recognition in the USA and UK of available losses.. Each year the management assess the usability of the deferred assets.

A deferred tax asset (liability) has not been recognised for the following:

	2021 $'000	**2020 $'000**
Non-deductible Reserves	39	100
Accrued Compensation	84	161
Stock Based Compensation	1,819	1,857
Other temporary and deductible differences	527	648
Accelerated Capital Allowances	(1,510)	(1,000)
Losses recognised	(2,623)	–
Acquired Intangibles	(169)	(245)
Unused tax credits	189	189
Unused tax losses	32,254	30,816
Total deferred tax assets	30,610	32,526

The Group has carried forward losses and accelerated timing differences at the reporting date as shown below. In respect of its UK subsidiary, these can be carried forward and offset against UK taxable income indefinitely. In respect of its US entities, net operating loss carry forwards can be carried forward and offset against taxable income for 20 years for losses incurred up to and including 31 December 2017. All net operating loss carry forwards incurred after 31 December 2017 can be carried forward and offset against US taxable income indefinitely. Utilisation of net operating loss or tax credit carry forwards may be subject to annual limitations if an ownership change had occurred pursuant to the section 382 Internal Revenue Code and similar state provisions.

	2021 $'000	**2020 $'000**
US losses and tax credit – federal and states	183,226	181,516
Non-US losses (includes US entities deemed to be under non-US tax jurisdictions)	7,525	5,021
Total	190,751	186,537

The unused tax losses must be utilised by various dates. German tax losses as at 31 December 2021 are now reduced to zero, as all losses were to be used before 2022. U.S. federal tax losses of $175,283,600 expire in various dates through 2027. Other unused losses of $15,467,430 do not expire.

9. Profit / (Loss) per share

	2021 $'000	2020 $'000
Profit/(loss) attributable to shareholders of the Company ($'000)	6,269	(18,785)
Weighted average number of common shares	293,975,346	273,836,772
Basic profit/(loss) per share	0.0213	(0.069)
Diluted profit/(loss) per share	0.0206	(0.069)

Profit or Loss per share is calculated based on the share capital of Boku, Inc. and the earnings of the Group. Diluted earnings per share was calculated using the treasury method. In 2020, due to the loss, in the reporting period diluted loss per share is the same as basic loss per share.

10. Property, plant and equipment

	Right of use assets	Computer equipment and software $'000	Office equipment and fixtures and fittings $'000	Leasehold improvement $'000	Total $'000
COST					
At 1 January 2020	4,992	1,213	1,525	184	7,914
Additions	1,526	215	109	171	2,021
Acquisitions	542	2	22	–	566
Disposals	(30)	(2)	(37)	–	(69)
Exchange adjustment	192	8	26	8	234
As at 31 December 2020	7,222	1,436	1,645	363	10,666
Additions	3,973	337	19	–	4,329
Disposals	(4,307)	(545)	(1,372)	(105)	(6,329)
Exchange adjustment	(99)	14	(16)	(3)	(132)
At 31 December 2021	6,789	1,214	276	255	8,534
DEPRECIATION					
At 1 January 2020	2,009	800	1,473	120	4,402
Acquisitions	–	–	9	–	9
Charge for the year	2,121	227	50	48	2,446
Disposals	(30)	(2)	(37)	–	(69)
Exchange adjustment	54	3	48	2	107
At 31 December 2020	4,154	1,028	1,543	170	6,895
Charge for the year	1,879	270	53	53	2,255
Disposals	(4,187)	(545)	(1,370)	(105)	(6,207)
Exchange adjustment	(58)	(9)	(10)	(2)	(79)
At 31 December 2021	1,788	744	216	116	2,864
NET BOOK VALUE					
At 1 January 2020	2,983	413	52	64	3,512
At 31 December 2020	3,068	408	102	193	3,771
At 31 December 2021	5,001	470	60	139	5,670

The Group leases many assets including buildings and IT equipment. The information about leases for which the group is a lessee is presented below:

Type of right-of-use assets - $'000(USD)	Property	IT Equipment	Total
Balance as at 1st January 2020	**2,303**	**680**	**2,983**
Additions	2,182	53	2,235
Disposals	(30)	–	(30)
Depreciation charge for the year	(1,677)	(443)	(2,120)
NBV balance as at 31 December 2020	**2,778**	**290**	**3,068**
Additions	3,543	430	3,973
Disposals	(120)	–	(120)
Exchange adjustment	(41)	–	(41)
Depreciation charge for the year	(1,499)	(380)	(1,879)
NBV balance as at 31 December 2021	**4,661**	**340**	**5,001**

