

• boku



2023 Annual Report

Boku, Inc.
Annual Report and Accounts
for the year ended 31 December 2023

A global mobile payments network through our mobile-first platform

Most purchases online are not paid for with cards, they are paid through many different local payment methods. There are scores and scores of them, all different and incompatible.

Boku builds custom connections to these payment methods, incorporating bespoke features that help our merchants to reach more customers worldwide.

Our Network

Connecting to over 300 funding sources, creating a global network of local payment methods to help many of the world's largest digital merchants grow in territories where connecting to card networks simply isn't enough.

Our Customers

Boku helps the world's largest merchants to grow their businesses in every corner of the globe by:

- facilitating payments that reach mobile-first consumers;
- targeted marketing programs that attract, engage, and retain digital subscription users; and
- providing services that ease the complexities of global settlement, compliance, tax, and fraud mitigation.



Geography

Our mobile-first payments network now reaches **over 340 payment methods** worldwide, enabling merchants to transact and receive funds from **over 90 countries** through a single contract and a single integration.

Our Values

Customer first, flexible, assume positive intent, collaborate, be ambitious.

Contents

Strategic Report

Chair's Statement	2
Strategic Report	4
Chief Executive Officer's Report	8
Chief Financial Officer's Report	11
Principal Risks & Uncertainties	16

Governance

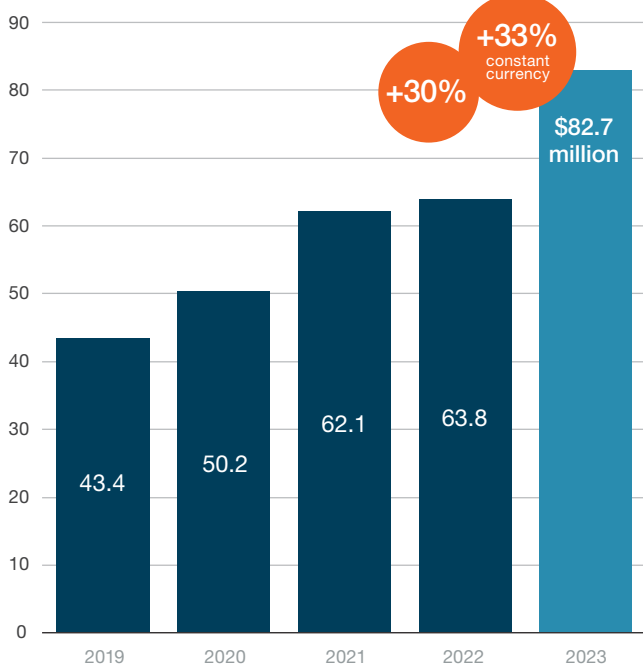
Board of Directors	21
Senior Management	26
Corporate Governance Report	27
Audit Committee Report	37
Remuneration Report	41
Environmental, Social and Governance Report (ESG)	50
Directors' Report	58

Financials

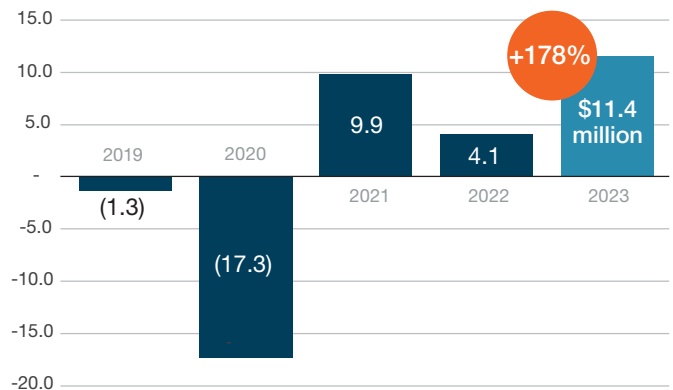
Independent Auditors' Report to the Directors of Boku, Inc.	61
Consolidated Statement of Comprehensive Income	67
Consolidated Statement of Financial Position	68
Consolidated Statement of Changes in Equity	69
Consolidated Statement of Cash Flows	70
Notes to the Consolidated Financial Statements	71
Non-IFRS Financial Information	119
Glossary	121
Boku, Inc. Company Information	124

Highlights

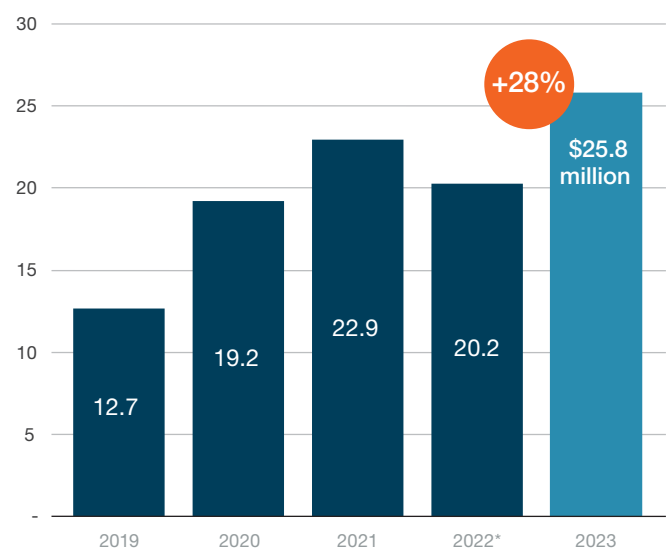
Revenue (\$USD millions)



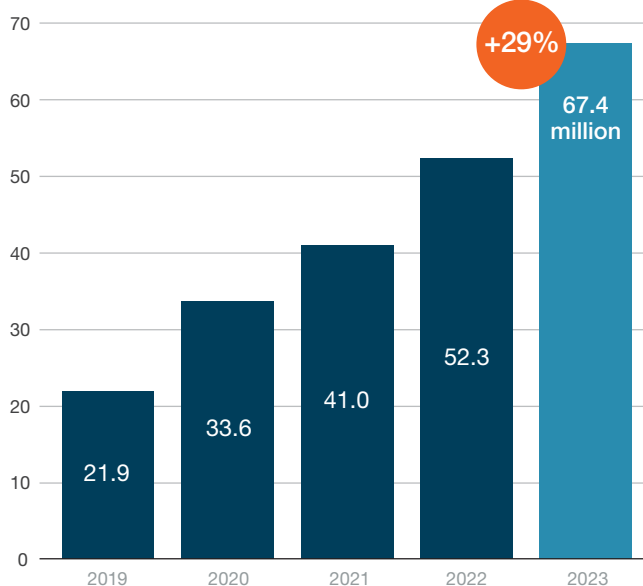
Profit before tax from continuing operations (\$USD millions)



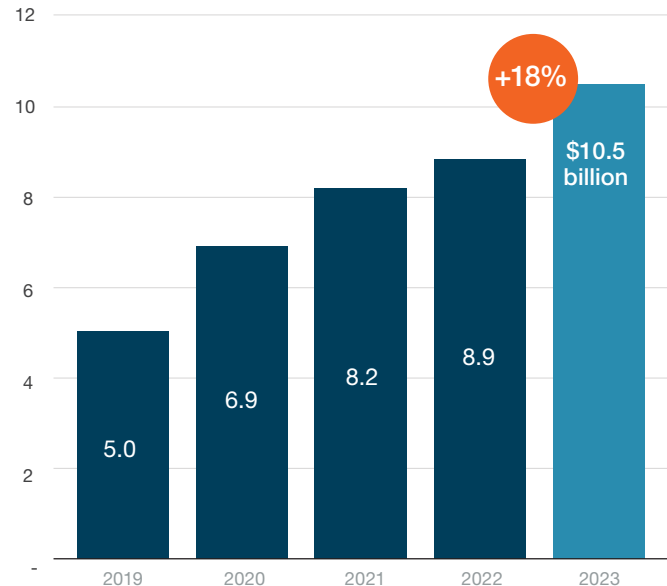
Adjusted EBITDA (\$USD millions)



Monthly Active Users (millions)



TPV (\$USD billions)



*Right-of-use assets were restated to prepayments in the year ended 31 December 2022, see note 2 for further details.

Chair's Statement

Boku has seen significant change since the last Annual Report setting us up well for sustainable future growth.

Our revenue growth has accelerated considerably thanks to broadening our range of local payment methods. As a result of our strong operational gearing, we are thus seeing strong adjusted EBITDA growth and increasing cash balances. I am very proud of the team effort that has achieved this.

We expect this growth to continue so we have embraced important changes in our organisation and how we present ourselves to the world. As a result, we are confident we are in great shape to deliver the next phase of our growth.

Now I would like to comment on some of the changes. First, I would like to thank Jon Prideaux, who retired as CEO at the end of 2023, for his enormous contribution to Boku's development. He was responsible for overseeing its growth over the past decade. Under his leadership, the Company has become an increasingly important player in the specialised payments world and he has built a team who perform with great skill and commitment and which has a culture to be admired.

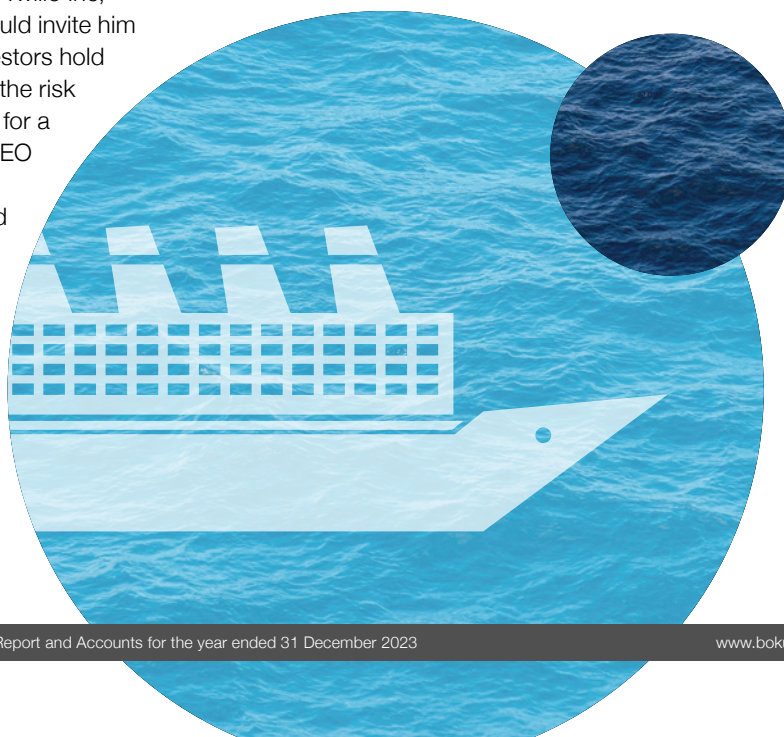
When Jon shared his intention to retire it is fair to say the Board was very cognisant of the high regard staff and shareholders have for him in shaping our future plans. However, we were very fortunate to persuade Stuart Neal to return as CEO. He had been the CFO at the time of Boku's flotation in 2017 and then migrated internally to run our Identity division. With his help, that division was sold in 2022 and Stuart went with it. Fortunately for us, he left Twilio Inc, the new owner, early in 2023 which meant we could invite him back. Not only do the Board, staff and many investors hold Stuart in high regard, but this meant we avoided the risk of hiring someone unfamiliar with Boku. To make for a smooth transition, Jon, as CEO, and Stuart, as CEO designate worked together for the second half of 2023 and we are delighted that we have achieved a smooth and seamless transition and pleased that Jon is remaining on the Board as a Non-Executive Director.

We are also about to see the retirement of Stewart Roberts at the AGM as Senior Independent Director and Audit Committee Chair. I would like to thank him for his support and willingness to challenge our approach and decisions. That and his deep financial knowledge and experience of the payments industry will be missed, and I would like to wish him the very best in the future.

Again, we had the good fortune to be able to fill Stewart's roles from within our ranks. I am pleased that Charlotta Ginman, an existing Independent Non-Executive Director, has agreed to take on both of Stewart's roles for which she is well qualified.

Turning to the overall Board composition, after the AGM we shall have eight Directors in total, two Executives and six Non-Executives, four of which (myself included) are independent. I am proud of the wide range of experience of our Non-Executive team which includes the payments industry, telecoms, internet, Far East operations, accounting, HR, customer experience, ESG and public company board exposure. This depth of experience is complemented by a wide range of personal backgrounds from different countries and cultures.

As well as handling changes in the internal Boku team, we have also changed our auditors to PwC and appointed Investec as our NOMAD with Peel Hunt staying in place as one of our two brokers. I am pleased to welcome the new advisers to our support team and to thank Peel Hunt for agreeing to continue with us.



Revenue and profit growth are crucial to Boku's existence. However, we shall continue to pay close attention to each of the following:

Relevance and resilience: Boku prides itself on its ability to satisfy customers' demanding requirements to support their growth. As our merchants include many of the major western digital companies, with some of the largest platforms on earth, they demand the highest standards.

Compliance and service: As a payments company, we are proud of our ability to comply with regulatory requirements in the more than 50 countries where we operate. Compliance with regulations and high standards of customer service are central to our culture and are two of the secrets of our success.

Our people: We value all our staff and treat them with the respect and consideration they deserve. We have, and intend to retain, high levels of staff loyalty and diversity. The Boku culture is, in my opinion, one of the most attractive features of this business.

We also welcome the recently revised QCA Code with which we shall comply. In particular, the Board has determined that all the Directors should be subject to an annual re-election starting this year at our AGM in 2024. To facilitate this, as a US incorporated company, we need to modify our constitution and the resolution for this will be put to shareholders at this year's AGM.

In conclusion, we are a company with the highest standards of technical skills, customer service and integrity. This underlines why we continue to supply payment services to the world's largest digital companies. Alongside this we have a culture which makes Boku an attractive place to work and allows us to hire and retain the very best staff wherever they may be based and whatever their backgrounds are.



In my opinion the outlook for Boku is extremely exciting. We have demonstrated through our impressive customer list that we have the skills to exploit changing opportunities in the payments world where demanding merchants are selling products to people in many countries with a wide range of regulations to adhere to. I expect to see our current rapid growth continuing, but I acknowledge the challenge of growing our staff at the pace we shall need. That is one reason our culture is so important to our future.

I remain extremely proud to be a member of the Boku team and would like to thank all my colleagues, Executive and Non-executive, for their continuing commitment to our exciting journey.

Richard Hargreaves

Non-Executive Chair

19 March 2024

Strategic Report

Boku – Enabling businesses to unlock growth by freeing their customers to pay the way they want, wherever they are in the world

The world of payments is changing before our eyes.

Ever since the mobile revolution of the 1990s and the introduction of smartphones in the 2000s, across the world, consumers are choosing increasingly to manage their lives via apps (or ‘Super Apps’) on their mobile devices ...and that, importantly, also includes how they choose to pay for goods and services. After 50 years of standardisation in payments, driven by global card networks, who offered a harmonised user experience aimed initially at face-to-face transactions via point-of-sale devices, the modern consumer is seeking something different: Payment choice and the familiarity of their local brands.

Enter the Local Payment Method (“LPM”) revolution

LPM is a broad term to capture a preferred domestic (or perhaps regional) payment type that is popular among consumers, but is not part of a globally harmonised payment brand, such as Visa or MasterCard. Included within this definition (but not exhaustively) are digital wallets, domestic Bank-run Account to Account (“A2A”) (real time payments) schemes and Direct Carrier Billing (“DCB”).

In a world now dominated by mobile commerce, the use of plastic cards seems a somewhat old-fashioned concept when it comes to completing a transaction, and relying on them excludes many people around the world from participating in global digital platforms. Payments are becoming an embedded part of the way in which companies attract, onboard, service and retain consumers. Global organisations are acutely aware of the need to offer payment choice as a means of accessing and retaining the largest pool of consumers in each individual country they choose to operate within. That’s where Boku comes in.

The problem for such large global merchants is how to access what are disparate and non-standardised LPMs. After all, the beauty of the card networks is that everything works the same, wherever you happen to be in the world. Standardisation is the key.

However, no two LPMs are the same; have the same technology; same way of operating; same APIs; same underlying commercial framework. To solve this, Boku has created a platform which connects to over 300 funding sources, creating a global network of LPMs to help many of the world’s largest digital merchants grow in territories where connecting to card networks simply isn’t enough. The Boku network offers merchants one simple API connection that provides a slick, tokenised payments experience for an end customer that allows for repeat transactions and subscriptions, irrespective of the underlying funding source. Put simply, Boku deals with the complexity of LPMs and harmonises connectivity for our global merchants and their customers.

Importantly, the shift toward LPMs is not just a developing markets phenomenon. Whilst it is true that, in certain countries, the emergence of LPMs has been to leapfrog the investment in card-based technology, driven by the need for respective governments to drive financial inclusion through rapid deployment of new payment technologies (India for example). In many developed markets (Italy, Sweden, Switzerland, Spain, China, Korea, to name a few) the rise of the digital wallet has been driven by demographic preference, the ‘Gen Z’ effect, whereby an entire generation is growing up with no affinity to plastic cards, but a high expectation when it comes to user experience and convenience. It is also reasonable to say that technology and regulation have been equally influential in instigating the rapid emergence of direct A2A banking payments, which allow for a wallet-style mobile experience, but with a direct link to a user’s bank account (ref UPI in India, PIX in Brazil, PromptPay in Thailand, Open Banking in the EU).

Why our merchants choose Boku - The bundle of services

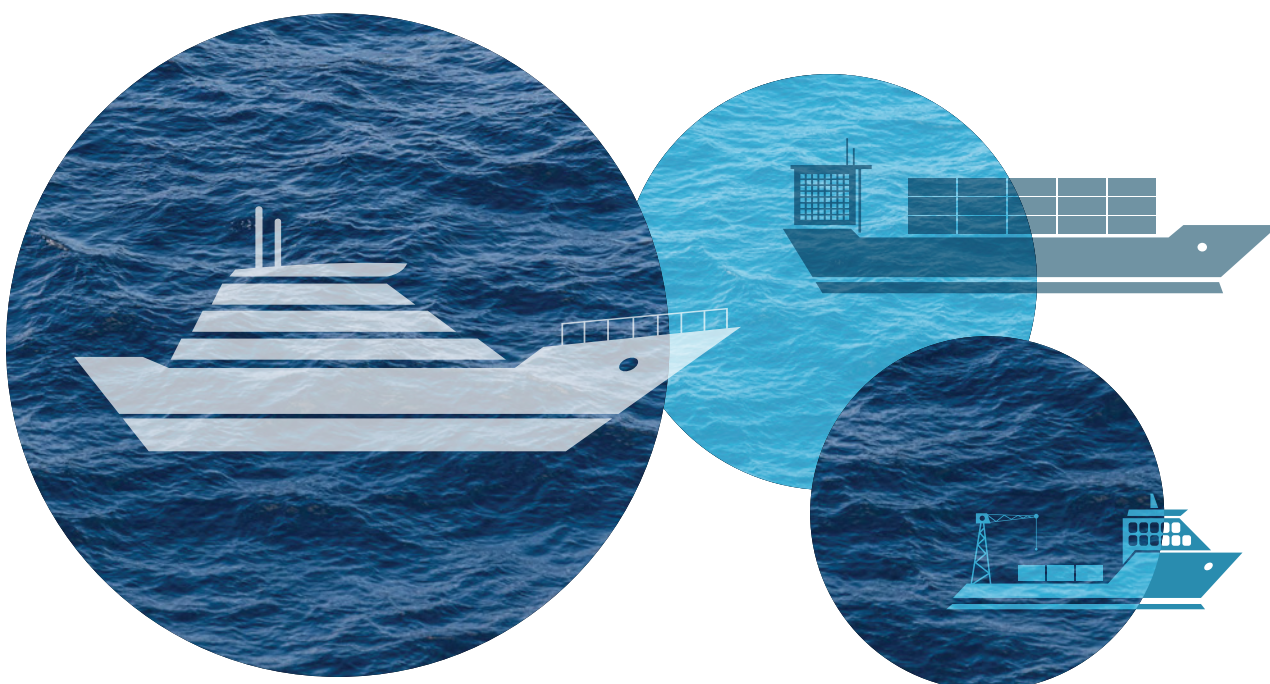
At Boku, we see ourselves as a growth partner to our large global merchants and not merely a supplier of payment services. This tying of our own success to the success of our merchants ensures that our goals are mutual and clearly linked.

It may not be immediately obvious, even to those who study the payments landscape closely, but there is a subtle but important difference between the role of Boku and that played by more mainstream card (payment) processors. Over the past 20 years, the goal of the global payment processor has been to generate economies of scale through large M&A combinations and standardisation of product and processes, hinged around well-established protocols issued by the card networks (e.g. Visa and MasterCard). Boku, to the contrary, has been aggregating disparate local payment methods (and bank operated schemes) globally, creating a network that adds value by dealing with complexity and tailoring our offering to each of our large global merchants. In this arena, Boku's focus is on customisation and specialisation.

Over the same 20-year period, LPMs have grown in popularity to now comprise over two-thirds of global online payment volume. (source: Worldpay)

The role of Boku is therefore threefold:

- 1. 'Before a transaction'**
To help our merchants to commercialise in places where customer payment choice is key to commercial success. Offering better payment choice also brings with it the opportunity for consumer acquisition. During 2023, Boku helped our merchants to add over 66 million new paying consumers through a number of targeted bundling and user acquisition programmes.
- 2. 'During a transaction'**
To create 'effective simplicity' by connecting to popular local payment methods around the world and then working with our merchants to build APIs that provide a frictionless user experience and consequently have the highest possible user conversion rate (payment success).
- 3. 'After a transaction'**
To move money, convert currencies and remit funds in multiple countries. Allowing consumers to pay in local currencies and enabling merchants to receive funds in whichever currency they wish.



At the heart of our momentum is the incredible set of assets that have been created by Boku. Boku's network now spans more than 70 countries and connects to around 300 LPMS, including over 240 Mobile Network Operators plus 52 digital wallets & local Banking (A2A) schemes. Supporting this technical infrastructure are licences to move money in over 60 countries worldwide, underpinned by banking facilities covering 34 currencies via 190 distinct bank accounts.

The Next Stages of Growth:

To capitalise on the significant foundations and momentum that we have created, the Company has identified a number of key strategic focus areas to ensure success over the coming years.