11. Intangible assets

	Domain name $'000	Developed technology $'000	Merchant relationships $'000	Trade marks $'000	Goodwill $'000	Internally developed software $'000	Total $'000
COST							
At 1 January 2020	140	3,774	9,010	110	41,085	6,939	61,058
Additions	–	–	–	–	–	2,920	2,920
Additions from acquisitions	1,834	4,343	7,172	–	25,068	–	38,417
Goodwill Impairment	–	–	–	–	(20,775)	–	(20,775)
Disposal	–	–	–	–	–	(257)	(257)
Exchange Adjustment	–	280	794	–	1,242	92	2,408
At 31 December 2020	1,974	8,397	16,976	110	46,620	9,694	83,771
Additions	–	–	–	–	–	5,022	5,022
Exchange adjustment	(138)	(396)	(1,226)	–	(1,241)	(95)	(3,096)
At 31 December 2021	1,836	8,001	15,750	110	45,379	14,621	85,697
AMORTISATION							
At 1 January 2020	140	2,240	6,743	–	–	5,116	14,239
Charge for the period	91	556	1,572	–	–	1,252	3,471
Disposal	–	–	–	–	–	(257)	(257)
Exchange adjustment	1	22	672	–	–	64	759
At 31 December 2020	232	2,818	8,987	–	–	6,175	18,212
Charge for the period	177	873	1,832	–	–	2,350	5,232
Exchange adjustment	(14)	(91)	(708)	–	–	(51)	(864)
At 31 December 2021	395	3,600	10,111	–	–	8,474	22,580
NET BOOK VALUE							
At 1 January 2020	–	1,534	2,267	110	41,085	1,823	46,819
At 31 December 2020	1,742	5,579	7,989	110	46,620	3,519	65,559
At 31 December 2021	1,441	4,401	5,639	110	45,378	6,147	63,117

Management has reviewed goodwill and intangible assets on the balance sheet which mainly consist of the assets from the acquisition of Fortumo Holdings Inc. on 1st July 2020, Danal Inc (renamed Boku Identity Inc) on 1st January 2019 and Mopay AG ("Mopay") in October 2014.

Fortumo Holdings Inc. was acquired by Boku on 1st July 2020 for cash and restricted stock units (RSUs) for a total maximum consideration of $45.0 million with a fair value of $42.3 million. The fair value measurement of Fortumo Holdings' Inc. intangible assets and goodwill arose from the purchase price allocation work which was undertaken in July 2020. As a result, several assets have been identified and their fair value has been determined in accordance with IFRS 3. The carrying value of the goodwill and other intangibles from the Fortumo acquisition are therefore assessed in total as part of the Boku Payments Segment (Payments CGU).

Boku Inc. acquired payments company Mopay in October 2014 for a total value of $24.2 million in cash and shares. After the merger in 2014, the Mopay business was reorganised and incorporated into the Boku Payments business The carrying value of goodwill from the Mopay acquisition and other intangibles are therefore assessed in total as part of the Boku Payments Segment (Payments CGU).

Danal Inc (renamed 'Boku Identity Inc') was acquired on 1st January 2019) for a total value of $25.1 million. The fair value measurement of Danal's intangible assets and goodwill arose from the purchase price allocation which was undertaken in January 2019. As a result, the Identity platform and contracts were determined to be one asset and have a fair value of $1.9m USD as at 1st January 2019. The two platforms (Identity and Payments platforms) are operated independently and have independent cashflows. The carrying value of goodwill and the Identity platform were allocated to the Identity segment.

Impairment of Goodwill

At the year-end date an impairment test has been undertaken by comparing the carrying values with the recoverable amount of the Group's two cash generating units (CGUs). The recoverable amount of the cash generating unit is based on value-in-use calculations. These calculations use cash flow projections covering future periods based on financial budgets and a calculation of the terminal value, for the period following these formal projections.