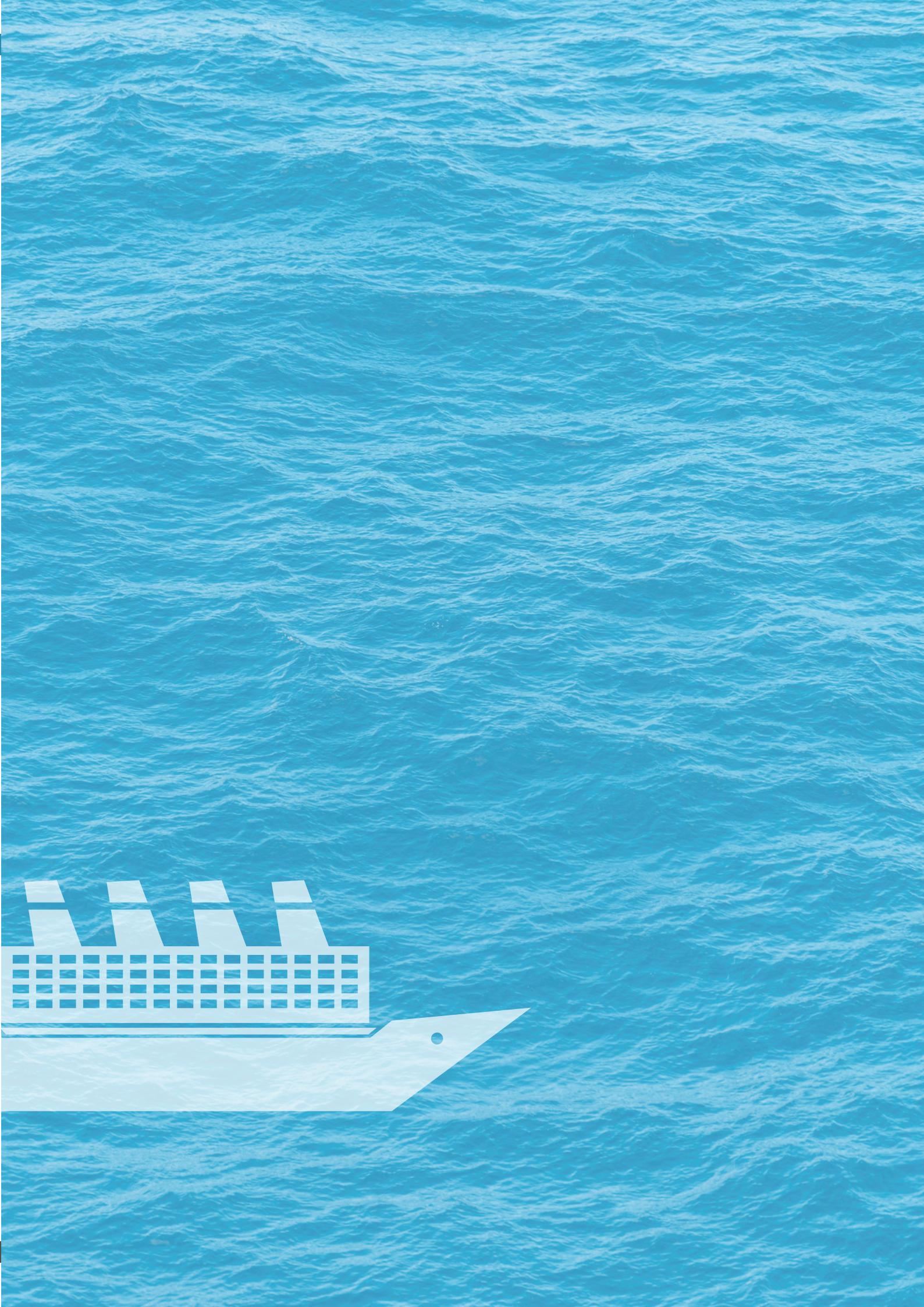
- **Continued development of the LPM network**
Our heritage in delivering complex connectivity to mobile operator billing capability globally has created an expertise in-house that places the business in a unique position to be successful when it comes to connecting to local digital wallets and domestic bank schemes. We will continue to grow our global reach in line with demands of our merchants.
- **Deliver Account to Account (A2A) payments for mobile commerce**
Banks around the world are investing \$millions in developing 'open banking' style real time networks that are increasingly being used to power commerce – reference UPI in India or PIX in Brazil. This new style of payment methods comes with some added nuances – such as real time cleared funds and the requirement for direct scheme participation.
- **Marketing via LPMS**
This may be the world's fastest growing marketing channel. Boku's network can now connect to seven billion standalone consumer accounts. That equates to a lot of eyeballs and a significant opportunity for our merchants to market services using Boku's network.
- **Expand Banking and settlement capabilities – moving the money**
To fully capitalise on the opportunity generated by the LPM network, Boku will be adding increasing value to our merchants by continuing to invest in our ability to process, reconcile, convert and settle funds globally.

'You're going to need a bigger boat!'

Of course, executing on all of the above is not straightforward or easy. There is a reason that many of the most successful payments companies in the world are themselves giant global organisations. Servicing a global payments network for large global companies requires scale itself, to efficiently connect demand and supply, authenticate, secure and process a material value of commerce through one centralised platform takes enormous corporate muscle.

To ensure that we continue to win in Direct Carrier Billing ("DCB") and digital wallets, but also to press our advantage in emerging A2A commerce, Boku will be making strategic investments for long term growth in core back-end processing capabilities, driving automation in the back office, introducing sophisticated tooling for our engineers (including early exploration of AI), adding bench strength in our finance operations, governance and compliance teams whilst layering on dedicated customer success capabilities.

To get ourselves ready for the next period of expansion – it's not sufficient to simply reach the 'Big Pond' of global cross-border payments – we have to win in the Big Pond! Boku is no longer a start-up, we are scaling up. To access the material opportunity provided by the world of local payments, the company is increasing scalability across all facets of the organisation – from sales & product, through to engineering, legal/regulatory & finance.



Chief Executive Officer's Report

I am delighted to present my first set of financial results as CEO of Boku, in a year where the business achieved significant momentum, as demonstrated by growth in monthly active users, total processed volume, revenue, EBITDA and cash balances. But the financial results are an output measure delivered as a consequence of a clear strategy and lots of hard work by Boku colleagues around the world.

Picking up the baton - A smooth transition

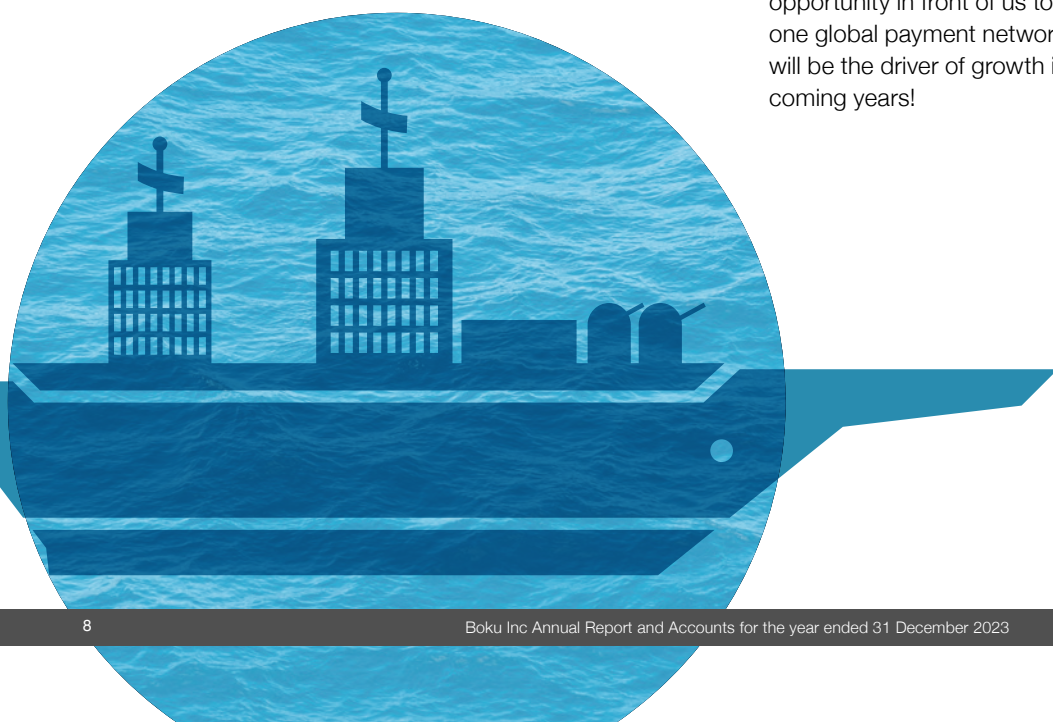
I wish to formally recognise the significant contribution made by Jon Prideaux, Boku's CEO from 2014 to 2023, to these impressive results. It is true that financial results are a lagging indicator of strategic decisions and operational execution that happened in the past, and this is certainly the case with regards to our 2023 financial results.

The seeds of our current growth, specifically the ramp in Local Payment Method ("LPM") revenues, were sown way back in 2018, when, post a solid IPO, Boku began to search for routes to longer term strategic diversification. The ongoing themes covered in this report began life some time ago and are now beginning to bear fruit. When Jon took charge of Boku, the Company had just over 100 staff, with revenues that were less than \$20m annually and falling. It is testament to Jon's belief, drive and undying optimism that the Company posted 2023 revenues of over \$82m, which equates to growth of 30% between 2022 and 2023.

Taking up the baton from Jon was always going to be challenging. After all, for the past ten years, Jon and Boku have been synonymous. Fortunately, however, my previous stints in senior leadership roles at Boku, including my time as CFO, have given me a deep appreciation and sensitivity to what makes the Company great, the embedded culture, the drivers of success and the heritage in carrier billing. ...more on this later.

It was with the thoughts of a winning relay team in mind that Jon has taken great care to ensure the Boku baton has been placed firmly in my palm so that I can take the Company on to the next phase in our growth story. My appointment as CEO comes after a six-month transition period, during which time I had the pleasure of being able to spend time with many of the 416 incredibly talented Boku colleagues from all over the world, hear from our global merchants about what's important to them and speak to many of our investors, including those who have been with us since IPO.

What I hear consistently from many of our key stakeholders is that they are excited about the future of Boku and the opportunity in front of us to establish ourselves as the number one global payment network for LPMs. Global-localisation will be the driver of growth in the payments industry over the coming years!



A Values Based Company

At the heart of our success are our incredibly talented people, who drive the business forward by embracing the company values – putting merchants first (with their end customers at front of mind), being ambitious, always collaborating and showing flexibility in how we operate. The Boku values are the cornerstone of how we do things, how we work with merchants to deliver world-class solutions and how we operate effectively as a globally distributed organisation. We are where our merchants need us to be.

We have strong momentum and proven product-market fit for our LPM payment network, which now incorporates both DCB and acceptance of local digital wallets and bank oriented A2A schemes. The challenge for Boku going forward is to ensure that we effectively scale the operations of the business in line with the size of the commercial opportunities that we have created for ourselves.

The acid test for LPMs – will DCB lead to Digital Wallets which will lead to A2A?

The question we asked ourselves was – can we take what we have learned from winning in the Direct Carrier Billing (DCB) world and win in the materially bigger ‘pond’ of cross-border payments? In addition to this, can we broaden our reach beyond digital products and make our network relevant to more merchants, more use cases, more segments?

The answer to both of the above questions has been a resounding YES. During the course of 2023, we broadened our partnership with ALL of our key global merchants beyond DCB and into LPMs. We have expanded our use cases from digital and gaming and into advertising, with broader e-commerce scheduled for mid-2024 launch.

We also witnessed significant inbound demand for marketing style services, that have seen Boku power consumer acquisition (bundling) programmes for the likes of Amazon Prime and more recently ComCast/Peacock’s NFL streaming campaign for the 2023/4 SuperBowl playoffs. Supporting the biggest live streaming event in the history of the internet, demonstrates the resilience and scale of our platform.

We have the proof points that we need to have every confidence in our mid-term strategy.



The Network effect

Success for any payments company comes from building a virtuous circle – adding more payment methods brings more connected consumers which attracts more global merchants which attracts more payment methods, and so on...

During 2023 we added 27 new connections to our network, which now totals around 300 LPMs. We also enabled 125 new payment launches for our merchants during the year.

Across our network, monthly active users (“MAUs”) continued to grow strongly by 29%, reaching 67.4 million in December, which included 6.7 million users from LPMs alone, growth of 78%.

Chief Executive Officer's Report

The culmination of all of the above increases in activity across our network, led to Total Payment Volume ("TPV") processed growing to \$10.5 billion, an increase of 19% compared with 2022. This includes TPV in relation to DCB which grew by 19% and other LPMs (digital wallets and A2A) which grew by more than 250% over the period.

Our financial performance is predicated on more people using our network, combined with our ability to generate margin by being increasingly useful to our merchants. The fact that we have simultaneously grown TPV and margins in 2023 is especially pleasing as it tells me that, right now, we continue to add value for our merchants.

Outlook – Steady as she goes, the strategy is working

I am delighted to be taking up the reins of a company that I truly believe in, with the incredible momentum we are currently experiencing.

The future of Boku will be one of evolution and not revolution. 2024 will see the Company continue along its current path
– helping our merchants to grow cross-border, bringing

them more users by adding more local payment connectivity. To ensure that we can continue to provide best in class service to our global merchants, with growing volumes and growing complexity across our platform, we will be investing in back-office processing and automation capabilities, incorporating a focus on continuous enhancement of our banking, treasury and settlement capabilities, making life easier for many of our merchants when it comes to doing business globally.

We will continue to invest in those core capabilities that will provide enablers to achieving long term sustainable growth and ensuring success in the Big Pond of cross-border payments, an exponentially bigger market than where we came from.

As we expand and grow, we will continue to respect and value the culture that got us to this point and allowed us to win at DCB. It is those very DCB genes that have equipped us to successfully add digital wallets and A2A to our network of LPMs. Being creative, collaborative and ambitious enough to turn messy, complex and dis-aggregated technologies into harmonised engines for growth.

I would like to reaffirm my belief in the previously stated ambitions to double the business in the mid-term. If we get this right, Boku can be a rocket ship and to quote a Pixar classic "to infinity and beyond!!"

Stuart Neal
Chief Executive Officer
19 March 2024



Chief Financial Officer's Report

Strong revenue and EBITDA growth driven by growth in Local Payments Methods

Group results

2023 was a highly successful year for Boku as we saw a 30% increase in revenues of \$18.9 million to \$82.7 million (FY22: \$63.8 million). The primary driver of that success was growth of our connections to Local Payment Methods ("LPMs") for our global merchant base but we also saw good growth from Direct Carrier Billing ("DCB").

Adjusted EBITDA* also grew strongly to \$25.8 million (FY22 restated: \$20.2 million¹), in line with revenue growth, and this was net of one-off non-contractual bonuses to all of our staff in recognition of the highly successful year, together with a significant increase in contractual executive bonuses related to overperformance against both budget and market consensus expectations at the beginning of 2023. It's worth recalling that as we headed into 2023, market consensus expectations were revenues of \$69.2 million and adjusted EBITDA of \$22.9 million, so the actual over performance in 2023 was substantial. Group profit before tax from continuing operations for 2023 increased to \$11.4 million (FY22: \$4.1 million). Year-end cash balances increased considerably to \$150.9 million (FY22: \$116.5 million) even though we purchased £7.9 million of our own shares as part of our continuing share buyback programme.

Consolidated Statement of Comprehensive Income

Payments division (continuing operations)

Following the disposal of Boku's Identity division on 28 February 2022 Boku now only has one division – Payments.

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 our payments network has expanded in recent years to offer connections to offer other Local Payment Methods ("LPMs") such as digital wallets and real time Account to Account ("A2A") payments through its 'mobile-first' payments platform. These services are provided to many of the world's largest digital entertainment merchants including Amazon, Netflix, Meta/Facebook, Google, Spotify, Microsoft and Sony.



In 2023 the Company performed strongly with revenues increasing to \$82.7 million (FY22: \$63.8 million) an increase of 30% and 33% on a constant currency basis, which in turn delivered increased adjusted EBITDA of \$25.8 million (FY22 restated: \$20.2 million¹). Growth comes from both the existing merchant base and from adding new carrier and LPM connections to new and existing merchants.

Total Payments Volume ("TPV") increased to \$10.5 billion (FY22: \$8.9 billion) while Monthly Active Users ("MAUs") grew by 29% to 67.4 million (FY22: 52.3 million) and 66.1 million new users made their first payment or bundling transaction with Boku during 2023 (FY22: 56.7 million).

We saw particularly strong growth in digital wallets and real time A2A payments: Revenues of \$16.5m up 152% from \$6.7m in 2022 following increasing adoption of these products by our key merchants; a 154% increase in volumes processed, compared to 2022; a 76% increase in MAUs of LPMs, to 6.7 million in December 2023 compared to 3.8 million in December 2022, while new users of LPMs increased 64% to 13.8 million in FY23 (FY22: 8.4 million).

¹ Right-of-use assets were restated to prepayments in the year ended 31 December 2022, see note 2 for further details.

Chief Financial Officer's Report

In 2023 Boku completed approximately 125 new payment launches with existing and new merchants including Google, Meta, Microsoft, Amazon, Disney, Netflix, Spotify, Samsung, Sky and EA Games, through Boku's expanded mobile-first payments network. Of these launches, around half were for LPMs.

Our take rate increased to 0.79% in 2023, with H2 take rate of 0.81%, as a result of higher take rates from digital wallets which are all settlement model where we handle the cash and so charge higher fees. (FY22: take rate 0.72% with H2 at 0.74%).

We continued to invest in Boku's mobile-first payments platform in 2023 as we further expanded our LPM capabilities and continued our investment in Boku's regulated payment capabilities which now cover more than 60 markets where Boku is able to process regulated payments either directly or indirectly.

Adjusted Operating Expenses (continuing operations)

Adjusted operating expenses* for the continuing Payments business increased to \$54.9 million (FY22: \$41.8 million).

	Year ended 31 Dec 2023 \$'000	restated ¹ Year ended 31 Dec 2022 \$'000
Gross profit	80,670	61,993
Adjusted EBITDA	(25,799)	(20,238)
Adjusted Operating Expenses	54,871	41,755

This was due to a number of factors including significant payroll increases due to high wage inflation in all locations and additional headcount as we continued to invest in building out Boku's 'mobile-first' payments network globally. We also added capabilities in digital wallets and real time A2A payments globally, including a further expansion of our regulatory footprint by adding new licences and legal entities. These regulated payment capabilities now cover more than 60 markets.

The Group capitalised \$5.4 million of internally generated intangible assets during the year compared with \$4.9 million in 2022.

Discontinued operations (Identity division)

Following the disposal of Boku's Identity division to Twilio on 28 February 2022 the prior year comparatives included in the consolidated statement of comprehensive income include the results relating only to the continuing Payments business. The Identity results are shown separately under "discontinued operations". The final payment from Twilio was received in full on 9 September 2023. There was no gain or loss on disposal in 2023.

Adjusted EBITDA

Adjusted EBITDA for the full year 2023 was up 28% to \$25.8 million (FY22 restated: \$20.2 million¹). This includes a one-time non-contractual bonus payment to all staff to recognise the considerable over achievement against budget and market expectations as well as contractual over performance bonuses to senior executives. In total these over-performance bonuses totalled approximately \$2.0 million, which directly impacted EBITDA.

We continued our investment into expanding Boku's mobile-first network but still managed to achieve adjusted EBITDA margins of almost 32%. Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation, non-recurring other income, share-based payments expense, forex gains/losses and exceptional items.

Profit before tax from continuing operations

Profit before tax from continuing operations for 2023 was \$11.4 million (FY22: \$4.1 million). This can be broken down as follows:

- Gross margin increased to \$80.7 million/98% (FY22: \$62.0 million/97%).
- Share Based Payments expense increased to \$7.6 million from \$5.2 million in 2022 as we grew our headcount. The Share Based Payments expense comprises the IFRS 2 charge and related National Insurance expense. Boku continued with its policy of offering all staff share based awards annually. RSU and stock option charges are spread over three and four years respectively, and in line with their vesting conditions, from the date of grant. Of the \$7.6 million booked in 2023, \$0.6 million was paid out cash (FY22: \$0.3 million) (relating to NI), the remainder was non-cash. All comparatives are for the continuing Payments business only.

¹ Right-of-use assets were restated to prepayments in the year ended 31 December 2022, see note 2 for further details.

- Depreciation and amortisation charges increased to \$7.6 million (FY22 restated: \$5.4 million¹)
- Foreign exchange movements resulted in a loss of \$1.0 million (FY22: \$0.8 million loss) mainly unrealised differences on the currency balances we hold.
- No amounts relating to intangibles were impaired in the year (FY22: \$1.3 million related to impairment of the Fortumo domain and 'brand' which was discontinued). See also intangibles section below.
- Charitable donations were similar to 2022 at \$0.3 million (FY22: \$0.3 million).
- Financing expenses fell to \$0.3 million in FY23 (FY22: \$0.7 million). These costs relate to interest and set up fees on leases and bank loans/overdraft facility.
- Interest income increased significantly to \$1.9 million (FY22: \$0.2 million) as interest rates improved and we were able to move more funds onto longer term deposits.
- A fair value adjustment credit of \$0.1 million (FY22: charge of \$3.47 million) in relation to warrants granted in September 2022 to a subsidiary of Amazon Inc, Amazon.com NV Investment Holdings LLC (see note 3).
- Other income of \$0.1 million (FY22: \$0.8 million) related to income from Boku providing ongoing accounting services to Twilio following the sale of the Identity business to enable a smooth transition (also in FY22). This amount has been excluded from adjusted EBITDA as a non-trading, non-recurring item. These services to Twilio have now ceased.
- Tax charge of \$1.3 million in the year (FY22: \$0.2 million credit). Please see Note 7 for details.

Profit from discontinued operations, net of tax (comparative)

The 2022 comparative for profit from the discontinued Identity business of \$24.6 million included a \$25.2 million profit on disposal of Boku's Identity business to Twilio on 28 February 2022 net of disposal costs and offset by the Identity trading loss for the two months to the end of February 2022 (see note 8).

Profit after tax

The Group reported a net profit after tax of \$10.1 million for the period (FY22: \$28.9 million, primarily driven by profit from the disposal of the discontinued Identity division of \$24.6 million, excluding this profit on disposal, profit after tax was \$4.3 million).

¹ Right-of-use assets were restated to prepayments in the year ended 31 December 2022, see note 2 for further details.
² Deferred tax in the year ended 31 December 2022 was restated, see note 2 for further details

Consolidated Statement of Financial Position

- Closing cash balances were \$150.9 million at the end of 2023 (including restricted cash balances of \$33.5 million) up from \$116.5 million on 31 December 2022 (including restricted cash of \$17.0 million). Boku also has a Revolving Credit Facility ("RCF") of £10.0 million with Citibank. At year end the RCF facility remained undrawn.
- The average daily cash balance, a measure which smooths out the effect of carrier, digital wallet and merchant payments, was \$131.7 million in December 2023, up from \$105.8 million in June 2023 and \$98.8 million in December 2022.
- Deferred tax assets of \$15.3 million were recognised at 31st December 2023 (FY22 restated: \$15.5 million²). This restatement reflected an error in the usability of certain tax losses and future transaction volumes through its US and UK incorporated entities) and deferred tax liabilities of \$182 thousand were recognised (FY22: \$Nil).
- From a working capital perspective, current assets exceeded current liabilities at 31 December 2023 by \$64.6 million compared with \$55.1 million¹ at the 2022 year end.
- Intangible assets were \$56.6 million as at 31 December 2023, compared to \$56.2 million at 31 December 2022 due to year end revaluation into USD. The Payments CGU (cash generating unit) was assessed using discounted cashflows and determined that no impairment was required at 31 December 2023. Following the disposal of the Identity CGU in 2022 only the Payments CGU remains.
- Goodwill and other intangibles were assessed for impairment and it was determined no impairment was required as at 31 December 2023.
- Intangible assets are broken down as follows

	31-Dec 2023 \$'000	31-Dec 2022 \$'000
Goodwill	42,183	41,733
Other intangibles	14,437	14,497
Intangible assets	56,620	56,230

Chief Financial Officer's Report

Consolidated Statement of Cashflows

During the year there was a net increase in the cash and cash equivalents of \$33.4 million (FY22: \$59.6 million), excluding the effect of foreign currency translations.

Cash from operations before working capital changes was \$23.1 million broadly in line with prior year at \$22.0 million, however we saw large increases in trade and other payables of \$70.9 million (FY22: increase of \$40.3 million) due to timing of payables to merchants as daily settlement to merchants of funds received from digital wallets was delayed over the Christmas shut down at the merchants' request. This was largely offset by an increase in receivables of \$53.0 million (FY22: increase of \$12.3 million) for similar reasons as receipts from carriers and wallets were delayed. This situation largely reversed after year end when Boku paid funds delayed over Christmas to merchants and received the delayed funds from carriers and wallets.

We purchased £7.9 million (FY22: £1.6 million) of our own shares in 2023 to cover employee RSU awards and Amazon warrants, per notes 20 and 23.

Amazon contract and warrants

On 16 September 2022, an Amazon Inc. subsidiary, Amazon.com NV Investment Holdings LLC ("Amazon"), signed a multi-year agreement with Boku to connect to new Local Payment Methods in multiple geographies which validated Boku's move into offering the new Local Payments Methods including digital wallets and real-time A2A payments via our expanded mobile-first network. In conjunction with the agreement, Boku entered into a stock warrant agreement with Amazon allowing them to acquire up to 3.75% (11,215,142 shares) of Boku common stock at 81.20p per share based on Amazon spend with Boku over a seven-year period. 747,676 shares of common stock vested immediately on the signing of the warrant agreement on 16 September 2022.

The warrant valuation resulted in recognition of a warrant contract asset of \$2.0 million (FY22: \$1.7 million) and a \$5.5 million (FY22: \$5.2 million) contract liability as at 31 December 2023. Please refer to Note 23 for full details.

Looking Ahead

In 2023 revenues grew \$18.9 million to \$82.7 million compared to growth of \$1.0 million in 2022. That 2023 revenue growth was a significant achievement and we rightfully rewarded all of our staff with a one-off bonus to reflect the significant over-performance against our internal budget and external market consensus expectations at the start of 2023. This revenue success has seen similar percentage growth in EBITDA despite Boku also continuing to invest in its mobile-first platform in order to take advantage of the opportunities in Local Payment Methods worldwide, in particular Account to Account, as well as investment to allow Boku to scale to meet the significant transaction and cash processing volumes we expect to see over the next few years. In our Capital Markets Day in February 2023, I outlined how we believed Boku could double its revenues in the medium term and that in turn would result in an expansion of adjusted EBITDA margins once the heaviest investment phase was over – and with 30% revenue growth in 2023 we remain confident that goal is achievable and quicker than we imagined back in February.

We are pleased with the 2023 financial results and the substantial progress we have made and believe the Company is well positioned for 2024 to exploit the substantial opportunities it has. We look forward to the future with confidence.

Keith Butcher

Chief Financial Officer

19 March 2024

Highlights

Financial Highlights

- Revenues up \$18.9 million (30%) to \$82.7 million (FY22: \$63.8 million).
- On a constant currency basis*, revenues were 33% higher than 2022.
- Full year revenues include \$16.9 million from digital wallets and A2A connections, up 153% from \$6.7 million in 2022 following increasing adoption of these payment methods by our key merchants.
- Adjusted EBITDA* of \$25.8 million up \$5.6 million (FY22 restated: \$20.2 million¹) at almost 28% adjusted EBITDA margin despite continued investment in Boku's global LPM payment network and after payment of substantial contractual and non-contractual bonuses to all staff related to company over-performance in 2023.
- Profit before tax from continuing operations for 2023 increased 178% to \$11.4 million (FY22: \$4.1 million).
- Net profit after tax of \$10.1 million (FY22: \$4.3 million, which excluded the profit after tax from discontinued operations of \$24.6m).
- Total Group cash was \$150.9 million at year-end, up from \$113.9 million at 30 June 2023 and \$116.5 million at 31 December 2022. The Group is debt free. In 2023 Boku spent £7.9 million on purchasing its own shares under the share buyback scheme (FY22: £1.8 million).
- The average daily cash balance*, a measure that smooths out the effect of carrier and merchant payments, was \$131.7 million in December 2023, up from \$105.8 million in June 2023 and \$98.8m in December 2022.
- Cash generated from operations before working capital movements during the year was \$23.1 million (FY22: \$22.0 million).
- Interest income increased to \$1.9 million (FY22: \$0.2 million) as interest rates increased and more funds were moved onto longer term deposits.

Following the disposal of Boku's Identity division on 28 February 2022, the comparative results shown are for the continuing Payments division only.

Non-Financial KPIs

- 67.4 million Monthly Active Users ("MAUs") of the Boku platform in December 2023 (December 2022: 52.3 million), a 29% increase.
- 66.1 million new consumers made their first payment or bundling transaction with Boku during 2023.
- TPV of \$10.5 billion in 2023, up 18% from \$8.9 billion in 2022. On a constant currency basis*, TPV was 23% higher than 2022.
- Particularly strong growth in digital wallets and A2A connections:
 - 78% increase in MAUs of digital wallets and A2A connections, to 6.7 million in December 2023 compared to 3.8 million in December 2022.
 - New users of digital wallets and A2A connections increased 64% to 13.8 million in 2023 (2022: 8.4 million).
- Take rate increased to 0.79% in 2023 as a result of higher take rates from digital wallets and A2A connections, with H2 take rate of 0.81% (FY22: take rate 0.72% with H2 at 0.74%).
- In 2023 Boku completed approximately 125 new payment launches with existing and new merchants including Google, Meta, Microsoft, Amazon, Disney, Netflix, Spotify, Samsung, Sky and EA Games, through Boku's expanded global network of localised solutions. Of these launches, around half were for digital wallets and A2A connections.

* These represent alternative performance measures ("APMs") for the Group. Refer to the Non-IFRS financial information section on page 119 for a glossary of the Group's APMs, their definition the criteria for how adjusted EBITDA is considered, together with definitions of abbreviations.

¹ Right-of-use assets were restated to prepayments in the year ended 31 December 2022, see note 2 for further details.

² Deferred tax in the year ended 31 December 2022 was restated, see note 2 for further details



Principal Risks & 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 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 or 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
<p>Competitive and rapidly changing environment</p> <p>The Group operates in rapidly evolving payments markets where service provision is subject to rapid technological change and use is dependent on user behaviour. The impact of changes to the structure of the app store payment market, competition, pricing pressure, Payments market changes, could result in a material loss of revenue and profit for the Group. Loss of market share and/or a major merchant customer account and/or a major issuer relationship to competitors would have a significant affect with regard to loss in revenue.</p> <p>Risk level: Medium Risk tolerance: Amber Risk movement: Unchanged</p>	<ul style="list-style-type: none"> Investing in new products, markets and technologies and improving relationships with key merchants, carriers, and LPMS. 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 on new 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 relationship with our merchants to better understand their needs. Engage with merchants potentially impacted by potential app store market changes
<p>Inability to evolve the organisations' processes, systems and tools to scale efficiently to bring on new customers and make new connections.</p> <p>As Boku is growing and continuously evolving, systems and production, need 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.</p> <p>Risk level: High Risk tolerance: Amber Risk movement: Unchanged</p>	<ul style="list-style-type: none"> Identify current and future needs of new systems and processes (production, etc.) to ensure these can support the transactional and settlement solution requirements of target customers and issuers (LPM, A2As) in new markets. Grow employee skills and experience through recruitment of industry experts from competitors and market. Continue to invest significantly in 2024 in back office systems and automation Investing significantly in 2023 in back office systems automation and headcount Invested significantly in 2021 and 2022 in Technology, both in Product and Platform (AWS) Further team optimisation plans

Principal Risks & Uncertainties

Risk	Mitigation
<p>Increase in regulation</p> <p>Additional regulatory license requirements for Boku due to expansion of product offering and target markets. These additional requirements could require changes to the Group's existing processes and systems to comply.</p> <p>Changes in the regulatory landscape could have adverse effects on Group's existing processes and provision of services.</p> <p>Examples can be:</p> <ul style="list-style-type: none"> - 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). - Finance obligations and reporting requirements differ depending on the regions we operate in which increase the risk of errors. <p>Risk level: High Risk tolerance: Amber Risk movement: Increased</p>	<ul style="list-style-type: none"> • Continuing to invest, significantly where required, in solutions that improve the Group's ability to manage risks and ensure compliance with regulations. • Liaise with local outside counsels, attending industry events and associations member meetings to stay current with any significant changes relevant to our business. • Increase Compliance team to 8 and employ an internal audit function • Ensure sufficient compliance support and addition of 3 Line of Defence mechanism. That is, Ops Staff, Compliance and Internal audit to test regulatory compliance and report as required to the Group Boards. • Establish internal task force to review ahead of launch of a new service/product in order to determine any regulatory, legal and operational impact and assess timeline and project feasibility. • Invest in solutions such as third-party horizon scanning that improve the Group's ability to manage risks and ensure compliance with regulations. • Follow European Commissions template of Standard Contractual Clauses (SCC) and external DPO to provide expert advice.
<p>Failure of issuer intermediaries to pay the amount due to merchants</p> <p>The company is reliant on third parties, including MNOs, SMS aggregators, Local Payment Methods (LPMs) 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.</p> <p>Risk level: Low Risk tolerance: Green Risk movement: Unchanged</p>	<ul style="list-style-type: none"> • Develop strong relationships with MNOs, aggregators and Local Payment Methods (LPMs) • An increasing proportion of Boku's issuer intermediaries are regulated, and as a result the risk of failure in settlement is decreased due to safeguarding obligations of regulated entities. • Effective credit control and management of receivables. • Creating direct relationships with issuers and reducing dependency on intermediaries. • Our merchant contracts limit the liability to Boku for non payment by carriers or intermediaries • Use Creditsafe tool for a credit check during onboarding of new third parties.

Risk	Mitigation
<p>Significant fraud events or social engineering attack</p> <p>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.</p> <p>Risk level: Medium Risk tolerance: Amber Risk movement: Unchanged</p>	<ul style="list-style-type: none"> • Recruiting specialised, experienced fraud prevention staff • Review investment opportunities in solutions that improve the Group's ability to manage risk • Develop comprehensive internal policies, procedures and controls • Ensuring there are systems and experienced staff in place to defend against potential cyber security threats. • Regularly review risk rules to ensure they are effectively monitoring customer behaviour • Address external auditor control findings in respect to IT general control investing as required in system architecture and back office systems
<p>Cyber Security and Data Protection breaches</p> <p>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</p> <p>Risk level: High Risk tolerance: Amber Risk movement: Unchanged</p>	<ul style="list-style-type: none"> • 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. • Continuing investment after significant investment in 2022 in cyber security tools and systems to mitigation potential risks • Broaden existing ISO 27001 certification to cover all Boku business lines.
<p>Failure to attract and retain the best talent</p> <p>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 and 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.</p> <p>Risk level: Low Risk tolerance: Green Risk movement: Reduced</p>	<ul style="list-style-type: none"> • Creating opportunities within the Group for personal development and career enhancement. • Recruiting experienced HR staff and working with specialised 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

Principal Risks & Uncertainties

Risk	Mitigation
<p>Unforeseen disasters and other Black Swan events</p> <p>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.</p> <p>Risk level: High Risk tolerance: Amber Risk movement: Increased</p>	<ul style="list-style-type: none"> • 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 created a “risk universe” which list of risks and their velocity we monitor regularly • 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 develop 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.

Board of Directors



Dr. Richard Lawrence Hargreaves

Independent Non-Executive Chairman

Committee appointments

None

Meeting attendance

Board – 6/6

Board skills and experience

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. He currently serves as Boku's Independent Non-Executive Chairman.

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.



Charlotta Ginman FCA

Senior Independent Non-Executive Director

AC Chair and RC member effective from the upcoming AGM

Committee appointments

Audit Committee member

Meeting attendance

Board – 6/6

Audit Committee – 7/7

Board skills and experience

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 will replace Stewart Roberts as Chair of the Audit Committee (in which Charlotta is currently a member) and as a member of the Remuneration Committee upon Stewart's resignation from the Board at the upcoming AGM in May 2024.

Charlotta is a Non-Executive Director of two investment trusts (Polar Capital Technology Trust PLC and Pacific Asset Trust PLC), and a Venture Capital Trust (Unicorn AIM VCT PLC).

She is also a Non-Executive Director of two AIM quoted companies: Gamma Communications plc and Keywords Studios plc.

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

Board of Directors



Stewart Roberts

Independent Non-Executive Director

To resign at the upcoming AGM

Committee appointments

Audit Committee chair

Remuneration Committee member

Meeting attendance

Board – 5/6

Audit Committee – 7/7

Remuneration Committee – 4/4

Board skills and experience

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. Stewart is the Chair of Boku's Audit Committee and a member of the Remuneration Committee.

Stewart is Chair at HappyOrNot AY.



Stuart Neal

Chief Executive Officer

appointed 1 January 2024

Committee appointments

None

Meeting attendance

NA

Board skills and experience

Stuart re-joined the board in January 2024 and brings with him 19 years of experience in senior leadership roles within Payments and Fintech. He assumed the role of CEO at Boku following a six-month spell as CEO Designate. He was also Chief Financial Officer of Boku between 2012 and 2014 and between 2017 and 2019, both periods of considerable growth for the Company, and saw the company through its IPO, before being appointed Chief Business Officer of Boku's Identity division, where he returned that business to growth, culminating in its successful disposal to Twilio in 2022.

Previously, he was Chief Commercial Officer at Vocalink PaybyBankapp (acquired by Mastercard), building distribution channels and creating merchant demand. Stuart was also Commercial Director at Barclaycard, then Europe's second largest payment acceptance company, where he oversaw the roll out of contactless payments to merchants across the UK market. In his earlier career, he held senior Commercial and Finance positions within a number of blue-chip corporations including GlaxoSmithKline, Worldcom and Virgin Media.



Keith Butcher
Chief Financial Officer

Committee appointments
None

Meeting attendance
Board – 6/6

Board skills and experience
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 Chair. Keith also joined the Board of LHV UK Ltd in May 2022 as a Non-Executive Director. Keith was awarded Finance Director of the Year at the Quoted company Alliance Awards (QCA) 2014.

Keith joined the Board of LHV UK Ltd in May 2022 as a Non-Executive Director



Jon Prideaux
Non-Executive Director

former CEO, resigned 31 December 2023
appointed NED 1 January 2024

Committee appointments
None

Meeting attendance
Board – 6/6

Board skills and experience
Jon has more than 30 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 Chair of the Compliance Committee, and was a member of Visa's Global Product and Brand Councils.

After leaving Visa in 2006, Jon served as Deputy CEO for SecureTrading, where he doubled transaction numbers and quadrupled profitability. He then led a management buy-in at Shopcreator, the ecommerce software platform.

Jon joined Boku in 2012, becoming CEO in 2014 and led the company's IPO in 2017. He stepped back to become a Non-Executive Director at the end of 2023.

Board of Directors



Mark Britto

Non-Executive Director

Committee appointments

None

Meeting attendance

Board – 6/6

Board skills and experience

Mark Britto has over 20 years as an entrepreneur, sales and financial services executive. Mark served as a senior executive for PayPal in various capacities for 5 years. He also served as Boku's Non-Executive Chair.

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.



Meriel Lenfestey

Independent Non-Executive Director

Committee appointments

Remuneration Committee chair
Audit Committee member

Meeting attendance

Board – 6/6
Audit Committee – 7/7
Remuneration Committee – 4/4

Board skills and experience

Meriel's career has been built bringing customer centred business thinking to organisations of all shapes and sizes; across public, private and third sectors; and across many different industries.

After starting her career with spells at Microsoft in Seattle and the BBC in London, she founded, grew and sold a user experience design (UCD) consultancy (Flow Interactive) over 13 years. This company was considered a pioneer in the space of UCD and worked with many of the best-known brands at the time on use cases including banking, health, communications, education and ecommerce. For the last ten years she has maintained a portfolio of Non-Executive Director roles across telecoms, energy, arts, infrastructure, renewables, transport and technology.

As a designer, researcher and entrepreneur she brings diverse thinking to the Boku board.

Meriel is Non-Executive Director of two FTSE 250 listed investment funds (International Public Partnerships and Bluefield Solar Income Fund) and a special purpose acquisition company (Ikigai).

She is also Chair at Jersey Telecom, and a Non-Executive Director for a charity (Art for Guernsey), neither of which are listed



Loren I. Shuster

Independent Non-Executive Director

Committee appointments

Audit Committee member

Remuneration Committee member

Meeting attendance

Board – 5/6

Audit Committee – 6/7

Remuneration Committee – 4/4

Board skills and experience

Loren I. Shuster currently serves as the Chief People As Executive Vice President and Chief People Officer, Loren I. Shuster leads the People, Places and Culture organisation, which brings together expertise, passion and creativity to build an inspiring and engaging work environment for more than 25,000 global employees. Loren has been a member of the LEGO Group's Executive Leadership Team since 2015, first as Chief Commercial Office, followed by leading the People agenda and Corporate Affairs.

Loren oversees the development and implementation of the company's people strategy, which focuses on attracting, developing and retaining diverse and talented people and ensuring they have workplaces in which they can thrive. He is also responsible for the LEGO Group's social responsibility efforts which focuses on developing children's critical skills in the community with learning through play initiatives, in addition to the company's Corporate Brand Communications function which works to build and protect the LEGO Brand.

Previous to the LEGO Group, Loren held senior leadership positions within commercial and marketing at Google, Nokia and other multinationals. Additionally, Loren has an MBA (1996) and Executive Masters in Organizational Psychology (2015) from INSEAD.

Loren is a member of the International Advisory Council of the Institute of Business Ethics.

Senior Management



Adam Lee
Chief Product Officer

Skills and experience

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 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.



Mark Stannard
Chief Business Officer

Skills and experience

Mark has nearly 25 years' experience in mobile, digital, and fintech services and is a leading member of the team that has brought the biggest digital brands to Local Payment Methods including Amazon, Meta, Spotify, Sony, Google, Netflix, and Microsoft.

He played a critical role in building Boku's market-leading payment network of over 300 local payment methods, and as Chief Business Officer, has direct responsibility for Boku's Worldwide payments business. This includes the deployment of new Payment Types onto the Boku platform, such as digital eWallets and account-to-account banking payments.

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

Chair's Introduction

Dear Shareholder,

As Chair of the Board, it is my responsibility to ensure that the Group has both sound corporate governance and an effective Board, including leading the Board effectively, overseeing the Group's corporate governance model, communicating with shareholders and to ensure that the highest levels of corporate governance are maintained throughout the Group and also at Board level.

As an AIM-quoted company, the Board, has decided to adopt the Quoted Companies Alliance Corporate Governance (the "QCA Code"), which requires AIM-quoted companies to adopt a 'comply or explain' approach in respect of the application of guidance contained within. The following report sets out how we have applied the 10 principles of the QCA Code. It also covers how the Board and its committees operated in 2023 and how we have continued to comply with the principles of the QCA Code.

In addition to our adherence to the current QCA Code, it is important to note that a new iteration of the QCA Corporate Governance Code is set to come into effect. This updated code reflects evolving best practices and aims to further enhance corporate governance standards for AIM-quoted companies like Boku. We are actively preparing to align with these revised guidelines, ensuring our governance practices remain at the forefront of industry standards, fostering transparency, accountability, and trust among our stakeholders. The Board of Directors is fully committed to achieving high standards of governance expected for the size and stage of development of the Group.

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>.

Dr. Richard Hargreaves

Non-Executive Chair

19 March 2024

Corporate Governance Report

Statement of Compliance

Application of the QCA Corporate Governance Code

Principle	Application/Evidence
Deliver Growth	
<p>1. Establish a strategy and business model which promote long-term value for shareholders</p>	<p>At Boku we seek to develop an entrepreneurial and supportive culture across our business so that these values are integral to everything else we do.</p> <p>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 6.</p> <p>The Chief Executive Officer is responsible for the leadership and day-to-day management of the Group, including formulating and recommending the Group's strategy to the Board and executing the approved strategy.</p>
<p>2. Seek to understand and meet shareholder needs and expectations</p>	<p>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 Board engages with shareholders via a variety of channels and activities 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.</p> <p>The main day-to-day engagement with shareholders and prospective investors is carried out by the Chief Executive Officer and Chief Financial Officer and from time to time by our Chair. 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.</p> <p>The Board encourages participation by shareholders at the Annual General Meeting where all Board members are present and are available to answer questions from shareholders.</p> <p>Regular market reports are prepared by Company's Nominated Advisor and which are provided to the Board for consideration and discussion to ensure that the Directors have a clear understanding of shareholders' views and expectations.</p> <p>The Board believes that they have successfully engaged with the Company's shareholders in the past and will continue to do so going forward.</p>

Principle	Application/Evidence
Deliver Growth	
<p>3. Take into account wider stakeholder and social responsibilities and their implications for long term success</p>	<p>The Board regularly considers resourcing requirements of the business including the key stakeholder relationships which give Boku its competitive advantage and thereby contribute to its long-term success. The key stakeholders are the skilled people employed by Boku, its merchant and carrier relationships, together with other service providers. These relationships are regularly monitored and discussed at senior Executive and Board meetings.</p> <p>Boku regularly approaches its key stakeholders for feedback through regular employee surveys, companywide all-hands meetings and progress workshops with merchants and carriers. Initiatives that have been developed following feedback include employee social events, updates to Company policies and improvements to the Company's product offering. Our approach to the Group's environmental and social responsibilities are described in the ESG Report on pages 50 to 57.</p>
<p>4. Embed effective risk management, considering both opportunities and threats, throughout the organization</p>	<p>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 on pages 16 to 20.</p>

Corporate Governance Report

Principle	Application/Evidence
Maintain a Dynamic Management Framework	
<p>5. Maintain the Board as a well-functioning, balanced team led by the Chair</p>	<p>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 an Independent Non-Executive Chair (Richard Hargreaves), two Executive Directors: the Chief Executive Officer (Stuart Neal) and the Chief Financial Officer (Keith Butcher), four Independent Non-executive Directors (Stewart Roberts, Charlotta Ginman, Meriel Lenfestey and Loren I. Shuster) and two Non-Executive Directors (Mark Britto and Jon Prideaux), however it is noted that Stewart Roberts intends to retire from the Board at the upcoming Annual General Meeting.</p> <p>The Board has sufficient members to contain the appropriate balance of skills and experience to effectively operate and control the business.</p> <p>The roles of the Chair and the Chief Executive Officer are separate, with their roles and responsibilities clearly defined.</p> <p>The Chair's main responsibility is the leadership and management of the Board and its governance. He meets regularly and separately with the Executive and Non-Executive Directors to discuss matters for the Board.</p> <p>The Chief Executive Officer is responsible for the leadership and day-to-day management of the Group and executing the strategy of the Group as approved by the Board.</p> <p>The roles and responsibilities of the Chair, 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 35</p> <p>The Board holds at least six regular meetings per year and has also created separate Audit and Remuneration Committees comprising of Directors with the necessary skills and knowledge to discharge their duties and responsibilities effectively.</p> <p>Both Executive Directors are full time employees. Non-Executive Directors are required to devote sufficient time to prepare for and attend regular Board meetings, any ad hoc Board sessions, their Committee duties and other stakeholder engagement.</p> <p>Further details of the current Directors and a note of those who are considered to be independent are set out on page 21.</p>

Principle	Application/Evidence
<p>6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities</p>	<p>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.</p> <p>The current Directors, their background and experience are described on pages 21 to 25. Collectively, our team has all the necessary skills and experience, to carry out the Group's strategy and business model effectively.</p> <p>The Directors keep their skills up to date through appropriate training, including an annual refresher training on the AIM rules provided by the Nominated Advisor as well as receiving periodic updates on corporate governance matters.</p> <p>The Senior Independent Director is available to speak with shareholders concerning the corporate governance of the Company. 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. During the financial year, Stewart Roberts acted as the Senior Independent Director, however, Charlotta Ginman assumed the role of Senior Independent Director on February 1, 2024</p> <p>The Remuneration Committee engaged an external remuneration consultant to provide advice on the structure and presentation of Executive and Non-executive compensation. The latest review of Board effectiveness did not highlight any areas of concern. Additionally, neither the Chair nor Chief Executive have received any representations to this effect.</p>
<p>7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>In line with its standard practice, during the financial year, the Board undertook a formal annual evaluation survey of the Board's performance and effectiveness, including that of Boku's committees.</p> <p>The evaluation which was discussed by the Board demonstrated an overall positive performance by the Board and the committees, recognising both current areas of strengths as well as areas suggesting improvements where appropriate, such as increased focus on strategic matters at Board meetings.</p> <p>The Board evaluation process reviews performance against a set of criteria which includes Group strategy, board skillset, composition and succession planning, stakeholder engagement and the effectiveness of the Board committees. The criteria is reviewed to ensure that the evaluation survey remains relevant. Following a review of the survey by the Board, an ESG criteria was also added to the evaluation survey.</p> <p>Following completion of the Board evaluation survey, the Board reviews the composition of the Board and the committees and considers matters pertaining to its succession planning. Appropriate training is available to all Directors to develop their knowledge and skills to ensure they stay up to date on specific matters for which they have responsibility.</p> <p>The Board will engage an external consultant to conduct the next Board annual evaluation survey in Q2 2024.</p>