The key assumptions used for value-in-use calculations are those regarding projected cash flows, growth rates, increases in costs and discount rates. The discount rate used was the Weighted Average Cost of Capital. The discount rate is reviewed annually to take into account the current market assessment of the time value of money and the risks specific to the cash generating units and rates used by comparable companies. The pre-tax discount rate used for both CGU's to calculate value-in-use is the weighted average cost of capital (WACC) of 14.6% (2020:13.8%). Growth rates for forecasts take into account historic experience and current market trends. Costs are reviewed and increased for various cost pressures. The terminal value calculation for 2021 was based on growth rate of post-tax free cashflow of 2% (2020:2%) for each CGU.

The 2022 budget was prepared at the consolidated level and by division (Payments division and Identity division). Revenue and Adjusted EBITDA were also projected from fiscal year 2022 through to 2024. In 2021 Group revenue growth was 23% (2020: 12.5%) while Adj. EBITDA increased by 31% (2020: 107% increase).

Payments CGU

The goodwill assessment includes the following Payments CPU's revenue growth assumptions for years following the 2021 financial year: revenues will grow by 11.9% in 2022, 18.6% in 2023 and 9.8% in 2024 and remain fairly constant after that, showing a conservative increase, but still in double digits, but with revenues growing at a slower pace than previously. The payments business is a mature, established business in multinational markets.

From a sensitivity perspective, the impairment analysis shows that the net present value of cashflows would have to be reduced by a factor of five in order for the carrying amount of goodwill to equal the value in use of the CGU on the balance sheet at the end of 2024 and by a factor of four in order for the carrying amount of all intangibles to equal the value in use of the CGU on the balance sheet at the end of 2021 which the group considers to be highly unlikely.

11. Intangible assets (continued)

Identity CGU

In 2020 Identity business revenues were impacted by COVID-19, this together with a lower pipeline conversion resulted in lower expected revenue. As a result, the Group reassessed the recoverability of goodwill and based on this recorded an impairment of Goodwill in 2020 of $20.8 million reducing it from $23.6 million to $2.8 million.

In 2021 the Identity CGU performance improved with revenues up 31% to $7.1m and a reduced adjusted EBITDA loss. After the year end an agreement was reached with Twilio, Inc. ("Twilio"), the leading cloud communications platform, to acquire Boku's Identity division comprising its wholly-owned subsidiary Boku Identity, Inc., as announced on 19 January 2022, for a maximum consideration of $32.3 million payable in cash and the transaction was closed on 28 February 2022. As the recoverable amount is much higher than the value in use, no impairment was deemed necessary for this CGU at 31st December 2021.

Climate change

We considered climate change when reviewing cashflows and impairment however as stated in the ESG section of this report, Boku is an online payments company and as such its climate change impact is low as its business is all online and its merchants' business is the sale of digital goods such as streaming services. Therefore any potential impact was not considered material when looking at cashflows and intangibles.

12. Subsidiaries

The principal subsidiaries of the Company, all of which have been included in the consolidated financial information, are as follows:

Name (% owned by Parent)	Parent	Principal activity	Location
Boku Payments Inc. (100%)	Boku Inc.	Holding Company	USA
Boku Network Services Inc. (100%)	Boku Inc.	Holding Company	Delaware, USA
Boku Account Services Inc. (100%)	Boku Inc.	Holding Company	Virginia, USA
Boku Account Services UK, Ltd. (100%)	Boku Account Services Inc. (Virginia)	Mobile payment solutions	UK
Paymo Brazil Servicios de Pagamentos Ltd (99.9%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	Brazil
Boku Network Services AG (100%)	Boku Inc.	Holding Company	Germany
Boku Network Services UK, Ltd (100%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	UK
Boku Network Services AU Pty Ltd (100%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	Australia
Boku Network Services IN Privates Limited (100%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	India
Boku Network Services SG PTE. LTD(100%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	Singapore
Boku Network Services HK LTD(100)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	Hong Kong
Boku Network Services Taiwan Branch Office (100%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	Taiwan
Boku Network Services Japan Branch Office (100%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	Japan
Mopay AG Beijing Representative Branch (100%)	Boku Network Services AG (Germany)	Mobile payment solutions	China
Boku Identity Inc.(100%)	Boku Inc.	Identity solutions	California, USA
Boku Mobile Solutions Ireland (100%)	Boku Identity Inc.	Identity solutions	California, USA
Boku Network Services SG PTE. LTD.(100%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	Singapore
Boku Network Services HK LTD (100%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	Hong Kong
Boku Network Services IE Limited (100%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	Ireland
Boku Network Services Malaysia (100%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	Malaysia
Fortumo Holdings Inc (100%)	Boku Network Services Inc. (Delaware)	Holding Company	USA
Boku Network Services TH Co Ltd. .(49.9%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	Thailand
Boku Network Services PH, Inc. .(100%)	Boku Network Services Inc. (Delaware)	Mobile payment solutions	Philippines
Boku Network Services MX S. DE R.L. DE C.V .(100%)	Boku Network Services Inc. (Delaware)	Dormant	Mexico
Fortumo OU (100%)	Fortumo Holdings Inc	Mobile payment solutions	Estonia
Fortumo Mobile Payments S.L (100%)	Fortumo OU	Mobile payment solutions	Spain
Fortumo Mobile Services (100%)	Fortumo OU	Mobile payment solutions	India
Fortumo Singapore Pte. Ltd (100%)	Fortumo OU	Mobile payment solutions	Singapore
Boku Network Services PE S.A.C. (100%)	Boku Network Services Inc. (Delaware)	Dormant	Peru
Boku Network Services CO S.A.S. (100%)	Boku Network Services Inc. (Delaware)	Dormant	Columbia
Boku Network Services CL S.P.A. (100%)	Boku Network Services Inc. (Delaware)	Dormant	Chile
Boku Network Services ZA (Pty) Ltd (100%)	Boku Network Services Inc. (Delaware)	Dormant	South Africa
Boku Network Services KE Limited (100%)	Boku Network Services Inc. (Delaware)	Dormant	Kenya