Corporate Governance Report

Principle	Application/Evidence
<p>8. Promote a corporate culture that is based on ethical values and behaviours</p>	<p>Boku’s culture is one of acting ethically and with integrity, not only in our business relationships but also in our relationships with our employees. We strongly believe that our people are what makes Boku great. Fostering a diverse, equitable, and inclusive workplace is crucial for our success.</p> <p>The Boku’s culture is guided by many different activities, which include regular senior management meetings and feedback following employee surveys. Such surveys provide an insight to the views of the workforce on Boku.</p> <p>The Boku’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. In order to embed a culture of ethics and inclusiveness at Boku, we have implemented certain policies and training in the areas of recruitment diversity, equity and inclusion, whistleblowing and anti-bribery.</p> <p>An outline of the corporate culture promoted by the Board is set out in Boku’s website in the section headed “Our Values” (which can be viewed at: https://www.boku.com/careers)</p> <p>The Chair and other Non-Executive Directors regularly meet with employees without Executive Directors present so as to gauge the health of Boku’s culture and allow opportunities for more open discussions by employees.</p> <p>More information in relation to diversity, equity and inclusion at Boku are described in the ESG Report on pages 50 to 57.</p>

Principle	Application/Evidence
<p>9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board</p>	<p>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.</p> <p>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/</p> <p>Due to the current size of the Group, the Board still considers a nominations committee is not required, any decisions relating to appointments to the Board will be a matter for the consideration of the whole Board.</p> <p>From time to time, ad hoc committees are set up by the Board to consider specific issues when the need arises.</p> <p>The roles and responsibilities of the Chair, 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 35.</p> <p>The principal responsibilities of Board members are as set out below:</p> <p>Amongst other things the Chair is responsible for:</p> <ul style="list-style-type: none"> • 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. <p>The Chief Executive is responsible for the following matters amongst others:</p> <ul style="list-style-type: none"> • Developing and implementing strategy following approval by the Board • Reporting on a regular basis to the Board of progress in respect of strategy, Group 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 <p>The Chief Financial Officer is primarily responsible for the delivery of high-quality information to the Board on the financial position of the Group.</p> <p>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.</p>

Corporate Governance Report

Principle	Application/Evidence
<p>9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board (continued)</p>	<p>The Board has a schedule of matters reserved for the Board which requires the following key matters to be considered and approved by the Board:</p> <ul style="list-style-type: none"> • 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 <p>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 prepare effectively. 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.</p> <p>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.</p> <p>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.</p>
Build Trust	
<p>10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders</p>	<p>Reports on the work of the Board and its committees are set out as follows:</p> <ul style="list-style-type: none"> • Board: pages 35 • Audit Committee: pages 37 • Remuneration Committee: pages 41 <p>Information about shareholder voting at the 2023 Annual General Meeting of the Company is set out on Boku’s website.</p> <p>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 2023 and previous years are available from the Company’s website.</p>

The Board Composition and Responsibilities

The Board currently consists of a Non-Executive Chair, the Chief Executive Officer, the Chief Financial Officer and six Non-Executive Directors, which from a gender composition perspective, is comprised of seven male directors (representing 78%) and two female directors (representing 22%). There is a clear division of responsibilities between the Chair and the Executive officers and the Board considers five 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.

Due to the recent updates to the QCA Code, the Board has decided that all directors should be put forward for re-election at this year's Annual General Meeting (as opposed to only a third of directors being put forward for re-election on a rotation process), subject to the necessary amendments being made to our constitution (and approved by shareholders).

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 Group's business is delegated to the Chief Executive Officer and the senior Executives.

The Board meets at least once every two months and Board meetings are attended by all Directors either in person or via teleconference. 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 separate committee.

Audit committee

The Audit Committee is chaired by Stewart Roberts and its other members are Charlotta Ginman, Meriel Lenfestey and Loren I. Shuster, all of whom are independent Non-Executive Directors. It is noted that Stewart Roberts intends to retire from the Board (and thus the Audit Committee) at the next Annual General Meeting and Charlotta Ginman has taken over as SID as of 1 February 2024 and shall be appointed as Chair of the Audit Committee at the Annual General Meeting. The Audit Committee meets formally at least four 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 37.

Board Composition		Board Independence		Board Tenure	
Executive	22%	Independent	5	0-3 years	44.4%
Non-Executive	78%	Not Independent	4	3-6 years	33.3%
		56% of the Board are independent		Above 6 years	22.2%

Corporate Governance Report

Remuneration committee

The Remuneration Committee is chaired by Meriel Lenfestey and its other members are Loren I. Shuster and Stewart Roberts, all of whom are independent Non-Executive Directors. It is noted that Stewart Roberts intends to retire from the Board (and thus the Remuneration Committee) at the next Annual General Meeting and independent Non-Executive Director Charlotta Ginman will replace Stewart as a member of the Remuneration Committee.

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 Group's Chief Executive, Chair, and Chief Financial Officer 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 Chair and Executive Directors. No Director or manager is allowed to partake in any decisions relating to their own remuneration. A full report of the Remuneration Committee can be found on page 41.

Share Dealing code

The Group 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 22 May 2024.

Audit Committee Report

Committee Chair Introduction

Dear Shareholders,

I am pleased to present the Audit Committee Report for the year ended 31 December 2023. In the report below we explain how the committee discharged its responsibilities during the year, and we cover 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 PwC who were appointed at our AGM in May 2023, taking over from BDO LLP who retired at the same meeting, and our PwC Audit Partner brings many years of relevant experience in auditing FinTech companies.

Composition of the committee

The Audit Committee comprises Stewart Roberts (who serves as Chair), Charlotta Ginman, Meriel Lenfestey and Loren I. Shuster who have all served on both the Board and the Audit Committee throughout the year.

All members of the Audit 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. Biographies for each of the committee members can be found on pages 21 to 25.

Mr Roberts has announced his intention to step down from the Audit Committee and Board at the next AGM and Mrs Ginman will take over as Audit Committee Chair on that date and has assumed the role of Senior Independent Director as of 1 February 2024.

Executive Directors and senior management attend meetings by invitation as required, but do not do so as of right. Representatives of PwC LLP (external auditor) also attend the majority of committee meetings and meet privately with committee members, in the absence of executive management, at the beginning or end of a number of committee meetings during the year.

The committee is required to meet a minimum of three times during each financial year but chose to meet seven times during 2023 which included meetings to discuss the appointment of the new Auditor.

The role and the responsibilities of the committee

The Audit Committee Terms of Reference are published on our website but for clarity the Terms of Reference state:

The main role and responsibilities of the Audit Committee are to:

- a. provide formal and transparent arrangements for considering how to apply the financial reporting and internal control principles set out in the QCA Corporate Governance code, and to maintain an appropriate relationship with the Company's auditors;
- b. 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 judgments contained in them;
- c. review the Company's internal financial controls and the Company's internal control and risk management systems;
- d. review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;
- e. consider the need for an internal audit function and, if considered necessary, monitor and review the effectiveness of the Company's internal audit function;
- f. make recommendations to the board, for it to put to the stockholders for their approval in a general meeting of the stockholders, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- g. review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- h. 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
- i. report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken.

Audit Committee Report

External Audit

The scope of the audit work undertaken by external auditors is discussed 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;
- recommendations made by the External Auditor in their management letters and the adequacy of management's response;
- Assessment of the adequacy of the internal controls; and
- Review and consider management's fraud risk assessment.

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

The Audit Committee met with PwC shortly after their appointment as new auditor for the financial year 2023 to discuss the considered approach to the 2023 audit. This was followed up by an audit planning session in late autumn whereby we discussed ongoing focus areas and learnings from the interim review to translate into an agreed plan for the full year audit. At the end of each audit cycle the Audit Committee seek input from both the auditor and the executive finance functions to add to its own views into the effectiveness of the audit process and to agree learnings for implementation in the following year.

There is no set internal policy on auditor tenure or rotation beyond the regulatory guides however as effectiveness and efficiency tends to improve with some experience in working together, a forward view over the suitability and quality of the relationship is normally considered over a four year plus future window unless something more pressing changes. The positive shift in Boku's growth and future potential with broader methods, clients and complexities developing in the past 24 months sat behind our decision at the end of 2022 to seek a new auditor relationship which resulted in PwC being appointed at our AGM in May 2023.

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 UK FRC 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 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.

Auditors' remuneration

	2023 \$'000	2022 \$'000
Audit of the Group consolidated financial statements Audit services - core	798	428
Audit services – subsidiary audits (other primary auditor fees)	63	124
Audit - related services (review of interim accounts)	127	57
Total audit fees	988	609

2023 represents fees paid/ payable to PwC (FY22: BDO)

Internal Audit

In 2022 Boku employed an external company to provide internal audit services for its Irish entity for the first time to be compliant with its new regulatory obligations. As is considered typical for a company of Boku's size, Boku had not previously employed an internal audit function. This situation remained throughout 2023, and while the need for an internal audit function for the whole company was further considered during the year, it has been decided and agreed that in 2024 Boku will continue to employ external companies to provide internal audit services with a limited scope focused around the controls and practices required by various local regulatory requirements for new local payment methods and real time account to account payments. This decision and the scope of internal audit will be reviewed periodically by the Group Audit Committee.

Boku has a Risk & Compliance Team whose primary focus is to ensure that the Group remains compliant with all relevant regulations in jurisdictions where Boku has obtained a license and also with relevant local Telecoms regulation within each specific market; in addition to broader regulatory requirements such as PSD2 within the EU.

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 levels versus its 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 16 to 20.

Every year, the Audit Committee review in detail the risk framework processes for suitability and effectiveness with a dedicated session for this review being introduced during 2023. This allows us to reach agreement on what the most significant current risks are and where mitigations should be focused. The continued suitability and prioritisation of the results of the risk matrix along with the impact of mitigations are reviewed again before year end and adjusted as agreed.

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.

During the course of the change in auditors, an error in application of deferred tax recognition was identified relating to the look forward period for future taxable profits considered for deferred tax asset recognition. Therefore, the prior year deferred tax balance has been restated.

The consolidated statement of comprehensive income in the year end 31 December 2022 has been restated to move the fair value gain/(loss) on warrants from administrative expenses to a separate line below operating profit, to more appropriately reflect the accounting judgement.

Prior year balances recognised under right-of-use assets have been restated to prepayments in the consolidated statement of financial position. More details can be found in note 2.

Key activities in the year ended 31 December 2023

- Fulfilled each of the business considerations commensurate with the Audit Committee Terms of Reference.
- Reviewed budgets, forecasts and monthly financial reporting produced by management, using multiple views to help track the impact of significant core currency movements during the year that could otherwise cloud the clarity of business performance reporting.
- Reviewed the key business risks of the Company and agreed the subsequent updates to the focus areas. (Please refer to page 16 for a more detailed review of company's principal Risks and Uncertainties).
- Reviewed and refreshed the process and schedule for monitoring the Group's risk management and controls framework to keep it appropriate and current, ongoing including introducing dedicated review meetings.
- Continued to drive management focus on the enduring suitability and impact of control processes, regulations and risks associated with the rapid growth and expansion of LPMs and Real Time Payments in existing and new markets.

Audit Committee Report

- Reviewed the Group's Going Concern paper and Impairment review paper produced by management.
- Reviewed the management papers prepared on the key areas of judgement applied to the consolidated financial statements.
- Reviewed share-based payments, and the appropriateness of the classification of the exceptional items.
- Introduced further contact options/routes for whistleblowing.
- Reviewed the Group's recognition of deferred tax and tax provisions and the corresponding prior year adjustment.
- Reviewed the Group's classification of the consolidated financial statements and corresponding prior year adjustment relating to right-of-use assets and fair value losses on warrants.
- Reviewed the definitions and disclosures of Alternative Performance Measures (non-GAAP measures).
- Reviewed the paper, accounting implications and the estimation in the Amazon warrant contract asset and Amazon warrant liability.
- Reviewed in detail and agreed the external auditor services remuneration level for 2023 in light of the change from BDO LLP to PwC LLP, the enhanced audit efforts required during the first year of an audit engagement, and the continued inflationary pressures.
- Discussed control findings of external auditors for action as/ if required.

Looking ahead

The Audit Committee will continue to review and monitor the Group's ability to maintain suitable control processes, and risk management with respect to the opportunities and challenges of continued strong growth.

Personal

For personal reasons I have decided to retire from my Board role at Boku, effective from the next AGM in May 2024, and as such, I will no longer be Audit Committee Chair. I am delighted with the progress Boku has made during my tenure both with its continued growth in revenues and profits but also in its structure and approach to good governance. I would like to thank the other Committee members for their support in continuing to move us forward and I am delighted to be able to pass over the position of Chair to my long term Boku Board colleague Charlotta Ginman. I have every confidence that she and the Audit Committee will continue the good work.

Stewart Roberts

Audit Committee Chair
19 March 2024

Remuneration Report

Chair's Introduction

Dear Shareholder,

I am pleased to present the Directors' Remuneration Report for the 2023 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 made.

I'm committed to maintain Boku's high standards of corporate governance as an AIM-quoted company, transparency on remuneration disclosures and flexibility to the specific incentivisation needs of a US-incorporated, high growth, technology company with a global presence.

Shareholders' expectations are important in our decision process and I welcome shareholder feedback at any time. We will continue our practice of putting an advisory resolution on remuneration to shareholders at our AGM.

This report sets out the remuneration policy for the Company, the incentive structures for Directors and management and the detailed remuneration for both the Executive and Non-Executive Directors of the Company for the period to 31 December 2023, and briefly includes expectations for 2024. The information provided fulfils the requirements of AIM Rule 19.

Note: 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 in this report is unaudited unless expressly highlighted as such.

Performance and Decisions on Remuneration Taken during 2023

The Company performed exceptionally well in the year with revenue and EBITDA growing considerably ahead of market expectations. Inflation, whilst moderating, is still higher than it has been in recent years. Inflation in the markets in which we operate varied between 3% and 7%. In certain markets there are skills shortages which have driven up average salaries ahead of these figures. An average rise of between 4% - 10% was applied to all staff (depending on their location) with the Executive Directors getting 4%.

During the year the Committee handled the compensation for the incoming CEO, Stuart Neal and awarded Annual Bonuses to the two Executive Directors to reflect the successful delivery of strategy as detailed in note 23.

Awards were made to all employees (other than Executives) under the company's Equity Plan in January 2022 and comprised time based Restricted Stock Units. Additionally, during the year, the company made long term incentive awards to Executives and certain other key employees in the form of Performance Restricted Stock Units (subject to the meeting of performance conditions). These stock units have vesting rules which are detailed in note 20. These awards vest after three years.

The Board agreed to remove the RSU element of Non-Executive Remuneration and asked the CEO designate to consider a revised Non-Executive Director remuneration structure for 2024 which is outlined in this report.

I hope that you find the report helpful and informative.

Meriel Lenfestey

Remuneration Committee Chair
19 March 2024

Remuneration Report

Remuneration Committee Composition and Role

The Remuneration Committee consists of Stewart Roberts, Loren Shuster and is chaired by Meriel Lenfestey, all of whom are considered Independent Directors. Mr Roberts has announced his intention to step down from the Committee and the Board at the next AGM and Charlotta Ginman (independent Non-Executive Director) will become a member of the Committee on that date. The Committee met formally three times during the year to review the remuneration of the Executive Directors and other executive team members, 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. The CEO and CFO may be invited to attend as appropriate to provide contextual information.

Matters regarding Non-Executive Director remuneration are decided by the Executive Directors and are not a matter for the Remuneration Committee.

Remuneration Policy

The Company's approach to remuneration is that the overall package should be sufficient to attract, recruit, motivate and retain individuals of a high calibre with significant technical and strategic expertise in a competitive and evolving global sector.

The Committee is focused on applying this approach to attract, recruit, motivate and retain high quality Executive Management who will deliver value for shareholders, whilst remaining aligned with AIM principles.

Executive Directors

Executive Director remuneration consists of 5 elements:

- Salary
- Annual Bonus
- Long Term Incentives (LTI)
- Pension
- Benefits

More detail on each is as follows:

Salary: Base salary for each Executive Director is reviewed annually by the Committee. In considering adjustments the Committee takes into account salary levels paid by companies of a similar size and nature; the performance of the Group as a whole, the Director's performance, experience and responsibilities, and any cost-of-living increase applied to staff pay. External benchmarking was done in 2023 which confirmed executive salary levels remained aligned with market norms following the previous year adjustments.

Annual Bonus: Executive Directors participate in the annual bonus scheme. This delivers a bonus for the effective delivery of strategy, as demonstrated through the achievement of annual performance targets. The Company considers revenue, adjusted EBITDA and personal performance targets with equal weightings. The Company does not publish the specific targets but they are broadly aligned with the figures for expected performance in the market. If either revenue or adjusted EBITDA fall below 90% of targets no bonus is payable for either, unless the Committee applies discretion. The Committee has discretion to adjust the level of bonus to avoid unintended consequences. The Committee considers ESG factors alongside other factors in the personal contribution element and will look at the feasibility of including an ESG element in the targets as the Company's ESG policy matures.

Jon Prideaux Chief Executive Officer

On-target performance: up to 50% of salary (split into 2 half yearly payments)

Over performance cap: up to a further 50% of salary (paid annually)

Keith Butcher Chief Financial Officer

On-target performance: up to 40% of salary (split into 2 half yearly payments)

Over performance cap: up to a further 40% of salary (paid annually)

Long Term Incentives: The Committee sees Long Term Incentives as an important part of the remuneration of all staff, to align them with shareholders and reward them for strong performance. For Executive Directors these are structured as Performance-based Restricted Stock Units (PRSU) that have a normal vesting period of three years, after which they convert into common shares. They are all subject to performance conditions relating to long term adjusted EBITDA, aligned to market expectations. Details of awards currently held by Executive Directors are set out on page 45 of this report.

Pension: The Company operates a stakeholder pension scheme for all UK employees. Executive Directors participate on the same basis as other employees.

Benefits: The Company provides the option for all employees to participate in a private healthcare plan.

Non-Executive Directors

Non-Executive Director remuneration has consisted of 2 elements through most of 2023, but has reduced to fees only for 2024:

- Fees
- Single issue of Restricted Stock Units (RSU) – discontinued from December 2023

They do not receive any performance or retention-based incentives, or other benefits.

More detail on each is as follows:

Fees: 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. They are entitled to recover reasonable expenses incurred in the performance of their duties. The cash element has been set at a level below comparable companies in recognition that RSUs were also awarded. The fee structure and levels have been reviewed for 2024.

RSUs: As an additional element of remuneration, as is normal practice for US domiciled high growth companies, Non-Executive Directors have received a one-off equity grant to align their financial interests with those of all stakeholders including shareholders since pre-IPO. The Company noted the assertion made by one proxy adviser in relation to RSU awards, but explains that an equity component of remuneration was considered appropriate during the period up to and including 2023. As Non-Executive Director RSUs were not material, not tied to performance, vested in the year of grant and were a single award, the Board is confident that they did not impact Director independence. However, to ensure there is no perceived concern regarding Non-Executive Director independence going forward, the Company has now removed this element of Non-Executive Director remuneration and is adjusting the fee element accordingly for 2024. No Non-Executive Director RSU awards remain active at year end.

Non-Executive Directors do not participate in any bonus schemes, nor are their positions pensionable. The overall remuneration package for Non-Executive Directors has been carefully constructed in line with the principles of the QCA code so as not to compromise the independence of the Non-Executive Director.

Service Contracts

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

	Date of contract	Notice period (months)
Executive Directors		
Jonathan Prideaux:	1 May 2012	6
Keith Butcher	1 October 2019	6
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
Meriel Lenfestey	21 September 2022	2
Loren Shuster	21 September 2022	2

Remuneration Report

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.

Due to the recent updates to the QCA Code, the Board has decided that all directors should be put up for re-election at the 2024 Annual General Meeting (as opposed to only a third of directors on a rotation process which it has done historically), subject to the necessary amendments being made to our constitution (and approved by shareholders).

2023 Remuneration Summary

2023 was a very good year for Boku. There was strong growth in both revenue and Adjusted EBITDA, ahead of market expectations, and excellent progress against the strategy of growing new Local Payment Methods, such as wallets and Account to Account/Real Time Payments. Significant team effort went into launching new connections, maintaining regulator, merchant and issuer relationships, and developing new products and technologies. The executive team is evolving and the wider team is growing in order to deliver the next stages of the strategy. This is the context in which the Remuneration Committee made decisions.

The following sections show how remuneration was managed for year ended 31 December 2023.

Executive Directors

Base Salaries:

Jonathan Prideaux Chief Executive Officer	£327,411	(2022: £309,000)
Keith Butcher Chief Finance Officer	£229,399	(2022: £216,500)

Annual Bonus:

In determining bonus payments for 2023, the Remuneration Committee considered underlying 2023 revenue and adjusted EBITDA growth, including adjustments for the effect of material fluctuations in foreign exchange rates, progress towards strategy, share price performance and shareholder sentiment and determined to pay on target awards to the Executives for the revenue and adjusted EBITDA elements of the scheme; over achievement on the revenue element reached the maximum amount, adjusted EBITDA was 75% of the maximum. The assessment of personal achievement for both Mr. Prideaux and Mr. Butcher were assessed at 88%, leading to aggregate payouts at 88% of the maximum awardable.

The following annual bonus payments are being made for 2023.

Jonathan Prideaux Chief Executive Officer
Full year award: £308,524 (94% salary) (FY22: £195,700)

Keith Butcher Chief Financial Officer
Full year award: £172,933 (75% of salary) (2022: £109,693)

Stuart Neal joined the company and was appointed CEO designate on 1 July 2023. His salary was £148,846. He also received joining and performance bonuses totalling £180,628 (121.4% of salary) for the period to 31 December 2023.

Long Term Incentive Plan:

During 2023 the Company granted 2,114,590 (FY22: 1,605,103) Performance-based Restricted Stock Units (“PRSUs”) over common shares to Executive Directors, other executives, and employees under the Company’s 2017 Equity Incentive Plan.

Jonathan Prideaux Chief Executive Officer

PRSU award in 2023: 210,000 PRSU with vesting date of 01/04/26

Keith Butcher Chief Finance Officer

PRSU award in 2023: 375,000 PRSU with vesting date of 01/04/26

PRSU award in 2024: 175,000 PRSU with vesting date of 01/04/27

Stuart Neal CEO Designate

PRSU award in 2023: 410,000 PRSU with a vesting date of 01/04/26.

A full breakdown of the Directors’ current interests in the long-term incentive awards is set out below.

Pension:

Mr Prideaux opted out from the pension scheme.

Mr Butcher participated for the entire year.

Benefits:

Mr. Prideaux participated in the medical insurance plan for the entire year.

Mr. Butcher did not participate in the medical insurance plan.

Fees:

Name	Fees 2023 £	Fees 2022 £
Richard Hargreaves	86,885	67,033
Mark Britto	44,308	62,419
Stewart Roberts	49,112	46,237
Charlotta Ginman	43,655	41,100
Loren I. Shuster	43,655	13,733
Meriel Lenfestey	49,112	15,450
	316,728	245,972

Remuneration Report

Restricted Stock Units:

Ms. Lenfestey and Mr. Shuster were granted 100,100 Restricted Stock Units, which, in line with the revised policy for Non-Executive Directors, were vested in the year of issuance. A one-off equity grant at this level is deemed not to compromise the independence of either Director. There are no unvested Non-Executive Director RSUs at 31 December 2023.

All Directors

Summary of Directors' Total Remuneration for 2023

	Salary	Bonus	Pension	Benefits	Total 2023	Total 2022
Executive Directors	£	£	£	£	£	£
Jonathan Prideaux	327,411	308,524	—	2,858	638,793	506,620
Keith Butcher	229,399	172,933	1,761	—	404,094	326,972

Directors' Interests in Shares

The interests of the Directors as at 31 December 2023 in the shares of the company were:

Name	Number of Common Shares	Percentage of share capital
Mark Britto	10,328,145	3.431%
Jonathan Prideaux	3,343,103	1.110%
Richard Hargreaves	1,241,998	0.413%
Keith Butcher	732,860	0.243%
Stewart Roberts	80,000	0.027%
Charlotta Ginman	67,257	0.022%
Meriel Lenfestey	100,100	0.033%
Loren Shuster	52,825	0.018%

Jon Prideaux's interest includes 18,644 shares held by his spouse

Richard Hargreaves's interest includes 1,083,646 shares held by his family members.

Market value options

Name	Date of Issue	Number of options	Exercise price	Start vesting date	Final vesting date	Lapsing date
Mark Britto	28 Oct 2016	500,000	USD \$0.28	23 Sep 2016	23 Sep 2020	27 Oct 2026

There were no unexercised vested options at the year-ended 31 December 2023 (FY22: Nil).

Restricted Stock Units

Name	Date of Issue	Number of options	Share price on award date	Value on award date	Start vesting date	Final vesting date	Lapsing date
Jonathan Prideaux	24 Jan 2023	210,000	£1.525	£320,250	01 April 2026	01 April 2026	31 Dec 2026
	19 Jan 2022	210,000	£1.64	£344,400	01 April 2025	01 April 2025	31 Dec 2025
	20 Jan 2021	300,000	£1.40	£420,000	01 April 2024	01 April 2024	20 Jan 2025
Keith Butcher	24 Jan 2024	175,000	£1.67	£292,250	01 April 2027	01 April 2027	31 Dec 2027
	19 Jul 2023	200,000	£1.385	£277,000	01 April 2026	01 April 2026	31 Dec 2026
	24 Jan 2023	175,000	£1.525	£266,875	01 April 2026	01 April 2026	31 Dec 2026
	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 April 2024	01 April 2024	23 Jan 2025

Looking ahead to 2024

In 2023 the team made considerable progress towards executing the strategy of being a leading Local Payment Method provider focused on global companies. Growth has been considerably above market expectations for both Revenue and adjusted EBITDA. It's important that the remuneration schemes enable the recruitment and retention of highly skilled and motivated people, at all levels, to deliver against the strategy.

The following sections show how remuneration will be managed for the year ending 31 December 2024.

Executive Directors

In February 2023, Jonathan Prideaux announced his wish to step down from the CEO role at the end of the year. A succession process was undertaken and in July 2023 Stuart Neal was appointed as CEO Designate (before being appointed CEO on 1 January 2024). Mr. Neal's compensation package was established as part of his recruitment process.

Base Salaries:

Director salaries have been benchmarked in the year and are aligned with market norms. Therefore, the committee awarded an inflationary increase aligned with employees.

From 1 February 2024 the following Base Salaries will be applied, being a 4% increase in line with employees:

Stuart Neal, Chief Executive Officer	£312,000	(2023: £148,846 for six-month period)
Keith Butcher, Chief Financial Officer	£239,795	(2023: £229,399)

Remuneration Report

Annual Bonus:

The bonus policy awards achievement against targets using budgeted foreign exchange rates but retains Remuneration Committee discretion in the case of unintended consequences. During 2024, the Committee will consider the introduction of a new Senior Manager Bonus Scheme to attract and retain the leaders required as the Company grows. This will not apply to Executive Directors but extends the remuneration bonus model further into the organisation.

Long Term Incentives:

The Committee will continue to consider and award, as appropriate, to incentivise long term, shareholder aligned efforts. In 2024, the Committee will consider the introduction of a long-term stretch scheme designed to incentivise exceptional levels of shareholder return. We plan to engage with shareholders during H1 2024.

Pensions:

No change

Benefits:

No change

Non-Executive Directors

In November 2023, Stewart Roberts told the Board that he wished to step down from the Board at the 2024 AGM. Charlotta Ginman will take over as Audit Committee Chair and member of the Remuneration Committee at that point and took over as SID on 1 February 2024.

Fees:

With the removal of the RSU element of Non-Executive Director remuneration and a consideration of the workload and responsibilities of Directors, the Executive Directors undertook a benchmarking exercise and engaged with a recruitment consultant in December 2023 to ascertain a fair structure and level of 'fees only' remuneration. The conclusion from February 2024 is as follows.

Non-Executive Directors	Chair fee £100,000	Basic fee £50,000	SID fee £5,000	Committee Chair fee £10,000	Committee Member fee £5,000	Independent
				Remuneration (RC) & Audit (AC) only		
Richard Hargreaves	Yes	–	–	–	–	Yes, at appt
Stewart Roberts	–	Yes, until May 2024	Yes, until February 2024	Audit Committee Chair until May 2024	Remuneration Committee until May 2024	Yes
Charlotta Ginman	–	Yes	From February 2024	Audit Committee Chair from May 2024	Remuneration Committee from May 2024	Yes
Meriel Lenfestey	–	Yes	–	Remuneration Committee	Audit Committee	Yes
Loren Shuster	–	Yes	–	–	Audit Committee and Remuneration Committee	Yes
Mark Britto	–	Yes	–	–	–	No
Jon Prideaux	–	Yes	–	–	–	No

The inclusion of a Committee Member fee recognises the additional workload for the independent Directors in order to ensure all committees comprise Independent Directors only.

Restricted Stock Units:

This is no longer an element of Non-Executive Director remuneration with all previously awarded Non-Executive Director RSUs now fully vested. PRSUs awarded to Jon Prideaux whilst CEO will continue to vest as he moves to be a Non-Executive Director (non-Independent) from January 2024. The Company encourages Non-Executive Directors to hold equity to ensure continued stakeholder alignment.

Environmental, Social and Governance Report (ESG)

A message from our CEO

Boku is a fast growing, global organisation who supports and partners with some of the world's leading brands. Our values are core to everything that we do and we take great efforts to ensure that our values are aligned to those of our key stakeholders. We are, by design, localised and diverse as an organisation, something that has underpinned our success to date. We have employees from diverse backgrounds based in around 30 countries, including China, Taiwan, Japan, Singapore, India, UAE, Nigeria, Kenya, Germany, Ireland, Colombia, Brazil, UK and US.

Getting the culture right in such a diverse and globally dispersed organisation is of upmost importance and getting our ESG agenda right is a key part of delivering that. We have been investing heavily over recent years to grow our compliance and governance teams, adding expertise in diversity, equity and inclusion ("DEI") and most recently employing our very first group Chief People Officer.

We run DEI groups from within the business which include executive sponsorship. Tracking important metrics, such as gender pay gap are important embedded KPIs for the business.

Whilst we do not manufacture or run emission-generating machinery, and we operate a hybrid working model, where employees enjoy the flexibility to work remotely, we do acknowledge our responsibilities as global citizens and are consequently looking for new ways to optimise our carbon footprint.

We encourage social participation from our employees and our management team leads by example through community engagement experiences, such as packing food parcels for homeless people in San Francisco, to supporting an orphanage for street kids in Mumbai, to offering internships and mentoring to teenagers from inner city London. We will continue to engage in those places where we do business around the world.

We recognise that this work is never done and will therefore strive to do far more than the mere basics to meet our statutory and regulatory obligations.

Mission – Boku is building the world's best network of localised payment solutions.

Vision – Boku is helping to enable borderless commerce by offering better payment choice.

Energy Consumption (tCO2e)	UK		Estonia		USA		India		Germany		Total	
	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Scope 1	0.40	0.40	0.00	0.00	0.00	0.00	0.19	0.19	0.00	0.00	0.59	0.59
Scope 2	11.93	6.30	79.09	68.11	14.90	29.82	37.69	49.67	1.95	0.62	145.56	154.52
Total	12.33	6.70	79.09	68.11	14.90	29.82	37.88	49.85	1.95	0.62	146.15	155.11

Intensity Ratio (tCO2e per \$m group revenue)	UK		Estonia		USA		India		Germany		Total	
	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Scope 1	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01
Scope 2	0.19	0.08	1.24	0.83	0.23	0.36	0.59	0.60	0.03	0.01	2.28	1.87
Total	0.19	0.08	1.24	0.83	0.23	0.36	0.59	0.60	0.03	0.01	2.29	1.88

FY 23 Highlights	FY 24 Objectives
Hired our first dedicated independent DEI resource in FY 23	To conduct full review of current reporting procedures and prepare Scope 3 reporting capabilities
New initiative for senior leadership team to visit offices on quarterly basis	To identify areas for improvement within Boku and build on these for years to come
4% improvement on gender diversity within Boku	To increase employee take up of 'make a difference' days and give back further to our local communities
External consultant identified to undertake Board effectiveness review in FY 24	To build on this improvement and identify areas for further growth. With that in mind, we recruited our first Chief People Officer in 2024 who will own gender diversity as a key focus area.

Environmental

Creating a more robust framework

Playing our part in the fight against climate change is important to us and we want to show that sustainability and climate-related measures are not just tick box exercises required by laws and regulations, but important principles guiding our strategy. We are in a process of developing our understanding and our reporting capabilities and we understand that our current programme of voluntary reporting on Scope 1 and Scope 2 emissions is not enough. We are committed to reporting on Scope 3 emissions in due course and taking the appropriate reduction and offsetting initiatives in order to reduce our impact on the planet.

To assist us with our goals we have engaged with an external consultancy firm to review our existing reporting processes and help us build out our Scope 3 reporting capabilities. We have sought external help in order to ensure that our reported figures are as accurate and representative as possible. Our aim is to use this data to identify and assess the most applicable and relevant emission reduction and offsetting initiatives for us and to develop a robust sustainability programme that all of us at Boku truly believe in.

GHG emissions

Since 2021, we have been measuring and reporting on energy usage across each of our offices. To demonstrate our commitment to our ESG Framework and transparency, we have opted to report on our Scope 1 and 2 emissions, despite not currently being subject to the Streamlined Energy and Carbon Reporting (SECR) or Task Force for Climate-Related Financial Disclosures requirements.

Scope 1

The Scope 1 figures capture our refrigerant emissions only, which were calculated using the screening method, 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.

Scope 2

The Scope 2 figures capture emissions from purchased electricity and heat, which 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 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, UK and India were calculated using monthly bills with individual usage data from the building landlords (Estonia and UK) and energy providers (India).

Environmental, Social and Governance Report (ESG)

Several of our offices are supplied by energy tariffs which are either powered wholly or partly by renewable sources. Our London and Munich offices are supplied by a 100% renewable energy tariff. Our offices are also supplied with reusable tableware and drinkware to reduce wastage, and Boku operates on a largely paperless basis in order to further reduce waste. In an effort to further reduce contributory carbon emissions, Boku is committed to working with partners and suppliers to also encourage reduced carbon footprints and intend to further engage with them in order to identify how we can further work together to reduce our impact on the planet.

The Scope 2 emissions across our UK and Germany offices were reduced to 0 tCO₂e for the year due to the use of renewable energy at both offices. Energy usage across our Estonian and Indian offices were higher than that of our other locations due primarily to larger office spaces with a higher percentage of employees electing to work from the office. Energy emissions at our San Francisco office doubled in the year, however, the emissions were calculated using the area method and the increased usage may not be wholly attributable to our increased individual usage.

Social

We strongly believe that our people are what makes Boku great. Fostering a diverse, equitable, and inclusive workplace is crucial for our success.

Diversity, Equity and Inclusion at Boku

One of our core values is 'collaborate.' To bring this value into practice, we have created a culture in which our employees feel empowered and safe to be themselves. We are proud of our openness to learn from and about new cultures, we train our employees on cultural awareness, and we share cultural experiences through events. These events vary for each location, but include celebrating local holidays, alongside hosting culinary showcases and issuing a quarterly firm-wide diversity, equity and inclusion (DEI) Newsletter.

We aim to always empower our employees to raise and discuss matters in a supportive environment. We provide forums for our employees to do this through anonymous surveys as well as providing opportunities for them to address any issue openly and directly to our senior management during our monthly all-hands meetings. Boku operates with a flat hierarchical structure and an open-door policy for employees to approach and discuss topics with our executive management team. We believe that the positive impact from this is reflected in our open communication structures and the frequent engagement from employees on a regular basis.

To safeguard our values and the inclusive culture we promote, Boku established a DEI Committee in 2020. The committee plays an important role in bringing awareness to all DEI-related matters. Through its quarterly newsletter, the DEI committee helps to generate more awareness towards DEI matters amongst all Boku employees. In 2023, several initiatives were organised across our Group, including the following highlights:

- Mental Health Week for all main offices, including various socials, internal talks and activities aimed at creating awareness of the importance of our mental health and providing a forum for discussion about mental health.
- Wide variety of cultural events aimed at fostering inclusion and awareness.
- Training sessions on cultural awareness and importance of open communication within a global team.
- A panel discussion held for all our employees that includes some of our merchants as guest speakers on the value of culture and leadership.
- A full time DEI resource hired with the focus of developing a DEI strategy for the Group.

Local & Global Events

Local and global events play a significant role in the way we foster DEI throughout the Group. We consider these events to be our most valuable tool in creating a feeling of belonging and togetherness amongst our employees. We are aware of the important role that belonging has in fostering a diverse, inclusive, collaborative, and innovative workforce. Additionally, we have found that an increased sense of belonging and togetherness can create a better work-life balance for all of our employees and contribute to mental wellbeing.

Since several of our employees work fully remotely, we also consciously organise virtual events that can be attended by all our employees globally. During the year, we also provide remote employees with the opportunity to participate physically in certain events held at our offices and organise travel and accommodation for those wishing to attend.

On a quarterly basis, our senior leadership team, including our Executive Directors, host an offsite at a different office location to give our employees across the globe an opportunity to meet and consult with the senior leadership team in person, increasing the sense of belonging and togetherness that we aim to promote.

Flexibility at work

Another one of our core policies is the freedom and flexibility to work remotely. This allows employees to organise their work around external commitments, such as caregiving duties or educational responsibilities. With approximately 50% of all employees working remotely full-time, we can confirm that this policy is highly successful. Additionally, when employees do attend our offices in person, our informal dress code policy ensures that each employee can feel comfortable, and empowered to be themselves.

To make working from home and working remotely as inclusive and efficient as possible, we have implemented several systems and technologies that make a hybrid work environment more convenient for all our employees. For example, to make sure that remote employees are suitably equipped we provide them with high quality equipment and tools as well as an additional remote working stipend appropriate for the location where any specific employee works. By enabling different communication channels, employees also have a variety of tools to contact their colleagues and stay up to date on any workplace developments or events, even while they are not physically present in the office. We also commit to sending out monthly newsletters to inform all our employees of company-wide developments and any other important updates. Additionally, in order to further promote the feeling of togetherness, we organise remote team events and games sessions, and have several channels for employees to discuss both work and non-work-related topics internally.

When it comes to securing our employees' mental and emotional well-being, we want to make sure that every employee has access to quality healthcare. Therefore, we provide our employees with insurance that is appropriate for the location where the employees work.

Supporting the Local Community

At Boku, we care for more than just our own internal community. We are a global business and we recognise our responsibility to give back to the local communities that we operate in. Giving back to our local communities outside the office is of significant importance, at all levels of the Group. During 2023, we started a new initiative where our senior leadership team, whilst visiting the various Boku office locations across the globe, volunteers some of their time during these visits to local initiatives identified by Boku. For example, the senior leadership participated in a volunteering initiative called Open Heart based in the Bay Area. They assisted in preparing and packaging meals, as well as distributing groceries to local communities. Further and to enable every employee of Boku to support their local communities, we have also provided our employees with two volunteering days per year where they can take time off work, in addition to their annual leave, to allow employees to volunteer their time for causes that are important to them.

Social Mobility

As a global business, we recognise that fostering social mobility is one of our corporate responsibilities. In addition to contributing to societal well-being, fostering social mobility also helps to attract a broader range of talent and enhances innovation and creativity in the workforce.

Environmental, Social and Governance Report (ESG)

Given the importance of our workforce to Boku, we want to see our employees grow and develop with the Company. We encourage and support employees to find seminars and qualifications relevant to their individual roles. We know that taking that step into management is not easy and that is why we provide leadership training and coaching to those in management to help them in their role and their development journey. We feel that it is beneficial to both those employees in management roles as well as their direct reports that the manager has the skills they need to feel comfortable in their role. Having provided this training to several employees across the business, we can see its many benefits and have decided, this year, to open the training to a wider range of employees in the hope that we can see more individuals progress in their careers at Boku. We believe both Boku and our employees will reap long term rewards from the renewed focus towards, and the investments made in, our employees' individual skillsets.

Our most significant programme for social mobility at Boku, takes place in our London office, where we partner with Urban Synergy, a youth empowerment charity which has helped over 20,000 young people between 9-24 years of age reach their full potential. Every year, we provide work experience to young students in the aim that this will inspire and empower them for future success. During the work experience, we provide these students with meaningful projects and an opportunity to present these to members from our senior management. We also provide these students with opportunities to talk to various teams within the business that they may not be working with during their work experience, so that they can see how businesses are run and find alternate areas of business that may suit them and that they had not considered before. We want everyone who comes to Boku to see that the workplace is a place for everyone, no matter where they come from.

Our Product and Social Impact

According to the World Bank, enabling mobile financial services is a huge contributor to financial inclusion. Using mobile phones to create low-cost accounts and enable payments has created opportunities for customers to progress from participating in exclusively cash-based transactions to now increasingly participating in more alternative, cashless payment services. In many places in the world, it may be too far or too dangerous to travel to traditional financial institutions to access their services. Through the use of Boku's alternative mobile payment methods, those 'underbanked' communities who historically have not had the ease of access to traditional financial institutions now have more opportunities to participate in the online global marketplace and are now able to access and enjoy services that we, in developed economies, often take for granted, such as access to online gaming and streaming services.

While Boku is proud of its contribution to such communities, we are committed to further developing our understanding of our role in this ecosystem and how we can further expand our contribution and impact on this aspect of society.

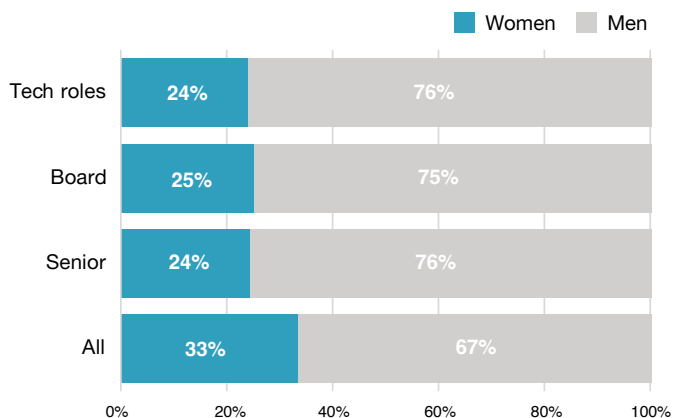
Gender Diversity

Operating in the FinTech industry, we are aware that Boku, and the industry as a whole, has a lot of work to do in increasing the number of women in tech. The Board and senior management team at Boku have reiterated the importance of hiring and retaining more women into the business, and more specifically into more senior positions. We hope that by increasing the number of women in senior leadership, we can inspire and motivate women across the company, and that both our current, and prospective, female colleagues view Boku as a viable and appealing organisation in which women will have real opportunities for career advancement, from entry level all the way through to senior leadership roles.

At Boku, women represent 33% of the global workforce, a 4% increase from 2022. While we are pleased that more women are joining the Boku team, we are committed to investigating the opportunities we present so that we can continue to build on our progress in future years. Our flexible working and maternity reintegration policies are key aspects of demonstrating to our women employees that we are committed to providing them with a workplace environment where they are supported in all parenting decisions that they need to make for the benefit of their family, and that Boku will give its best efforts to ensure that such employees still feel like they belong to this organisation. Another key step in this regard is hiring an independent DEI resource who will identify gaps in our recruitment and working practices and allow us to make further progress in increasing our gender diversity.

Representation of Women at Boku

(as at 31 December 2023)



We have reviewed publicly available research in order to assess where Boku stands in comparison to other technology companies across the United Kingdom and United States with regard to gender diversity:

- It is estimated that, in the UK, women generally represent 26%¹ of the workforce in across technology companies. At Boku; 41% of our UK employees are women.
- It is further estimated that in the United States, women occupy 34.4%² of the employee positions in the U.S.'s largest tech companies; at Boku 35.4% of our employees in the US are women.
- Additionally, we have seen 2% increases in the percentage of women in our Estonian and Mumbai offices.

While the number of women in the Boku workforce has increased over the last year, we acknowledge that the percentage of women in technical roles at the Company has decreased from 25% to 24%. While this is broadly in line with benchmarks for similar roles across the EU (22%³) and US (28%⁴), we truly believe that women are vital to the long-term success of the FinTech sector in which we operate and we are in the process of setting targets to increase the current representation of women in technical roles here at Boku.

Further, we believe that working mothers provide vital contributions to diversity of thought and the overall development of the Company. We strongly believe that women should not be penalised for having children and, in certain jurisdictions, the available statutory support for pregnant women and new mothers only serves to provide these women with significant workplace barriers. Retention of key talent is an important issue for us and a such, providing mothers with an accessible environment in which they can thrive and feel supported is just one way in which we can make Boku a better place to work for current and future employees.

1 <https://www.womenintech.co.uk/women-in-tech-survey-2023/>

2 <https://www.forbes.com/sites/forbeshumanresourcescouncil/2021/07/08/it-is-essential-that-we-pave-a-road-for-women-in-tech-heres-how/>

3 <https://www.mckinsey.com/~media/mckinsey/business%20functions/mckinsey%20digital/our%20insights/women%20in%20tech%20the%20best%20bet%20to%20solve%20europes%20talent%20shortage/women-in-tech-the-best-bet-to-solve-europes-talent-shortage.pdf>

4 <https://www.zippia.com/advice/women-in-technology-statistics/>

Environmental, Social and Governance Report (ESG)

We have reviewed the statutory maternity leave provisions across our office locations and have identified jurisdictions where the statutory support is not satisfactory. In California, companies are required to provide just 12 weeks of maternity leave and are not required to provide any paid maternity leave. In the UK, employers are only obliged to pay 90% of the average weekly earnings for the first six weeks of maternity leave and up to £172.48 per week for the next 33 weeks of maternity leave. In both situations, we have implemented a policy of paying employees with 100% of their salary for the first 25 weeks of maternity leave. In addition to changes to our paid maternity leave, we are currently reviewing our reintegration processes.

Gender Pay Gap

Gender diversity is not the only equity issue that needs to be addressed across the technology industry, (including here at Boku), we also need to address the gender pay gap. In the UK, it is reported that 91.1% of tech companies with over 250 employees have paid their male employees more than their female employees¹. Across our tech roles, when reviewed including executive management pay or without executive management pay, we have achieved gender pay parity at Boku. As a tech company, we are delighted that we are able to confirm that women in tech roles at all levels are being paid at parity with men. However, across all roles at Boku, the gender pay gap has increased by 4% from 16% at the end of 2022 to 20% at the end of 2023. In certain areas of examination, the gender pay gap had decreased, for example the US decreased from 5% to 2% and employees aged between 22-35 decreased from 5% to 3%. However, the pay gap has increased in other areas, such as UK (excluding executive management) where it increased from 29% to 33% and India increased from 16% to 20%.