13. Trade and other receivables

	31 December 2021 $'000	31 December 2020 $'000
Trade receivables - gross	**28,072**	28,087
Accrued income	**51,290**	59,596
Accounts receivable - gross	**79,362**	87,683
Less: provision for impairment	**(756)**	(1,322)
Accounts receivable - net	**78,606**	86,361
Other receivables	**30**	190
Deposits held	**454**	749
Sales taxes receivable	**1,268**	1,339
Financial asset	**–**	2,160
Deferred cost of sales	**–**	256
Prepayments	**2,199**	1,480
Total trade and other receivables	**82,557**	92,535

Provision for receivables impairment

	31 December 2021 $'000	31 December 2020 $'000
Opening balance	1,322	2,001
Utilised during the period	(36)	(25)
Decrease during the period	(1,137)	(705)
Foreign exchange movement	–	51
Closing balance	149	1,322

In accordance with IFRS9, the Group reviews the amount of credit loss associated with its trade receivables based on forward looking estimates that take into account and forecast credit conditions as opposed to relaying on past default rates. The Group has applied the Simplified Approach, applying a provision matrix based on the number of days past due to measure lifetime expected credit losses and after taking into account customer sectors with different credit risk profiles and current and forecast trading conditions.

14. Cash and cash equivalents and restricted cash

	31 December 2021 $'000	31 December 2020 restated $'000
Cash and cash equivalents - unrestricted cash	56,651	61,290
Cash and cash equivalents - restricted cash	5,789	1,414
	62,440	**62,704**

The restricted cash primarily includes e-money and other client money received but not yet paid to merchants (in transit) and cash held in the form of a letter of credit to secure a lease agreement for the Company's San Francisco office facility.

In the prior year restricted cash was excluded from cash and cash equivalents in presenting the cashflow statement. Having considered the nature of this asset, the company determined that despite the restrictions it should be presented as part of cash and cash equivalents, and the prior year casflow has been restated accordingly.

15. Lease liabilities

Details of lease liabilities as at 31 December 2021, which includes the addition of two new leases in the year, for the Group's new offices in San Francisco, U.S. and Tallin, Estonia:

Lease liabilities	Property	IT Equipment	Total
1st Jan 2020	**2,377**	**704**	**3,081**
Additions	2,142	–	2,142
Interest expense	229	63	292
Payments to lease creditors	(1,834)	(503)	(2,337)
Lease liabilities as at 31 Dec 2020	2,914	264	3,178
Additions	3,114	–	3,114
Interest expense	227	8	235
Payments to lease creditors	(1,422)	(272)	(1,694)
Lease liabilities as at 31 Dec 2021	4,833	–	4,833

The maturity analysis for lease liabilities is presented below:

Lease liabilities – Maturity analysis (contractual undiscounted cash flows) - $'000 (USD)	**2021**	**2020**
Less than one year	1,477	1,625
One to five years	3,868	1,937
More than five years	–	–
Total undiscounted lease liabilities as at 31 December	**5,345**	**3,562**