Our current methodology for assessing the gender pay gap is to use the modal average of all roles across certain filters, for example, all tech roles, all non tech roles, country of employment and age. In 2024, we are committed to carrying out a more extensive review of the gender pay gap at Boku, including producing a more representative gender pay gap figure based on comparable figures. Using these statistics, we hope to be able to identify areas that need to be addressed and make improvements towards achieving pay parity. Fixing the gender pay gap is incredibly important to us at Boku and, in 2024, we hired a new experienced Chief People Officer who has been tasked with addressing this area of focus as one of her key priorities going forward.

Governance

Boku is an AIM-quoted company with several regulated subsidiaries across the globe. As such, we understand that a strong corporate governance framework is essential for our business to succeed. The Board continually reviews and assesses this framework to ensure that it meets the standards required by our investors, regulators, customers and other stakeholders. Boku is a member of Quoted Companies Alliance (QCA) and chooses to apply its Corporate Governance Code. A summary of Boku's compliance with the QCA Code can be found on pages 27 to 34.

Board and Committees

Throughout the year, we have reviewed the structure, frequency and proceedings of our Board and committee meetings. As a result of these reviews, we have added additional Audit Committee meetings so that the committee has sufficient time to conduct in depth discussions regarding the audit process and conduct a review of the Company's risk management framework. The Board has also considered how best to structure Board meetings in order to allow for additional focus on the Company's purpose and strategy.

¹ <https://www.verdict.co.uk/exclusive-how-big-is-the-gender-pay-gap-in-the-tech-industry-in-britain-and-who-are-the-worst-offenders/>

During 2023, it was announced that Jon Prideaux, Boku's former CEO, was to retire from his role as CEO and would continue as a Non-Executive Director for the remainder of his term. It was also announced that Stuart Neal, CEO, would take over as CEO from 1 January 2024 and was to act as CEO designate until Jon Prideaux formally retired. Following on from the changes, we felt that it would be beneficial for Stuart Neal, as incoming CEO, and the Board as a whole to carry out an external Board effectiveness review.

Policies & Training

We have an established Code of Ethics to make sure we underline the principles that we wish our staff to adhere. We also have specific staff conduct policies, on whistleblowing, information security, and anti-bribery and corruption. Throughout the course of our investigations that have taken place since the date of our last annual report, we have found no instances of any systemic issues or breaches of our anti-bribery and corruption policy, nor of any anti-bribery and corruption laws. Compulsory training modules on data protection, information security and anti-money laundering are taken by all staff on an annual basis.

Modern Slavery

We are committed to preventing unethical practices within our own business. Additionally, we want to do the same for the partners that we work with—across the entire supply chain. Due to the nature of our business, Boku's main suppliers are mostly involved in IT and marketing services, and they are largely considered to be low risk.

As part of our onboarding process, we conduct due diligence on all our prospective partners and suppliers. By applying a risk-based approach, we ensure that all our partners meet our highest standards. Boku has established and published a modern slavery statement which can be found on our website.

Whistleblowing

Colleagues can make use of our web-based whistleblowing procedures, to report any criminal offences, ethical wrongdoings or other instances of malpractice that may cause harm to others. Concerns can be raised directly, on a strictly confidential basis, or anonymously, with each case to be assessed thoroughly by a dedicated 'triage team' consisting of Boku's general counsel, Director of human resources and head of risk and compliance, who will further engage with the reporter on the specific concern and the ensuing process. Boku's whistleblowing policy is introduced to all new employees throughout the onboarding process and is regularly reviewed to ensure that it is suitably adequate for Boku and its employees.

Directors' Report

The Directors present their report and the audited financial statements for Boku, Inc. for the year ended 31 December 2023.

The preparation of financial statements is in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) ("IFRS") and International Financial Reporting Interpretations Committee ("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 15.

Directors

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

1. Richard Hargreaves
2. Jon Prideaux
3. Keith Butcher
4. Mark Britto
5. Stewart Roberts
6. Charlotta Ginman
7. Meriel Lenfestey
8. Loren I. Shuster
9. Stuart Neal (appointed 17 January 2024)

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

The Remuneration and Audit Committee reports can be found on pages 41 and 37 respectively.

Directors' interests

Directors' share options and interests in shares can be found in the remuneration report on page 46.

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 (FY22: \$nil).

Events after the reporting period

Stuart Neal was appointed CEO on 1 January 2024 and appointed as a Director of the Company on 17 January 2024.

Financial Risk management

Details of financial risk management are provided in note 23 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's 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 at least the next 12 months from approval of these financial statements and meet its financial obligations as they fall due for a period of at least 12 months from the date of signing these financial statements. Accordingly, these financial statements are prepared on a going concern basis.

Purchase of own shares

The Company, on 8 June 2023, announced an extension to the share buyback programme, which commenced on 7 July 2022, to repurchase common stock with par value of \$0.0001 per share in the capital of the Company ("Common Stock") up to an additional maximum aggregate consideration of £10.5 million and up to an additional maximum of 5.25 million Common Stock. During the period, the Company purchased a total of 5,512,079 Common Stock on the open market at an aggregate cost (exclusive of broker commission) of £7.86 million and an average cost of £1.43 per share.

No further shares have been purchased under the scheme from 1 January 2024 to the date of this report.

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

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

Directors' Report

Substantial shareholdings

The Company has been advised of the following interests in more than 3% of its ordinary share capital as at 19 February 2024:

Shareholder

Octopus Investments (London)	13.23%
Vitruvian Partners (London)	9.00%
BlackRock Investment Mgt (London)	7.99%
Capital Research Global Investors (Los Angeles)	6.89%
Boku Inc Directors and Related Parties (London)	6.55%
abrdrn plc (Edinburgh)	4.75%
Danske Capital Mgt (Copenhagen)	3.61%
Janus Henderson Investors (London)	3.07%
	55.09%

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 Directors are 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the requirements of the IFRS. 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.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board

Stuart Neal
Chief Executive officer
19 March 2024

Independent Auditors' Report to the Directors of Boku, Inc.

Report on the audit of the financial statements

Opinion

In our opinion, Boku, Inc.'s group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2023 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated statement of financial position as at 31 December 2023; the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Context

The Group's financial statements are a consolidation of 31 legal entities and consolidation entries.

Overview

Audit scope

- Our audit focussed on those entities with the most significant contribution to the Group's revenues. Of the Group's 31 legal entities, we identified 4, which in our view, required an audit of their complete financial information for Group reporting purposes. The Group engagement team performed all the audits with the exception of the audit for Boku Network Services Estonia OÜ where we engaged component auditors.
- The reporting units within the scope of our work accounted for 87% of Group revenue.

Key audit matters

- Valuation of deferred tax assets

Materiality

- Overall materiality: \$600,000 based on approximately 5% of adjusted profit before tax.
- Performance materiality: \$420,000.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, 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, and any comments we make on the results of our procedures thereon, 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.

Independent Auditors' Report to the Directors of Boku, Inc.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of deferred tax assets</p> <p>Recognition of the Group's deferred tax asset requires management judgement and is a key area of audit effort due to the quantum of the balance and the judgements involved in determining the likelihood of realisation of the asset.</p> <p>The expectation that the asset will be realised is dependent on a number of factors, including whether there will be sufficient taxable profits in future periods to support utilisation of the asset.</p> <p>Refer to note 2, note 7 and the Audit Committee Report for further details.</p>	<p>We understood management's processes in respect of assessing the recoverability of deferred tax assets.</p> <p>We tested the measurement of temporary differences and brought forward tax losses by agreeing the calculation of temporary differences and agreeing positions to supporting documentation including inputs from tax advisors and tax computations.</p> <p>In respect of the recoverability of deferred tax assets, we evaluated management's assessment as to whether there were sufficient taxable profit forecasts to support the recognition of the deferred tax assets and performed the following:</p> <ul style="list-style-type: none"> • verified the integrity of formulae and the mathematical accuracy of management's underlying model; • evaluated and challenged management's future cash flow forecasts (which includes the profit before tax forecast which has been used as a proxy for taxable profits), including comparing budgeted results to actual performance in prior periods and the process by which the forecasts were prepared ensuring consistency of forecasts with those used for the purpose of the Group's going concern and impairment assessments; • tested and assessed the assumptions in relation to the reversal of temporary differences; • performed our own independent sensitivity analysis to understand the impact of alternative profit scenarios on the recovery period; and • verified the prior year adjustment calculations and disclosures to underlying workings. <p>We used our own tax specialists to assist in our audit work.</p> <p>Based on the procedures performed, we are satisfied that management's forecast taxable profits support the recognition of Group's deferred tax assets and the related disclosures in the financial statements are appropriate including the prior year restatement.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

The Group is organised into 31 legal entities and the Group financial statements are a consolidation of these entities. The legal entities vary in size. We identified 4 entities that required a full scope audit of their financial information due to their size. These were Boku Network Services Estonia OÜ, Boku Network Services UK Ltd, Boku Payments, Inc. and Boku, Inc. We also scoped in certain financial statement line items within other legal entities due to their size. We also audited material consolidation journals.

All legal entities were subject to procedures over cash and cash equivalents.

Our audit scope was determined by considering the significance of each legal entity's contribution to revenue, and individual financial statement line items, with specific consideration to obtaining sufficient coverage over significant risk areas.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

Overall group materiality	\$600,000.
How we determined it	Approximately 5% of adjusted profit before tax
Rationale for benchmark applied	We consider that a profit based measure adjusted for the fair value movement on warrants to be appropriate and the focus of investors.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between \$70,000 and \$570,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 70% of overall materiality, amounting to \$420,000 for the group financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above \$30,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report to the Directors of Boku, Inc.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's analysis of the going concern of the Group and supporting forecasts;
- Understanding and assessing the key inputs into management's base case and severe but plausible scenario, such as revenue growth rates;
- Considering the consistency of forecasts used in the going concern model with those used in the recognition of deferred tax and impairment assessments for goodwill;
- Considering the historical reliability of management's forecasting for cash flows by comparison budgeted results to actual performance for the last year and for actual performance in 2024; and
- Reviewing the disclosures in the financial statements relating to the going concern basis of preparation, and evaluating that these provided an explanation of the Directors' assessment that was consistent with the audit evidence we obtained.

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the laws and regulations applicable to payment processing, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the AIM Rules for Companies and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and the misappropriation of cash balances. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Review of correspondence with and reports to relevant regulators across the Group;
- Review of management's reporting to the Audit Committee in respect of compliance and legal matters;
- Discussions with management and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing Board meeting and other relevant Committee minutes to identify any significant or unusual transactions or other matters that could require further investigation;
- Identifying and testing journal entries meeting specific fraud criteria, including those posted to certain account combinations;
- Reviewing legal expenses and whistleblowing reports;
- Independently confirming in excess of 99.9% of the cash and cash equivalents financial statement line item with third party financial institutions and performing alternative procedures on the remaining immaterial balance to verify existence;
- Tested 100% of bank reconciliations from the bank statement to the general ledger at 31 December 2023; and
- Obtaining direct confirmations over selected merchant and carrier balances.

Independent Auditors' Report to the Directors of Boku, Inc.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the company's directors as a body to satisfy the requirements of the AIM Rules for Companies in accordance with our engagement letter dated 24 September 2023 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

Partner responsible for the audit

The engagement partner on the audit resulting in this independent auditors' report is Mark Jordan.

PricewaterhouseCoopers LLP
Chartered Accountants

London

19 March 2024

Consolidated Statement of Comprehensive Income

	Note(s)	Year ended 31 December 2023 \$'000	restated* Year ended 31 December 2022 \$'000
Continuing operations			
Revenue	3	82,720	63,764
Cost of sales		(2,050)	(1,771)
Gross profit		80,670	61,993
Administrative expenses	4	(71,057)	(54,742)
Other Income		103	755
Operating profit		9,716	8,006
Fair value gain/ (loss) on warrants	3, 23	53	(3,470)
Finance income	6	1,887	201
Finance expense	6	(249)	(675)
Profit before tax from continuing operations		11,407	4,062
Taxation	7	(1,321)	237
Profit from continuing operations		10,086	4,299
Profit from discontinued operations	8	–	24,605
Total profit for the year		10,086	28,904
Other comprehensive income/ expense net of tax			
Items that will or may be reclassified to profit or loss:			
Foreign currency gain/(loss) on translation of foreign operations		1,572	(3,576)
Total other comprehensive income/ (expense) for the year		1,572	(3,576)
Total comprehensive income for the year attributable to equity holders of the parent company		11,658	25,328
Earnings per share			
	9		
Total			
Basic EPS (\$)		0.0339	0.0969
Diluted EPS (\$)		0.0322	0.0934
from continuing operations			
Basic EPS (\$)		0.0339	0.0144
Diluted EPS (\$)		0.0322	0.0139
Alternative performance measures			
Adjusted EBITDA ¹		25,799	restated* 20,238

*The prior year has been restated to exclude the fair value loss on warrants from administrative expenses, further details can be found in note 2. The accompanying notes form an integral part of these consolidated financial statement

¹ Adjusted EBITDA is a non-IFRS measure defined as earnings before interest, tax, depreciation, amortisation, non-recurring income, share based payment expense, foreign exchange gains/(losses) and exceptional items (see page 119 for further details).

Consolidated Statement of Financial Position

	Note(s)	31 December 2023 \$'000	restated* 31 December 2022 \$'000	restated* 1 January 2022 \$'000
Non-current assets				
Property, plant and equipment	10	758	696	669
Right-of-use assets	10	2,784	3,233	4,661
Intangible assets	11	56,620	56,230	63,117
Warrant contract asset	3, 23	1,840	1,519	–
Deferred tax assets	7	15,306	15,518	15,981
Total non-current assets		77,308	77,196	84,428
Current assets				
Trade and other receivables	13	148,522	90,509	82,897
Warrant contract asset	3, 23	122	192	–
Financial asset at fair value through profit or loss		–	5,600	–
Cash and cash equivalents	14	150,859	116,513	62,440
Total current assets		299,503	212,814	145,337
Total assets		376,811	290,010	229,765
Current liabilities				
Trade and other payables	15	233,049	156,263	119,641
Current tax payable		509	222	–
Bank loans and overdrafts	17	–	–	1,125
Current lease liabilities	16	1,370	1,277	1,335
Total current liabilities		234,928	157,762	122,101
Non-current liabilities				
Other payables	15	979	1,194	1,700
Warrant liabilities	3, 23	5,511	5,206	–
Deferred tax liabilities	7	182	–	456
Bank loans		–	–	6,688
Non-current lease liabilities	16	1,682	2,272	3,498
Total non-current liabilities		8,354	8,672	12,342
Total liabilities		243,282	166,434	134,443
Net assets		133,529	123,576	95,322
Equity attributable to equity holders of the company				
Share capital	18	29	29	29
Other reserves	19	255,249	252,385	246,883
Foreign exchange reserve	19	(4,718)	(6,290)	(2,714)
Treasury shares	19	(6,628)	(1,835)	–
Retained losses		(110,403)	(120,713)	(148,876)
Total equity		133,529	123,576	95,322

*Deferred tax positions and right-of-use assets in the year ended 31 December 2022 and opening balances as at 1 January 2022 have been restated, further details can be found in note 2. The financial statements on pages 67 to 124 were approved by the Board for issue on 19 March 2024

Stuart Neal
Chief Executive Officer

Keith Butcher
Chief Financial Officer

Consolidated Statement of Changes in Equity

	Note(s)	Share capital \$'000	Other reserves \$'000	Foreign exchange reserve \$'000	Treasury shares \$'000	Accumulated losses \$'000	Total Equity \$'000
Equity as at 1 January 2022		29	246,883	(2,714)	–	(161,752)	82,446
Correction of error		–	–	–	–	12,876	12,876
Equity as at 1 January 2022 (restated*)		29	246,883	(2,714)	–	(148,876)	95,322
Comprehensive income/ (expense)							
Profit for the year		–	–	–	–	28,904	28,904
Other comprehensive income/ (expense)		–	–	(3,576)	–	–	(3,576)
Total comprehensive income for the year attributable to equity holders of the parent company		–	–	(3,576)	–	28,904	25,328
Transactions with owners in their capacity as owners							
Issue of share capital upon exercise of stock options and RSUs		–	470	–	–	–	470
Taxation adjustment on share-based payment*		–	–	–	–	(741)	(741)
Share-based payments expense	20	–	5,032	–	–	–	5,032
Purchase of treasury shares		–	–	–	(1,835)	–	(1,835)
Equity as at 31 December 2022 (correction of error*)		29	252,385	(6,290)	(1,835)	(120,713)	123,576
Comprehensive income							
Profit for the year		–	–	–	–	10,086	10,086
Other comprehensive income		–	–	1,572	–	–	1,572
Total comprehensive income for the year attributable to equity holders of the parent company		–	–	1,572	–	10,086	11,658
Transactions with owners in their capacity as owners							
Issue of share capital upon exercise of stock options and RSUs		–	406	–	–	–	406
Share-based payment expense	20	–	7,467	–	–	–	7,467
Taxation adjustment on share-based payment		–	–	–	–	224	224
Purchase of treasury shares		–	–	–	(9,802)	–	(9,802)
Issue of treasury shares to employees		–	(5,009)	–	5,009	–	–
Equity as at 31 December 2023		29	255,249	(4,718)	(6,628)	(110,403)	133,529

*Deferred tax positions in the prior years ended 31 December 2022 and opening balances as at 1 January 2022 have been restated, further details can be found in note 2.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note(s)	Year ended 31 December 2023 \$'000	Year ended 31 December 2022 \$'000
Operating activities			
Cash generated from operations	22	40,935	49,966
Income taxes paid		(338)	(314)
Net cash from operating activities		40,597	49,652
Investing activities			
Purchase of property, plant and equipment	10	(434)	(470)
Payments for internally developed software	11	(5,430)	(4,866)
Proceeds from discontinued operations (net of cash disposed)	8	5,600	26,545
Proceeds from sale of assets		–	1
Interest received	6	1,887	201
Net cash (used in)/ from investing activities		1,623	21,411
Financing activities			
Principal elements of lease payments	16	(1,478)	(1,556)
Interest paid on leases	16	(171)	(235)
Issue of share capital on exercise of options and RSUs		406	470
Purchase of treasury shares		(9,802)	(1,835)
Cash received on sale of treasury shares		2,333	–
Interest paid on loan	6	(78)	(127)
Loan settlement costs		–	(25)
Repayment of bank loan		–	(8,125)
Net cash used in financing activities		(8,790)	(11,433)
Net increase in cash and cash equivalents		33,430	59,630
Effect of foreign currency translation on cash and cash equivalent		916	(5,557)
Cash and cash equivalents at beginning of year		116,513	62,440
Cash and cash equivalents at end of year	14	150,859	116,513

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General Information

Boku, Inc. is a public company incorporated and domiciled in the United States of America. The shares of the Company are traded on AIM, a market of the London Stock Exchange Group plc. The registered office of the Company is located at 660 Market Street, Suite 400, San Francisco, CA 94104, United States.

These consolidated financial statements comprise the Company (Boku, Inc.) and its subsidiaries (together referred to as the "Group").

The principal business of the Group is the provision of local payment solutions for its merchants.

Boku's payments network provides multiple mobile payment methods, including via digital mobile wallets, direct carrier billing and real-time account to account payment schemes.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The Group meets its day-to-day working capital requirements through its cash balances and also has a revolving credit facility that it can use. 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 to December 2024, to which they foresee that the Group will be able to operate within its existing facilities.

Furthermore, in carrying out the going concern assessment, the Directors considered a number of scenarios, including revenue falling between 29% and 9% over the forecast, which would bring profit before tax in 2024 to break-even. This is a severe but plausible scenario and it was concluded that the business would still have adequate resources to continue in operational existence for at least 12 months from the approval of the accounts. Management also has the ability to identify cost savings, if necessary, to help mitigate any impact on cash outflows.

The ongoing Russia/Ukraine conflict has not had a material impact on Group revenues.

The Directors confirm that they have a reasonable expectation that the Group will have adequate resources to continue in operational existence for at least the next 12 months from approval of these financial statements and meet its financial obligations as they fall due for at least the next 12 months from the date of signing these financial statements. Accordingly, these financial statements are prepared on a going concern basis.

2. Accounting policies

Basis of preparation

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") as 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 calendar year.

Notes to the Consolidated Financial Statements

2. Accounting policies continued

Basis of preparation continued

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, "critical accounting estimates, assumptions and judgements". 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 effective from 1st January 2023.

The Group's consolidated financial statements are presented in US Dollars, rounded to the nearest thousands (expressed as \$'000) unless otherwise indicated. The main functional currencies for the Company's subsidiaries are US Dollar, Euro and Pounds Sterling.

Basis of consolidation

The consolidated financial statements presents the results of the Company and its entities controlled by the Company ("the Group") made up to 31 December 2023.

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 achieved: 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. Intercompany transactions and balances between Group companies are eliminated in full on consolidation.

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.

There were no business transaction costs accounted for as a deduction from equity in the current or prior year.

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.

Restatement

During the change in auditors, an error in application of deferred tax recognition was identified relating to the look forward period for future taxable profits. As a result, it was identified, that the Group had under-recognised deferred tax assets from prior years. Accordingly, the opening consolidated statement of financial position as at 1 January 2022 and year ended 31 December 2022 has been restated. The opening balances at 1 January 2022 had increased deferred tax assets recognised from \$3,105k to \$15,981k and the year ended 31 December 2022 had increased deferred tax assets recognised from \$3,383k to \$15,518k. The net deferred tax asset recognised as at the 31 December 2023 balance sheet date is \$15,124k (FY22: \$15,518k).

The consolidated statement of comprehensive income in the year end 31 December 2022 has been restated to move the fair value gain/(loss) on warrants from administrative expenses to a separate line below operating profit, to more appropriately reflect the accounting judgement.

Additionally, for the year ended 31 December 2022 and opening balances as at 1 January 2022 amounts previously accounted for under IFRS 16 as right-of-use assets of \$429k and \$340k respectively, were restated to prepayments in the consolidated statement of financial position. In 2022, notes 4, 10 and 13 have also been restated to reflect the movement to prepayments and the reduction in depreciation of \$226k.

None of these adjustments have had any impact on the consolidated statement of cash flows.

Deferred tax

	As originally reported	Effect of restatement	Group restated amounts
1 January 2022	\$'000	\$'000	\$'000
Consolidated statement of Financial Position (extract)			
Deferred tax asset	3,105	12,876	15,981
Accumulated losses	161,752	(12,876)	148,876
Consolidated Statement of Changes in Equity (extract)			
Total equity	82,446	12,876	95,322
Deferred Tax			
Net opening position	253	–	253
Net recognition in the year	2,396	12,876	15,272
P&L	2,359	–	2,359
Equity	–	12,876	12,876
Foreign exchange revaluation	37	–	37
Net closing position	2,649	12,876	15,525
A deferred tax asset (liability) has not been recognised for the following (Gross):			
Non-deductible Reserves	39	(39)	–
Accrued Compensation	84	(84)	–
Stock Based Compensation	1,819	227	2,046
Other temporary and deductible differences	527	(527)	–
Unused tax credits	189	(189)	–
Unused tax losses	27,952	94,840	122,792
Total deferred tax assets (not recognised)	30,610	94,228	124,838

Notes to the Consolidated Financial Statements

2. Accounting policies continued

Restatement continued

31 December 2022	As originally reported \$'000	Effect of restatement \$'000	Group restated amounts \$'000
Consolidated Statement of Financial Position (extract)			
Deferred tax asset	3,383	12,135	15,518
Accumulated losses	132,848	(12,135)	120,713
Consolidated Statement of Changes in Equity (extract)			
Opening balance (Total equity)	82,446	12,876	95,322
Profit for the year	28,904	–	28,904
Other comprehensive loss	(3,576)	–	(3,576)
Correction of error	3,667	(741)	2,926
Closing balance (Total equity)	111,441	12,135	123,576
Deferred Tax			
Net opening position	2,649	12,876	15,525
Net recognition in the year	734	(741)	(7)
P&L	733	–	733
Equity	–	(741)	(741)
Foreign exchange revaluation	1	–	1
Net closing position	3,383	12,135	15,518
A deferred tax asset (liability) has not been recognised for the following (Gross):			
Non-deductible Reserves	60	(60)	–
Accrued Compensation	56	(56)	–
Stock Based Compensation	1,939	(1,698)	241
Other temporary and deductible differences	321	(321)	–
Unused tax credits	189	(189)	–
Unused tax losses	11,082	17,976	29,058
Total deferred tax assets (not recognised)	13,647	15,652	29,299

Fair value gain or loss on warrants

The prior year consolidated statement of comprehensive Income has been restated to exclude fair value loss on warrants of \$3,470k from administrative expenses. The impact on operating profit is detailed below:

31 December 2022	As originally reported \$'000	Effect of restatement \$'000	Group restated amounts \$'000
Consolidated Statement of Comprehensive Income (extract)			
Gross profit	61,993	–	61,993
Administrative expenses	(58,212)	3,470	(54,742)
Other Income	755	–	755
Operating profit	4,536	3,470	8,006
Fair value loss on warrants	–	(3,470)	(3,470)
Finance income	201	–	201
Finance expense	(675)	–	(675)
Profit before tax from continuing operations	4,062	–	4,062

Right-of-use assets

31 December 2022	As originally reported (after restatement from FV g/l warrants)* \$'000	Effect of restatement \$'000	Group restated amounts \$'000
Consolidated Statement of Financial Position (extract)			
Non-current assets			
Right-of-use assets	3,662	(429)	3,233
Current assets			
Trade and other receivables	90,080	429	90,509

Alternative performance measures (extract)

Adjusted EBITDA	20,464	(226)	20,238
-----------------	--------	-------	--------

1 January 2022	As originally reported \$'000	Effect of restatement \$'000	Group restated amounts \$'000
Consolidated Statement of Financial Position (extract)			
Non-current assets			
Right-of-use assets	5,001	(340)	4,661
Current assets			
Trade and other receivables	82,557	340	82,897

Consolidated Statement of Financial Position (extract)

Non-current assets			
Right-of-use assets	5,001	(340)	4,661
Current assets			
Trade and other receivables	82,557	340	82,897

Notes to the Consolidated Financial Statements

2. Accounting policies continued

Adoption of new and revised standards

New and amended standards that are effective for the current year

A number of new or amended standards became applicable from 1 January 2023 and as a result the Group has applied the following standards:

- Amendments to IFRS 16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IFRS 3: Reference to Conceptual Framework
- Amendments to IAS 1: Presentation of Financial Statements – Classification of Liabilities
- Amendments to IAS 37: Onerous Contracts – Cost

The above requirements did not have a material impact on the consolidated financial statements. There are no other new or revised standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2023 that would be expected to have a material impact on the Group.

New standards, interpretations and amendments not yet effective

Name	Description	Effective date
IAS 1 (amendments)	Non-current liabilities with covenants	1 January 2024

The Directors do not expect the adoption of these standards and amendments to have a material impact on the consolidated financial statements.

Critical accounting estimates, assumptions and judgements

In preparing these consolidated financial statements, the Group has made its best estimates and judgements of certain amounts, giving due consideration to materiality. Actual results may differ from those reported.

The Group regularly reviews these estimates and judgements and updates them as required. 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 judgements 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 related to matters that are inherently uncertain.

Judgements

Goodwill, Intangible assets acquired in a business combination

The useful economic lives of intangible assets (other than goodwill) acquired in a business combination are estimated in order to calculate the appropriate amortisation charge. Goodwill is subject to an annual impairment review which is performed by comparing the balance value with the recoverable amount of the asset or CGU.

Annually for Goodwill, or where an indication of impairment exists, value in use calculations are performed to determine the appropriate carrying value of the asset. The value in use calculation requires the estimations of the future cash flows expected to arise for the CGU and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. See note 11 for specific judgements and assumptions used to calculate the value in use of the CGU.

It is necessary to consider the forecasted cashflow of the Group when comparing against the carrying value and why it has been considered that there is only one payments CGU. This is since the contracts in place with a merchant, regardless of whether they have been acquired will generally follow the same cashflow for that specific merchant.

Discontinued operations

The Identity business was sold on 28th February 2022 and the result of the sale is presented in Note 8 Discontinued operations.

Capitalised internally generated intangible assets

Other intangible assets include acquired merchant relationships, IT Platforms and Domain names as well as internally developed intangibles (capitalised development costs). Acquired intangible assets are recognised at fair value at the acquisition date and are amortised on a straight-line basis over their estimated useful lives. Initial capitalisation cost for internally generated intangibles is based on the developer estimate of the time spent on development projects.

Deferred tax

In recognising income and deferred tax assets, management makes judgements of the likely outcome of future taxable profits for certain jurisdictions. Judgements are also made regarding the probability of these forecasts.

Critical accounting Estimates

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 uses the Black Scholes model to calculate its share-based payments expense (please refer to Note 20 for full details).

Taxation

In recognising income and deferred tax assets, management makes estimates of the likely outcome of future taxable profits for certain jurisdictions. Where the 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.

Fair value measurement - Amazon warrants

The Group's accounting for warrants issued to Amazon is determined in accordance with accounting standards for financial instruments and revenue recognition. The initial fair value of the warrants issued were recognised as a contract asset and liability respectively (see note 3 for more details). The contract asset is amortised to revenue (reducing revenue) over the 7-year vesting period based on Amazon revenue earned to date as a proportion of total estimated Amazon revenue over the 7-year vesting period. The derivative financial liability is remeasured to fair value at each reporting date. The fair value movement attributable to the change in the number of shares expected to vest due to a change in estimated Amazon revenues over the 7-year vesting period is recorded as an equal and opposite increase to the financial liability and contract asset, based on the fair value of the warrant at inception. The fair value movement attributable to the change in the fair value of the underlying warrants is recorded as gains or losses in profit or loss. The determination of fair values involves assumptions and estimates of revenue and share price volatility, risk-free rate, and future Amazon revenues. Due to the long-term nature of the warrants, such estimates involve significant estimation uncertainty.

Revenue from contracts with customers

Boku builds custom digital payment connections between many payment methods (LPMs) and merchants.

The merchant's end users will make an online purchase via a LPM, Boku will provide the reconciliation, connection and often transfer of these funds from the LPM to the Merchant. Revenue generated is the service fee from this connection. In this regard, Boku acts as the agent between the merchant and LPMs.

Notes to the Consolidated Financial Statements

2. Accounting policies continued

Fair value measurement - Amazon warrants continued

For each connection with a merchant, a contract is agreed. It is determined that there is one performance obligation for each contract, being the facilitation of the payment connection between the merchant and their end users. This service fee is recognised at a point in time as the obligation is fulfilled when the transaction occurs, since the risks and rewards have been transferred on completion of the transaction. Therefore, there is no deferred revenue recognised in the current or prior year.

Revenue is initially recorded as accrued income prior to receiving a statement of information from the LPMs. Accrued income is recognised as a contract asset within trade and other receivables.

Collection of service fees will vary depending on the nature and agreement between each merchant.

The different types of service fees can be categorised as follows:

i. Settlement

For each purchase a merchant's end user makes, Boku will collect the funds from the LPM, deduct a service fee and pass the net funds on to the merchant. On initial receipt of a statement of information from the LPM, accrued revenue is recognised as a percentage of the underlying transaction and a corresponding payable is recognised as a contract liability within trade and other payables, representing the amount owed from the LPM.

Amounts become due to the merchant on receipt of funds from the LPM and are settled in the original currency of the transaction.

Additional settlement fees may arise under the following circumstances:

a) Foreign currency translation fees

An additional foreign exchange fee is charged when settlement is required by the merchant in another currency.

b) Advanced payment service fees

An additional fee is charged when the merchant requires early settlement, prior to Boku receiving funds from the LPM.

ii. Transactional

Boku will provide the connection between the merchant and their end user and the LPM will pay the funds directly to the merchant. A service fee is then due from the merchant to Boku.

Identity Revenue (discontinued)

On 28 February 2022, the Group sold its entire Identity business (Boku Identity Inc. and its 100% subsidiary Boku Mobile Solution Ireland Ltd) to Twilio (see Note 8 for full details).

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale (see Note 8 for details).

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

Cost of sales

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

Operating Segments

The Group determines and presents operating segments-based information provided internally to the Group's operating decision makers, defined in the Group as the General Management Committee ("GMC").

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). Management reviews the performance of the Group by reference to total results of a segment against budget on a monthly basis.

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 United States, the Group has a 401(k) plan, a type of defined contribution scheme in which all United States 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 2023 and 31 December 2022.

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

Intangible assets and Goodwill

Goodwill

Goodwill arising on consolidation represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired from the business combination, at the date of acquisition. Costs directly attributable to the acquisition are expensed in the period. Goodwill is initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

An impairment in carrying value is charged to the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

For the purposes of impairment testing, Goodwill is allocated to the Group's cash generating unit (CGU). 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.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. 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.

Notes to the Consolidated Financial Statements

2. Accounting policies continued

Intangible assets acquired as part of a business combination

Intangible assets acquired in a business combination are identified, valued 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.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Internally generated intangible assets (development costs)

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. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of comprehensive income as incurred.

Amortisation rates

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in the statement of comprehensive income within administrative expenses. Goodwill is not amortised.

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

Intangible asset	Useful economic life
Trademarks	Indefinite life – not amortised
Merchant relationships	5 -10 years
Developed technologies	2-10 years
Domain names	10 years
Internally developed software	3 years

Trademarks do not expire after a period of time (unlike patents and copyrights). They exist as long as the owner continues to use the trademark. Therefore, trademarks are considered to have an indefinite life, and are not amortised, as trademarks can retain their value forever, and contribute to net cash inflows indefinitely. Trademarks will not be amortised as their useful life is determined to be infinite.

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 fixtures and fittings	3-5 years
Computer equipment and software	3 years
Leasehold improvement	3-5 years
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.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Carrying amounts are reviewed on each reporting date for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, Restricted Cash (see below and note 14) and other short term highly liquid investments with original maturities of three months or less.

Restricted cash

The Group holds merchants' cash in transit and in segregated accounts of some of its regulated subsidiaries and discloses restricted cash separately from own cash. Other funds not available to the Group are also classified as restricted and presented as restricted cash.

Notes to the Consolidated Financial Statements

2. Accounting policies continued

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified on initial recognition at fair value and then subsequently measured at amortised costs, fair value through other comprehensive income and fair value through profit or loss.

i. Financial assets at amortised cost

The Group's financial assets mainly comprise of cash, trade and other receivables. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market (trade receivables), but also incorporate other types of contractual monetary asset.

Trade and other 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 is 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.

ii. Financial assets at fair value through profit and loss

The holdback receivable asset outstanding from the sale of the Identity business in the prior year and the Amazon warrant contract asset are held at fair value through profit and loss.

Financial liabilities

The Group classifies its financial liabilities into two categories, depending on the purpose for which the liability was acquired.

Fair value through profit and loss ("FVTPL"):

The warrant liability is classified as a financial liability at FVTPL and valued using a combination of the Black-Scholes Model and Monte Carlo simulation. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement (due to changes in the fair value of the warrant) recognised in profit or loss.

Financial liabilities at amortised cost:

The Group includes in this category loans, trade and other payables and liabilities to related parties.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument.

Trade and other payables (excluding other taxes, social security costs and deferred income) and other short-term monetary liabilities, are initially 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 and other interest-bearing liabilities 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.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

The gain or loss for fair value changes should be classified based on the classification of the underlying instruments. As the fair value changes of the Amazon warrant liability are highly dependent on the share price of Boku, Inc. rather than the business performance in the reporting year these gains and losses have been classified as exceptional items and this policy will be applied consistently going forward.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The provision for employer taxes on future employee share instruments are not discounted as it is not considered material.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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. Break clauses may be provided in the lease agreements, calculations are prepared up to the end of 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.

Notes to the Consolidated Financial Statements

2. Accounting policies continued

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 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.

Accounting policies continued

Share Capital

Ordinary shares are classified as equity and are stated at the proceeds received net of direct issue costs.

Share buyback

On 7th July 2022 the Group announced the share buyback programme to repurchase common stock in the capital of the Company (Boku, Inc.) up to a maximum aggregate consideration of £8 million and up to a maximum of five million Common Stock.

The purpose of the Buyback Programme is to hold the Common Stock in treasury for the purpose of satisfying future obligations in relation to the staff equity remuneration programme.

The Buyback Programme will operate within certain pre-set parameters, including that the maximum price paid per Common Stock shall be 105 per cent of the trailing 5-day average mid-market price, and in accordance with the authority granted by the Company's Board.

The Buyback Programme became effective from 7th July 2022 with an expiry date of 30 June 2023, or earlier, if either the maximum aggregate number of Common Stock have been purchased or the maximum aggregate consideration had been reached. On 8 June 2023 it was announced that the Buyback Programme was to be extended for a further 12 months (the "Extended Buyback Programme") and will expire on 30 June 2024, or earlier, if either the maximum aggregate number of Common Stock have been purchased or the maximum aggregate consideration has been reached. The extended programme will involve the repurchasing of common stock with par value of \$0.0001 per share in the capital of the Company ("Common Stock") up to an additional maximum aggregate consideration of £10.5 million and up to an additional maximum of 5.25 million Common Stock.

Due to the limited liquidity in the issued Common Stock, a buy-back of Common Stock pursuant to the Authority on any trading day may represent a significant proportion of the daily trading volume in the Common Stock on AIM and may exceed 25 per cent of the average daily trading volume. Accordingly, the Company will not benefit from the exemption contained in Article 5(1) of the UK version of the Market Abuse Regulation (Regulation (EU) No 596/2014) (as in force in the UK and as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019 and the Financial Services Act 2021).

The cost of treasury shares held is presented as a separate reserve (the "treasury share reserve") and recorded in equity. Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to other reserves.

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 statement of comprehensive income in the year. When an employee leaves the Group, unvested grants are forfeited and the cumulative share-based payment expense is reversed on the leaving date. Unvested RSUs are forfeited on leaving the Group for any reason including as part of discontinued operations.

The Group's scheme, which awards shares in the parent entity, includes recipients who are employees in the parent company and 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 where 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.

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 reporting date under IFRS 2.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax relating to the timing differences arising on share-based payments recognised in equity, is also recognised in equity and not as a tax expense.

Notes to the Consolidated Financial Statements

2. Accounting policies continued

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current taxes are calculated according to local tax rules, using tax rates enacted or substantially enacted at the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The Group's method for calculating the tax provision under IFRS on an individual entity basis for the year ending 31 December 2023, involves the following approach.

Entities are categorised according to a materiality threshold, considering current tax impacts and deferred tax effects from categories such as share-based payments, carried forward losses, and PPE. Tax provisioning calculations for immaterial entities utilise profit/(loss) before tax figures multiplied by foreign tax rates. Material entities include corporations in the UK and USA. These entities undergo a more detailed calculation process, with US and UK group entities preparing the tax provision closely aligned with their actual tax return. This approach ensures that the Group's tax provision aligns accurately with its tax obligations under IFRS on an individual entity basis.

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 are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

The amount of the deferred asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting 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.

Presentational currency

The presentational currency for the Group is US dollars, as the company is incorporated in the USA which is the currency of its primary economic environment in line with IAS 21. Boku Group has its main contracts, assets, intellectual property.

Functional currency

The functional currency for subsidiaries is the local currency of the entity's country of incorporation. Items included in the financial statement of each of the Group's entities are measured in the functional currency of each entity.

Foreign currency

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) Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.
- iii) Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate.
- iv) Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
- v) 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.
- vi) 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 of the Group 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; 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.

Notes to the Consolidated Financial Statements

3. Revenue from contracts with customers and other segmental disclosures

The Group's revenue is principally service fees earned from merchants. All revenue is earned at the time the transactions is processed and as a result, all revenue is recognised at one point in time. Therefore, at 31 December 2023 and 31 December 2022, the Group does not have deferred revenue on the Consolidated statement of financial position.

Fees are calculated as a percentage of the value of transaction. Additional fees are also earned when a merchant requires settlement in a foreign currency from the currency received, or before the funds are received from LPMs:

	2023	2022
	\$'000	\$'000
Revenue	82,720	63,764

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

Group Revenue by Region	Continuing Operations Payments	
	2023	%
\$'000 USD		
Americas	3,204	3.9%
APAC	47,230	57.1%
EMEA	32,286	39.0%
Grand Total	82,720	100.0%

Group Revenue by Region	Continuing Operations Payments	
	2022	%
\$'000 USD		
Americas	628	1.0%
APAC	36,167	56.7%
EMEA	26,969	42.3%
Grand Total	63,764	100.0%

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

	2023	restated*
	\$'000	2022
		\$'000
United States of America (continuing operations)	50,240	48,502
Europe	11,504	12,724
Rest of the World	258	452
Total	62,002	61,678

*Right-of-use assets in the prior year were restated to prepayments, see note 2 for further details.

In FY23 there were four customers (FY22: one customer), with revenue amounting to more than 10% of the payments segment revenue, contributing \$57.6m (FY22: \$30.9m).

Amazon warrants

On 16 September 2022, the Group entered into a stock warrant agreement with Amazon in conjunction with a commercial service level agreement for the Group to provide payment processing services to Amazon.

Under the agreement, the Group issued warrants to Amazon allowing them to purchase common stock that will vest incrementally, based on the amount of revenue earned by the Group from Amazon via Boku payment processing methods. The warrant agreement grants Amazon the right to acquire up to 11,215,142 shares of common stock in the Group (equivalent to 3.75% of the Group's total common stock as at the inception of the warrant agreement). 747,676 shares of common stock vested immediately on the signing of the warrant agreement on 16 September 2022. 209,350 additional shares of common stock will vest for every \$1 million of revenue generated by the Group under its service level agreement with Amazon over a 7-year vesting period ending 15 September 2029. No further warrants will vest if \$50 million of revenue is generated under the service level agreement, which results in a final vesting increment of 209,316 shares of common stock. The exercise price of vested warrants is 81.20p per share, based on the 30-day volume weighted average trading price as at 16 September 2022.

The Group has determined that the 747,676 warrants of common stock that vested immediately on signing of the warrants are equity instruments under IAS 32, as they represented a fixed number of shares that will be exercised at a fixed price. The warrants are therefore not accounted for until they are exercised and paid, at which point share capital and other reserves will be recorded.

The Group has determined that the remaining warrants linked to revenue under the service level agreement are within the scope and revenue recognition and financial instruments accounting standards. The warrants represent a derivative financial instrument classified as a financial liability in accordance with IAS 32 and IFRS 9, remeasured to fair value with gains and losses recorded in profit or loss. The warrants also represent non-cash consideration payable to a customer under IFRS 15, which is recorded as a reduction to revenue and measured at fair value, but not subsequently remeasured.

At inception of the warrant, an equal and opposite derivative financial liability and corresponding contract asset were recorded at fair value, based on the total number of warrants expected to vest (linked to forecasted Amazon revenues under the service level agreement) and the fair value a single warrant.

The contract asset, which effectively represents a prepaid or deferred volume rebate, is amortised to revenue based on Amazon revenues to date as a proportion of total expected Amazon revenues over the 7-year vesting period.

The derivative financial liability is remeasured to fair value at each reporting date. The fair value movement attributable to the change in the number of shares expected to vest due to a change in estimated Amazon revenues over the 7-year vesting period is recorded as an equal and opposite increase to the financial liability and contract asset, based on the fair value of the warrant at inception. The fair value movement attributable to the change in the fair value of the underlying warrants is recorded as gains or losses in profit or loss within operating profit.

The initial fair value of the warrants at inception was \$1,755,640, based on a fair value of 1 warrant of \$0.348 and a total number of warrants expected to vest over the 7-year vesting period of 5,049,288. As at 31 December 2022, the total number of warrants expected to vest decreased to 4,992,086, resulting in a decrease to the contract asset and financial liability of \$19,862, and the fair value of 1 warrant increased to \$1.043, resulting in a loss of \$3,470,333. As at 31 December 2023, the total number of warrants expected to vest increased to 5,333,781, resulting in an increase to the contract asset and financial liability of \$358,774, and the fair value of 1 warrant decreased to \$1.033, resulting in a gain of \$53,476. The fair value of the warrants was determined using a combination of Monte Carlo Simulation and Black-Scholes Model valuation methods and are classified within Level 3 of the fair value hierarchy, see Note 23 for further details.

Amounts recognised from amortisation of the warrant contract assets in the year were as follows:

	31-Dec-23	31-Dec-22
	\$'000	\$'000
Amortisation to revenue	108	25

Notes to the Consolidated Financial Statements

3. Revenue from contracts with customers and other segmental disclosures continued

Identity revenue (discontinued)

On 28 February 2022, the Group sold the entire Identity business segment. As a result, from 1st March 2022, the Group reported its financial statements on a single segment basis: "Payments segment". The Identity segment results for the two months of 2022 are presented below under 'discontinued operations'. The Group operated with only one operating segment through financial year 2023, the Payments Segment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer and the Chief Financial Officer. The Group CEO and CFO review the monthly management reports for both segments before sending the results to the Board.

4. Administrative expenses

Operating profit from continuing operations is stated after charging:

	2023	restated* 2022
	\$'000	\$'000
Staff costs (excluding share-based payments expense - Note 5)	39,981	30,946
Depreciation of property, plant and equipment (Note 10)	385	395
Right-of-use asset depreciation (Note 10)	1,430	1,411
Amortisation of intangible assets (Note 11)	5,742	3,631
Impairment of intangible assets (Note 11)	–	1,264
Share-based payments expense (Note 20)	7,595	5,165
Foreign exchange loss	1,034	796

*Right-of-use assets in the prior year were restated to prepayments, see note 2 for further details.

5. Employee information

Included in administrative expenses are costs related to employee benefits, analysed as follows:

	2023	2022
	\$'000	\$'000
Payroll costs		
Salaries	32,536	24,805
Short-term benefits	1,767	1,390
Social security costs	4,293	3,339
Pension costs	249	236
Other staff costs	1,136	1,176
Staff costs excluding share-based payments	39,981	30,946
Share-based payments	7,595	5,165
Total staff costs	47,576	36,111

Key management personnel compensation was made up as follows:

	2023	2022
	\$'000	\$'000
Salaries	5,104	3,847
Short-term benefits	101	95
Social security costs	1,108	497
Share-based payments	3,402	2,952
Long-term employee benefits	18	16
Total compensation	9,733	7,407

6. Finance income and expense

	2023	2022
	\$'000	\$'000
Finance income		
Interest income from bank deposits	(1,887)	(201)
Total finance income	(1,887)	(201)
Finance expenses		
Interest on bank loans	76	121
Other interest payables	2	6
Interest on operating leases	171	235
Amortisation of debt discount	–	313
Total finance expenses	249	675
Net finance (income)/ expense	(1,638)	474

Notes to the Consolidated Financial Statements

7. Taxation

	2023	2022
	\$'000	\$'000
Current tax		
Current tax on profits for the year	427	239
Foreign tax	903	257
Adjustments in respect of prior years	(7)	–
Total current tax	1,323	496
Deferred tax		
Origination and reversal of temporary differences	355	(1,870)
Adjustments in respect of prior years	(357)	1,137
Total deferred tax	(2)	(733)
Total tax expense/(credit)	1,321	(237)

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 results for the period are as follows:

	2023	2022 (restated)*
	\$'000	\$'000
Profit before tax	11,407	4,062
Tax rate (US income tax rate)	21%	21%
Profit before tax multiplied by the applicable rate of tax:	2,395	853
Variance in overseas tax rates	28	1,182
Impact of change in tax rates	(204)	–
Impact of difference between CT & DT rate	1,010	–
Expenses not deductible for tax purposes	1,003	1,143
Utilisation of tax losses	(3,532)	(6,429)
Non qualifying depreciation	7	–
Adjustments in respect of prior years	(364)	1,137
Foreign tax	249	77
Other differences	288	–
US state taxes/ Withholding taxes	441	1,800
Total tax (credit)/ expense	1,321	(237)

*Deferred tax positions in the prior years ended 31 December 2022 and opening balances as at 1 January 2022 have been restated, further details can be found in note 2.