There are no leases with a term of more than 5 years

15. Lease liabilities (continued)

Lease liabilities included in the statement of financial position at 31 December - $'000 (USD)	**2021**	**2020**
Current	1,335	1,436
Non-current	3,498	1,742

Amounts recognised in profit or loss- $'000 (USD)	**2021**	**2020**
Interest on lease liabilities	235	292
Variable lease payment not included in the measurement of lease payments	–	–
Expenses related to short term leases	26	22
Expenses related to leases of low-value assets, excluding short-term leases of low-value assets	14	21
Depreciation of right-of-use assets (Note 10)	1,879	2,121

The amounts recognised in the Consolidated Statement of Cashflows are presented below:

Amounts recognised in the statement of cashflows- $'000 (USD)	**2021**	**2020**
Payment of principal	1,694	2,045
Payment of interest	235	292
Total cash outflows	1,929	2,337

16. Trade and other payables

	31 December 2021 $'000	31 December 2020 $'000
Current		
Trade payables	**94,152**	105,376
Accruals	**23,375**	28,135
Total financial liabilities classified as financial liabilities measured at amortised cost	**117,527**	133,511
Other taxes and social security costs	**788**	1,353
Accrued tax on issued stock options	**1,022**	1,466
Other payables	**–**	5
Deferred revenue	**304**	444
Total	**119,641**	136,779
Non-current		
Accrued taxes on issued stock options	**1,700**	862
Total	**1,700**	862

The carrying values of trade and other payables approximate to fair values.

17. Loans and borrowings

	31 December 2021 $'000	31 December 2020 $'000
Current		
Bank loans and overdrafts (secured)	1,125	1,438
Lease liabilities	1,335	1,436
Total	2,460	2,874
Non-current		
Bank loans	6,688	10,813
Lease liabilities	3,498	1,742
Total	10,186	12,555

17. Loans and borrowings (continued)

Principal terms and the debt repayment schedule of the Group's loan and borrowings are as follows:

On 26 June 2020 the Group entered into a loan agreement with its bankers for $20.0 million to finance the acquisition of Fortumo Holdings Inc, and its subsidiaries on 1st July 2020. The loan was structured as a $10.0 million term loan repayable in 4 years and $10.0 million revolving facility. The revolving facility was paid down in full by 31 December 2021. Borrowing costs of $500,000 were incurred and are amortised over the life of the loan.

After year end the Identity division was sold to Twilio. The outstanding term loan with Citibank of $8.125 million was repaid in full from the deal consideration, as part of the closing conditions, on 28 February 2022.

Reconciliation of liabilities arising from financing activities

	2020	Cash flows	Non-cash changes ($'000)			2021
	$'000	$'000	Borrowing costs expensed in the year	Foreign Exchange Movement	Lease Liabilities (IFRS 16)	$'000
Short-term borrowings	1,438	(313)	–			1,125
Long-term borrowings	10,813	(4,250)	125			6,688
Short-term lease liabilities	1,436	(1,929)	–	(10)	1,838	1,335
Long-term lease liabilities	1,742	–	–	(40)	1,796	3,498
Total liabilities from financial activities	**15,429**	**(6,492)**	**125**	**(50)**	**3,634**	**12,646**

	2019	Cash flows	Non-cash changes ($'000)			2020
	$'000	$'000	Converted to shares	Foreign Exchange Movement	Lease Liabilities (IFRS 16)	$'000
Short-term borrowings	2,098	(563)	–	(97)	–	1,438
Long-term borrowings	–	10,813		–	–	10,813
Short-term lease liabilities	1,723	(2,337)	–	(18)	2,068	1,436
Long-term lease liabilities	1,358	–	–	–	384	1,742
Total liabilities from financial activities	**5,179**	**7,913**		**(115)**	**2,452**	**15,429**

18. Share capital

The Company's issued share capital is summarised in the table below:

	Number of shares issued and fully paid '000	31 December 2021 $'000	Number of shares issued and fully paid '000	31 December 2020 $'000
Common stock of $0.0001 each				
Opening balance	287,566	29	252,335	25
Exercise of options and RSUs	6,751	–	23,600	3
Shares issued to Danal Shareholders	–	–	2,724	1
Shares issued to Fortumo Shareholders	1,559	–	8,907	–
Closing balance	295,876	29	287,566	29

Common Stock

At December 31, 2021, the Company had 295,876,395 (2020: 287,566,248) common shares issued and outstanding.

19. Reserves

The share premium disclosed in the consolidated statement of financial position represents the difference between the issue price and nominal value of the shares issued by the Company. It includes all stock options expenses reserves.

Retained losses are the cumulative net profits / (losses) in the consolidated income statement.

Foreign exchange reserve stores the foreign exchange translation gains and losses on the translation of the financial statements from the functional to the presentation currency.

Movements on these reserves are set out in the consolidated statement of changes in equity.

20. Share-based payment

The Group operates the following equity-settled share-based remuneration schemes for employees, directors and non-employees:

1. 2009 equity incentive plan (2009 Plan) for the granting of stock options (incentive or non-qualified), restricted stock awards (RSA) and restricted stock units (RSU). No options were available to be issued under this plan as at 31 December 2021 or 2020.
2. 2017 Equity Incentive Plan (new plan started on the 7th November 2017) for the granting of stock options and restricted stock units (RSUs). The Group reserved an initial ten million shares of common stock for issue under the plan. The activity under this plan is presented separately from the rest of the plans. There are 969 options (2020: 1,112) and 10,454 (2020: 8,962) RSUs outstanding as at 31 December 2021.

Options under the 2009 Plan

Options under the 2009 Plan and UK plan may be outstanding for periods of up to ten years following the grant date. Outstanding options generally vest over four years and may contain a one-year cliff, where 25% of the options vest. Stock options with graded vesting is based on the graded vesting attribution approach, whereby, each instalment of vesting is treated as a separate stock option grant, because each instalment has a different vesting period.

RSUs under the 2017 Plan

RSUs under the 2017 Plan may be outstanding for periods of up to five years following the grant date. Outstanding RSU grants generally vest over three years in three equal portions or one third after two years and two thirds in the third year anniversary from the grant date.

Performance-based restricted stock units (RSU)

Performance-based RSUs vest upon the earlier of the completion of a specified service period and the achievement of certain performance targets, which may include individual and Company measures, and are converted into common stock upon vesting.

Share-based expense for RSUs is based on the fair value of the shares underlying the awards on the grant date and reflects the estimated probability that the performance and service conditions will be met; specifically, where the restricted stock units are nil-cost awards with a non-market performance condition, so they are valued at the share price as at the day of grant. The share-based expense is adjusted in future periods for subsequent changes in the expected outcome of the performance related conditions until the vesting date. Performance-based RSUs vest after three years of issue, in one event, if the performance conditions are met, however these may also vest at the discretion of the board in the event that underlying performance conditions are not met.

Options under the 2009 Plan and 2009 UK plan

Options under the 2009 Plan and UK plan may be outstanding for periods of up to ten years following the grant date. Outstanding options generally vest over four years and may contain a one-year cliff, where 25% of the options vest.

Stock options with graded vesting is based on the graded vesting attribution approach, whereby, each instalment of vesting is treated as a separate stock option grant, because each instalment has a different vesting period.

The options activity under the 2009 Plan (including RSUs) are as follows:

	Available 2009 Plan	2009 Plan (Options)		2009 Plan (RSUs)	**Total**
	Number of options	Number of options	WAEP[1]	Number of RSUs	**Number of options**
	‘000	‘000		‘000	**‘000**
At 1 January 2020		**15,693**	**$0.268**	**157**	**15,850**
Exercised	–	(5,224)	$0.346	(157)	**(5,381)**
Cancelled	–	(2,163)	$0.281	–	**(2,163)**
At 31 December 2020	**–**	**8,306**	**$0.327**	**–**	**8,306**
Exercised	–	(3,509)	$0.341	–	**(3,509)**
Cancelled	–	(44)	$0.283	–	**(44)**
At 31 December 2021	**–**	**4,753**	**$0.340**	**–**	**4,753**

[1]WAEP – weighted average exercise price
*RSUs are always granted at zero exercise price

2009 Plan	**December 2021**	**December 2020**
Outstanding options at reporting end date:		
- total number of options (including RSU)	4,846	8,399
- weighted average remaining contractual life (all except 2017 Plan, and excluding RSUs) (years)	3.75	4.43
- weighted average remaining contractual life – RSU (years)	–	–
Vested and exercisable (‘000):	4,846	8,275
- weighted average exercise price	$0.416	$0.384
- weighted average remaining contractual life – all plans (excluding RSUs)	3.75	4.4
Weighted average share price exercised during the period (excluding RSUs)	$0.34	$0.35
Weighted average fair value of each option granted during the period (excluding RSUs)	–	–
Vested and exercisable – RSUs	–	–
Share-based expense for the period (‘000)	$2	$24

20. Share-based payment (continued)

The following information is relevant in the determination of the fair value of options (excluding RSUs) granted during the period under the equity- settled share-based remuneration schemes operated by the Group.

2009 Plan	**December 2017**
Option pricing model used	Black-Scholes
Weighted average share price at grant date (dollar)	$0.370
Exercise price (options only)	$0.370
Weighted average contractual life (years)[1]	5.82(E*+ NE*)
Weighted expected volatility[2]	45% (E*+ NE*)
Expected dividend growth rate	0%
Weighted average Risk-free interest rate[3]	1.9% (E*+ NE*)

[1]Weighted average contractual life represents the period of time options are expected to be outstanding and is estimated considering vesting terms and employees' historical exercise and post-vesting employment termination behavior.
[2]Expected volatility is based on historical volatilities of public companies operating in the Company's industry.
[3]The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant.
*E – employees NE – non-employees

The fair value of each option (excluding RSUs) has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected terms ranging from 4.99 to 6.89 years; risk-free interest rates ranging from 0.73% to 3.05%; expected volatility of 58%; and no dividends during the expected term (2017: expected terms ranging from 5.04 to 6.01 years; risk-free interest rates ranging from 1.87% to 1.92%; volatility of 45%; and no dividends during the expected term).

The options activity under the 2017 Plan (including options and RSU) are as follows:

	Options available '000	Options '000	WAEP[1]	RSUs '000	WAEP[1]	Total '000
At 1 January 2020	**19,545**	**1,281**	**$1.205**	**7,888**	**-**	**9,169**
Authorised	11,163	–	–	–		–
Granted	(6,393)	–	–	6,393	–	6,393
Exercised	–	(39)	$1.205	(1,918)	–	(1,957)
Cancelled	3,402	(130)	$1.205	(3,402)	–	(3,532)
At 31 December 2020	**27,717**	**1,112**	**$1.205**	**8,961**	**–**	**10,073**
Authorised	12,312	–	–	–	–	–
Granted	(5,739)	–	–	5,739	–	5,739
Exercised	–	(107)	$1.205	(3,135)	–	(3,242)
Cancelled	1,111	(36)	$1.205	(1,111)	–	(1,147)
At 31 December 2021	**35,401**	**969**	**$1.205**	**10,454**	**–**	**11,423**

2017 Plan	December 2021	December 2020
Outstanding options at reporting end date:		
- total number of options (excluding RSUs) ('000)	969	1,112
- weighted average remaining contractual life (excluding RSUs) (years)	6.02	6.91
- weighted average remaining contractual life – RSUs (years)	5.85	6.85
Vested and exercisable ('000):		
- weighted average exercise price	$1.205	$1.205
- weighted average remaining contractual life (excluding RSU) (years)	6.02	6.91
Weighted average fair value of options granted during the period (excluding RSU)	$0.44	$0.44
Vested and exercisable – RSUs	924	793
Share-based expense for the period ('000)	$5,682	$4,920

20. Share-based payment (continued)

The following information is relevant in the determination of the fair value of options (excluding RSU's) granted during the period under the equity- settled share-based remuneration schemes operated by the Group. Only RSUs were granted in 2021 and 2020.

2017 Plan	**December 2018**
Option pricing model used	Black-Scholes
Weighted average share price at grant date (dollar)	$1.205
Exercise price (options only)	$1.205
Weighted average contractual life (years)[1]	9.05 years
Weighted expected volatility [2]	32.66%
Expected dividend growth rate	0%
Weighted average Risk-free interest rate[3]	2.49%

[1]Weighted average contractual life represents the period of time options are expected to be outstanding and is estimated considering vesting terms and employees' historical exercise and post-vesting employment termination behavior.
[2]Expected volatility is based on historical volatilities of public companies operating in the Company's industry.
[3]The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant.

Warrants for ordinary shares

A five year warrant to purchase 1,634,699 Boku shares at an exercise price of $1.8352 USD per share, exercisable at any time during the 5-year term was issued as part of the Danal acquisition, on 1st January 2019. This warrant was valued using the Binomial Lattice Model using the following inputs:

a) Term: 5 years

b) Starting share price: $0.8982 USD

c) Expected Annual Volatility: Used 5-year comparable companies equity volatilities from Capital IQ (26.6%)

d) Risk Free Rate: Five-year US risk-free rate (2.51%)

e) Strike Price: $1.8352 USD

Using the inputs above the warrant was valued at $94,606 USD and accounted as part of the purchase consideration as an equity instrument and credited to other reserves until such time when it is exercised when it will be reclassified to the share premium account.

Reconciliation of share-based payment expense

	December 2021 $'000	December 2020 $'000
2009 Plan		
Options	2	23
RSU's	–	–
2017 Plan		
Options	25	154
RSU's	5,657	4,136
Total share-based expense (excluding national insurance)	5,684	4,313
National insurance accrued	423	159
National insurance paid in the year (see Note 4)	1,284	453
Total share-based payment charge	**7,391**	**4,925**

In the current year, a board resolution was passed to amend the 2018, 2019 and 2020 GMC LTIP RSU Grants. The EPS target has changed to be measured as an average EBITDA per share over 3 years (previously a performance target of an EBITDA amount).

The change has resulted in the increase in the probability of the targets being met from 80% to 100% likelihood and this had resulted in a cumulative adjustment recognised as an expense in the current year of $582k for the 2018, 2019 and 2020 LTIP plan.

21. Dividends

No dividends were declared or paid in any of the periods.

22. Cash generated from operations

	Year ended December 2021 $'000	Year ended December 2020 $'000
Profit/(loss) after tax	6,269	(18,785)
Add back:		
Tax (credit)/expense	(1,882)	1,470
Amortisation of intangible assets	5,232	3,471
Depreciation of property, plant and equipment	2,255	2,446
Restructuring write-offs	–	158
Loss/(profit)on disposal of property, plant and equipment	5	–
Finance income	(22)	(70)
Finance expense (includes interest on lease liabilities)	770	662
Exchange loss/(gain)	743	(3,130)
Employer taxes on stock option (accrual)	423	159
Impairment of goodwill	–	20,775
Share based payment expense	5,684	4,313
Cash from operations before working capital changes	**19,477**	**11,469**
Decrease/(Increase) in trade and other receivables	8,748	(9,545)
(Decrease)/Increase in trade and other payables	(15,863)	29,605
Cash generated from operations	**12,362**	**31,529**

23. Related party transactions

In 2021, the Group was remitted $123,776,087 in net payments from five suppliers who are shareholders of the Company (2020: $100,206,645 - from five suppliers). At 31 December 2021, the Company had receivables of $15,767,393 (2020: $12,404,487) due from these companies.

24. Ultimate controlling party

There is no ultimate controlling party of the Company.

25. Contingent liabilities

In the normal course of business, the Group may receive inquiries or become involved in legal disputes regarding possible patent infringements. In the opinion of management, any potential liabilities resulting from such claims, if any, would not have a material adverse effect on the Group's consolidated statement of financial position or results of operations.

From time to time, in its normal course of business, the Group may indemnify other parties, with whom it enters into contractual relationships, including customers, Aggregators, MNOs, lessors and parties to other transactions with the Group. The Company has also indemnified its directors and executive officers, to the extent legally permissible, against all liabilities reasonably incurred in connection with any action in which such individual may be involved by reason of such individual being or having been a director or executive officer. The Group believes the estimated fair value of any obligation from these indemnification agreements is minimal; therefore, this consolidated financial information do not include a liability for any potential obligations at 31 December 2021 and 2020.

26. Post balance sheet events

After the year end an agreement was reached with Twilio, Inc. ("Twilio"), the leading cloud communications platform, to acquire Boku's Identity division comprising its wholly-owned subsidiary Boku Identity, Inc., as announced on 19 January 2022, for a maximum consideration of $32.3 million payable in cash and the transaction was closed on 28 February 2022.

The Russia/Ukraine conflict that started in early 2022 impacted Boku's connections to Russian carriers in its network as detailed in the CFO report. However Boku operates in 91 countries and the impact on 2022 revenues is not expected to exceed 2% of 2022 revenues.

Boku, Inc.
Stock Code: BOKU