	2023	2022 (restated)*
	\$'000	\$'000
Deferred Tax		
Net opening position	15,518	15,525
Net recognition in the year	(394)	(7)
P&L	2	733
Equity	(396)	(741)
Foreign exchange revaluation	–	1
Net closing position	15,124	15,518

*Deferred tax positions in the prior years ended 31 December 2022 and opening balances as at 1 January 2022 have been restated, further details can be found in note 2.

The net closing position is made up of:

- The deferred tax liability at 31 December 2023 is \$182k (2022: \$NIL Restated). The current year deferred tax liability relates to tax positions connected with the Boku, Inc. UK fixed temporary differences.
- The deferred asset of \$15,306k (2022: \$15,518k restated) relates primarily to the recognition of the US and UK available losses which management believe can be utilised within the next eight years. Each year management assess the usability of the deferred assets.

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

	2023	2022 (restated)*
	\$'000	\$'000
Stock Based Compensation	–	241
Other temporary and deductible differences	(7,925)	–
Unused tax losses	6,197	29,058
Total deferred tax assets	(1,728)	29,299

*Deferred tax positions in the prior years ended 31 December 2022 and opening balances as at 1 January 2022 have been restated, further details can be found in note 2.

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.

The unused tax losses must be utilised by various dates. U.S. federal tax losses expire in various dates through to 2037.

At the reporting date, undistributed reserves on non-US subsidiaries \$7,115k which would attract withholding tax and \$810k undistributed Estonian subsidiary profits for which deferred tax liabilities have not been recognised. No liability has been recognised in respect of these differences because the timing of any distribution is under the Group's control and no distribution which gives rise to taxation is contemplated.

UK corporation tax rates increased from 19% to 25% with effect from 1 April 2023, in accordance with the Finance Act 2021. Current taxes have been calculated using a blended rate, while deferred taxes have been computed at 25%, aligning with the substantively enacted rate as of 31 December 2023. There have been no significant changes in tax rates enacted or effective in the current or prior year that are expected to have a material impact on the financial statements. The company will continue to monitor any potential changes in tax legislation that may impact its future financial performance.

Notes to the Consolidated Financial Statements

8. Discontinued operations

On 28 February 2022, the Group sold its entire Identity business (Boku Identity Inc and its 100% subsidiary Boku Mobile Solutions Ireland Ltd).

As required, at 31 December 2022, discontinued operations were excluded from the results of continuing operations and were presented as a single entry in the Income Statement as 'Profit from discontinued operations' in the income statement.

The financial results related to the discontinued operations for the period to the date of disposal are presented below:

	2022 (2 months)
	\$'000
Fee Revenue	1,153
Cost of sales	(719)
Gross Profit	434
Administrative Expenses	(1,541)
Operating loss analysed as:	
Adjusted EBITDA	(652)
Depreciation and amortisation	(238)
Share based payments expense	(163)
Foreign exchange losses	(54)
Operating loss	(1,107)
Profit on disposal	26,614
Disposal costs	(1,408)
Share based payments expense reversed	506
Total Profit before tax on disposal of Identity business	24,605
Tax	-
Net profit for the period attributable to equity holders of the parent company	24,605

The net cashflows used in the Identity business disposed in the prior period are as follows:

	31-Dec 2022
	\$'000
Net cash used in operating activities	(1,106)
Net cash used in investing activities	(178)
Net cash from financing activities	570
Net cash used in discontinued operations	(714)

Reconciliation of consideration received with the total profit and loss from discontinued operations:

	31 Dec 2022 \$'000
Total consideration received in the prior year	26,761
Financial asset through profit and loss – holdback receivable	5,600
Working capital adjustment	156
Total consideration	32,517

The holdback receivable of \$5.6m was received during the year.

Assets and liabilities of disposal

The assets and liabilities relating to the Identity business were reclassified as held for sale at 31 December 2021. As at 31 December 2022, these values were nil as the sale completed in February 2022.

Notes to the Consolidated Financial Statements

9. Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding shares purchased by the Company (Note 18). As at 31 December 2023 there were 4,007,868 shares held in treasury (FY22: 1,500,000).

Diluted EPS represents the basic EPS, adjusted for the effect of the dilutive shares issuable on exercise from employee share options under the Group's share-based payment schemes, weighted for the relevant period.

The weighted average number of shares in issue during the year was as follows:

	2023	2022
Weighted average number of shares in issue	297,942,357	298,275,521
Effect of dilutive share options, RSU's and warrants	15,337,750	11,254,745
Diluted weighted average number of shares in issue	313,280,107	309,530,266
Total		
Profit for the year attributable to shareholders of the Company (\$,000)	10,086	28,904
Basic earnings per share (\$)	0.0339	0.0969
Diluted earnings per share (\$)	0.0322	0.0934
From continuing operations		
Profit for the year attributable to shareholders of the Company (\$,000)	10,086	4,299
Basic earnings per share (\$)	0.0339	0.0144
Diluted earnings per share (\$)	0.0322	0.0139
From discontinuing operations		
Profit for the year attributable to shareholders of the Company (\$,000)	–	24,605
Basic earnings per share (\$)	–	0.0825
Diluted earnings per share (\$)	–	0.0795

The Amazon Warrants increase the number of diluted shares reported, which has an effect on our fully diluted earnings per share. Further, the Amazon Warrants are presented as an asset and derivative financial liability in the audited consolidated statement of financial position. The liability is subject to fair value measurement adjustments during the periods that it is outstanding. Accordingly, future fluctuations in the fair value of the Amazon Warrant could adversely impact our results of operations. If Amazon exercises its right to acquire Boku common shares pursuant to the Amazon Warrant, it will dilute the ownership interests of then-existing shareholders and reduce earnings per share.

10. Property, plant and equipment

	Computer equipment & software \$'000	Office equipment and fixtures and fittings \$'000	Leasehold improvement \$'000	Property, plant and equipment Total \$'000	*restated Right-of-use assets \$'000
Cost					
At 1 January 2022	1,214	276	255	1,745	6,789
Restatement of right-of-use asset	–	–	–	–	(305)
At 1 January 2022 (restated*)	1,214	276	255	1,745	6,484
Additions (restated*)	422	48	–	470	129
Disposals	(41)	(16)	–	(57)	(144)
Exchange adjustment	(49)	(22)	(27)	(98)	(291)
At 31 December 2022 (restated*)	1,546	286	228	2,060	6,178
Additions	372	62	–	434	957
Disposals	(37)	(4)	–	(41)	(975)
Exchange adjustment	20	12	9	41	89
At 31 December 2023	1,901	356	237	2,494	6,249
Accumulated depreciation					
At 1 January 2022	744	216	116	1,076	1,788
Restatement of right-of-use assets	–	–	–	–	35
At 1 January 2022 (restated*)	744	216	116	1,076	1,823
Charge for period (restated*)	313	41	41	395	1,411
Disposals	(34)	(16)	–	(50)	(144)
Exchange adjustment	(31)	(14)	(12)	(57)	(145)
At 31 December 2022	992	227	145	1,364	2,945
Charge for period	305	38	42	385	1,430
Disposals	–	–	–	–	(971)
Exchange adjustment	(25)	6	6	(13)	61
At 31 December 2023	1,272	271	193	1,736	3,465
Net book value					
At 1 January 2022 (restated*)	470	60	139	669	4,661
At 31 December 2022 (restated*)	554	59	83	696	3,233
At 31 December 2023	629	85	44	758	2,784

*Right-of-use assets in the prior year were restated to prepayments, see note 2 for further details.

The additions related to the renewal of the Estonia office, together with the 1-year renewal of the office lease for Ireland, Germany, Japan and Singapore. Additions in the prior year (FY22) related to the 1-year renewal of the office lease for Ireland and Singapore. The Group had no contractual commitments for the acquisition of property, plant and equipment in the current or prior year.

Notes to the Consolidated Financial Statements

10. Property, plant and equipment continued

Impairment of Property and Equipment

The carrying amounts of the Group's assets including right-of-use assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to the profit and loss in other operating expenses. During the years ended 31 December 2023 and 2022, no impairments have been recorded.

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 2022	1,836	8,001	15,750	110	45,379	14,621	85,697
Additions	–	–	–	–	–	4,866	4,866
Disposals	(1,562)	(19)	–	–	–	(3)	(1,584)
Disposals (discontinued operations)	–	(1,918)	–	–	(2,784)	(2,996)	(7,698)
Exchange adjustment	(134)	(271)	(851)	–	(862)	(87)	(2,205)
At 31 December 2022	140	5,793	14,899	110	41,733	16,401	79,076
Additions	–	–	–	–	–	5,430	5,430
Exchange adjustment	–	389	444	–	450	(167)	1,116
At 31 December 2023	140	6,182	15,343	110	42,183	21,664	85,622
Accumulated amortisation							
At 1 January 2022	395	3,600	10,111	–	–	8,474	22,580
Charge for period	81	494	616	–	–	2,677	3,868
Impairment	1,264	–	–	–	–	–	1,264
Disposals	(1,562)	–	–	–	–	–	(1,562)
Disposals (discontinued operations)	–	(1,217)	–	–	–	(1,419)	(2,636)
Exchange adjustment	(38)	(60)	(523)	–	–	(47)	(668)
At 31 December 2022	140	2,817	10,204	–	–	9,685	22,846
Charge for period	–	1,276	904	–	–	3,562	5,742
Exchange adjustment	–	383	(15)	–	–	46	414
At 31 December 2023	140	4,476	11,093	–	–	13,293	29,002
Net book value							
At 31 December 2021	1,441	4,401	5,639	110	45,379	6,147	63,117
At 31 December 2022	–	2,976	4,695	110	41,733	6,716	56,230
At 31 December 2023	–	1,706	4,250	110	42,183	8,371	56,620

The amortisation charge of intangible assets is recognised in administrative expenses in the consolidated statement of comprehensive income.

Goodwill

Goodwill acquired in a business combination is allocated to the cash generating units ("CGU's") that expect to benefit from that business combination.

Goodwill mainly consists of the assets from the acquisition of Mopay AG ("Mopay") in October 2014 and Fortumo Holdings Inc. on 1st July 2020, absorbed into the payment CGU.

Goodwill is reviewed annually for impairment and at the year-end an impairment test was undertaken by comparing the carrying value with the recoverable amount of the Group's CGU. The recoverable amount of the cash generating unit is based on value-in-use calculations. These calculations have been calculated using pre-tax discounted cash flow projections based on financial budgets and forecasts approved the Board of Directors. The projections cover a five-year period and a calculation of the terminal value, for the period following these projections.

The recoverable amount of the Payments CGU was calculated to be in excess of the carrying value, indicating there is no impairment required. The key underlying assumptions used in the calculations are those regarding projected cash flows, growth rates, increases in costs and discount rates.

Growth rates consider historic experience and current market trends:

- Revenue growth ranges from 19.2% to 24.9% (FY22: 15.4% to 23.8%).
- Take rate growth rate of 0.1% (FY22: 0.1%)
- Gross profit ranging from 97% to 99% (FY22: 97% to 99%)

The pre-tax discount rate was calculated at 15% (FY22: 15.5%). This is based on the Group's assessment of risk-free interest rates and the risks specific to the CGU. The terminal value calculation for 2023 was based on growth rate of post-tax free cashflow of 2% (FY22: 2%) for the CGU.

Sensitivity analysis has been performed and the net present value of the cashflows would need to fall by a factor of 9.5 to equal the carrying value of the CGU (FY22: 3.4).

Fortumo domain name

During the prior year management decided to discontinue the Fortumo domain name and to rebrand all the Fortumo products and rename the acquired entities of Fortumo group to Boku's name. As a result, the Fortumo domain which was separately valued as part of the PPA work at the time of the acquisition of Fortumo in July 2020 and included in intangibles, was impaired in full by \$1.26 million (\$1.44 million at 31 December 2021 less amortisation \$0.18 million) as the Fortumo domain name is no longer being used internally or externally.

The Group had no contractual commitments for the acquisition of intangible assets in the current or prior year.

Developed technology

During the year it was agreed to begin a project to migrate the merchants purchased under the Fortumo acquisition from the Fortumo platform to the Boku platform, after which the Fortumo platform would become obsolete. The project is expected to complete in 2025 and as a result the amortisation has been accelerated to align with the expected remaining useful life of the platform.

Notes to the Consolidated Financial Statements

12. Subsidiaries

The subsidiaries of the Company, all of which have been included in the consolidated financial information, are presented below.

Name	Ownership	Principal activity	Place of Incorporation
Boku Payments, Inc.	100% owned by Boku, Inc.	Holding Company	United States
Boku Network Services, Inc.	100% owned by Boku, Inc.	Holding Company	United States
Boku Account Services, Inc.	100% owned by Boku, Inc.	Holding Company	United States
Boku Account Services UK Ltd.	100% owned by Boku Account Services, Inc.	Mobile payment solutions	United Kingdom
Boku Brasil Participações Ltda.	100% owned by Boku Network Services, Inc.	Holding company	Brazil
Boku Network Brasil Instituição De Pagamento Ltda.	100% owned by Boku Brasil Participações Ltda.	Mobile payment solutions	Brazil
Boku Network Services GmbH	100% owned by Boku, Inc.	Mobile payment solutions	Germany
Boku Network Services UK Ltd	100% owned by Boku Network Services, Inc.	Mobile payment solutions	United Kingdom
Boku Network Services AU Pty Ltd	100% owned by Boku Network Services, Inc.	Mobile payment solutions	Australia
Boku Network Services IN Pvt. Ltd.	100% owned by Boku Network Services, Inc.	Mobile payment solutions	India
Boku Network Services SG Pte. Ltd.	100% owned by Boku Network Services, Inc.	Mobile payment solutions	Singapore
Boku Network Services HK Limited	100% owned by Boku Network Services, Inc.	Mobile payment solutions	Hong Kong
Boku Network Services Taiwan Branch Office	100% owned by Boku Network Services, Inc.	Mobile payment solutions	Taiwan
Boku Network Services Japan Branch Office	100% owned by Boku Network Services, Inc.	Mobile payment solutions	Japan
Mopay AG Beijing Representative Branch	100% owned by Boku Network Services AG (Germany)	Mobile payment solutions	China
Boku Network Services IE Limited	100% owned by Boku Network Services, Inc.	Mobile payment solutions	Ireland
Boku Network Services MY Sdn. Bhd.	100% owned by Boku Network Services, Inc.	Mobile payment solutions	Malaysia
Boku Network Services EE Holdings, Inc.	100% owned by Boku Network Services, Inc.	Holding Company	United States
Boku Network Services TH Co Ltd.	100% owned by Boku Network Services, Inc.	Dormant	Thailand
Boku Network Services PH, Inc.	100% owned by Boku Network Services, Inc.	Mobile payment solutions	Philippines
Boku Network Services MX S. de R.L. de C.V.	50% owned by Boku Network Services, Inc. 50% owned by Boku, Inc.	Dormant	Mexico
Boku Network Services Estonia OÜ (previously Fortumo OÜ)	100% owned by Boku Network Services EE Holdings, Inc.	Mobile payment solutions	Estonia
Boku Network Services ES S.L.	100% owned by Boku Network Services Estonia OÜ	Mobile payment solutions	Spain

Name	Ownership	Principal activity	Place of Incorporation
Fortumo Mobile Services Pvt. Ltd.	100% owned by Boku Network Services Estonia OÜ	Mobile payment solutions	India
Fortumo Singapore Pte. Ltd.	100% owned by Boku Network Services Estonia OÜ	Mobile payment solutions	Singapore
Boku Network Services PE S.A.C.	100% owned by Boku Network Services, Inc.	Dormant	Peru
Boku Network Services CO S.A.S.	100% owned by Boku Network Services, Inc.	Dormant	Colombia
Boku Network Services CL S.P.A.	100% owned by Boku Network Services, Inc.	Dormant	Chile
Boku Network Services ZA (Pty) Ltd	100% owned by Boku Network Services, Inc.	Dormant	South Africa
Boku Network Services KE Limited	100% owned by Boku Network Services, Inc.	Dormant	Kenya
Boku Network Services TZ Limited	99.999% owned by Boku Network Services, Inc. 0.001% owned by Boku, Inc.	Dormant	Tanzania
Boku Network Services AR S.R.L.	95% owned by Boku Network Services, Inc. 5% owned by Boku, Inc.	Dormant	Argentina
Boku Network Services UG Limited	99.95% owned by Boku Network Services, Inc. 0.05% owned by Boku, Inc.	Dormant	Uganda
Boku Network Services UY S.A.	100% owned by Boku Network Services, Inc.	Dormant	Uruguay

13. Trade and other receivables

	31 December 2023 \$'000	restated* 31 December 2022 \$'000
Trade receivables	53,117	27,898
Accrued income	92,527	59,550
Accounts receivable	145,644	87,448
Less: provision for impairment	(2,047)	(1,238)
Net accounts receivable	143,597	86,210
Other receivables	281	100
Deposits held	448	426
Sales taxes receivable	1,011	938
Prepayments (restated*)	3,185	2,835
Total current trade and other receivables	148,522	90,509
Financial assets at fair value through profit and loss	–	5,600

*Right-of-use assets in the prior year were restated to prepayments, see note 2 for further details.

Accrued income relates to expected revenue generated from settlement and transaction fees. On receipt of statements from carriers and eWallets the accrued income is reversed, and actual receivable balances are recognised accordingly.

\$5.6m was received in the current year relating to the final settlement from the sale of the Identity business. See note 8 for further details.

Notes to the Consolidated Financial Statements

13. Trade and other receivables continued

Provision for receivables:

	31 December 2023 \$'000	31 December 2022 \$'000
Opening balance	1,238	756
Utilised during the period	(208)	(19)
Increase/(decrease) during the period	1,017	501
Closing balance	2,047	1,238

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 relying 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 2023 \$'000	31 December 2022 \$'000
Cash and cash equivalents	117,360	99,551
Restricted cash	33,499	16,962
	150,859	116,513

The restricted cash primarily includes segregated client funds and other client money received but not yet paid to merchants (in transit) for Boku's licenced entities, cash held at bank to secure a lease agreement for the Company's San Francisco office and monies held at a financial institution to collateralise Company credit cards.

15. Trade and other payables

	31 December 2023 \$'000	31 December 2022 \$'000
Current		
Trade payables	182,397	118,829
Accruals	48,678	35,550
Total financial liabilities classified as financial liabilities	231,075	154,379
Other taxes and social security costs	1,386	1,024
Provision for social security costs on issued stock options	588	860
Total current trade and other payables	233,049	156,263
Non-current		
Accrued taxes on issued stock options	979	1,194
Total non-current trade and other payables	979	1,194

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

16. Lease liabilities

The table below shows a reconciliation for discounted lease liabilities included in the statement of financial position:

	Property (office leases) \$'000	IT Equipment \$'000	Total \$'000
Lease liabilities as at 1 January 2022	4,833	-	4,833
Additions	129	315	444
Interest expense	235	-	235
Payments to lease creditors	(1,476)	(315)	(1,791)
Exchange adjustment	(172)	-	(172)
Lease liabilities as at 31 December 2022	3,549	-	3,549
Additions	937	-	937
Interest expense	171	-	171
Payments to lease creditors	(1,649)	-	(1,649)
Exchange adjustment	44	-	44
Lease liabilities as at 31 December 2023	3,052	-	3,052

Notes to the Consolidated Financial Statements

16. Lease liabilities continued

The table below represents the maturity analysis of contractual undiscounted lease payments:

	2023	2022
	£'000	£'000
Less than one year	1,294	1,427
One to five years	1,768	2,407
Total undiscounted lease liabilities as at 31 December 2023	3,062	3,834

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

Lease liabilities included in the statement of financial position:

	2023	2022
	£'000	£'000
Current	1,370	1,277
Non-current	1,682	2,272

The following represents the lease expenses and depreciation of right-of-use assets in relation to leases charged to the Consolidated statement of comprehensive income:

	2023	restated* 2022
	£'000	£'000
Interest on lease liabilities	171	235
Expenses related to short term leases	329	238
Depreciation of right-of-use assets (Note 10) (restated*)	1,430	1,411

*Right-of-use assets in the prior year were restated to prepayments, see note 2 for further details.

The amounts recognised in the consolidated statement of cashflows are presented below:

	2023	2022
	£'000	£'000
Payment of principal	1,478	1,556
Payment of interest	171	235
Total cash outflows	1,649	1,791

17. Loans and borrowings

On 26 June 2020 the Group entered into a loan agreement with its bankers for \$20.0m to part finance the acquisition of Fortumo Holdings Inc, and its subsidiaries on 1st July 2020. The loan was structured as a \$10.0m term loan repayable in 4 years and \$10.0m revolving facility. Associated costs of \$500k were incurred and are amortised over the life of the loan.

On the sale of the Identity division, the outstanding term loan with Citibank of \$8.125m was repaid from the consideration. As at 31 December 2023 the Group has no bank loans (FY22: Nil). The Group retains the \$10m revolver facility (RCF) which is currently not drawn upon (FY22: \$10m facility, \$nil drawn upon). This revolver facility expires on 1 July 2024.

	2022		Non-cash changes			2023
	Cash flows		Borrowing costs expensed in the year	Foreign Exchange Movement	Lease Liabilities (IFRS 16)	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	
Short-term lease liabilities	1,277	(1,649)	–	44	1,698	1,370
Long-term lease liabilities	2,272	–	–	–	(590)	1,682
Total liabilities from financial activities	3,549	(1,649)	–	44	1,108	3,052

	2021		Non-cash changes			2022
	Cash flows		Borrowing costs expensed in the year	Foreign Exchange Movement	Lease Liabilities (IFRS 16)	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	
Short-term borrowings	1,125	(1,125)	–	–	–	–
Long-term borrowings	6,688	(7,000)	312	–	–	–
Short-term lease liabilities	1,335	(1,791)	–	(129)	1,862	1,277
Long-term lease liabilities	3,498	–	–	(43)	(1,183)	2,272
Total liabilities from financial activities	12,646	(9,916)	312	(172)	679	3,549

Notes to the Consolidated Financial Statements

18. Share capital

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

	31 December 2023		31 December 2022	
	Number of shares issued and fully paid '000	\$'000	Number of shares issued and fully paid '000	\$'000
Common shares of \$0.0001 each				
Opening balance	299,270	29	295,876	29
Exercise of options and RSUs	1,797	–	3,394	–
Closing balance	301,067	29	299,270	29

Common Shares

At 31 December 2023, the Company had 301,066,914 (FY22: 299,270,021) common shares issued and fully paid. The Company has only one class of shares with par value of \$0.0001 each. The authorised share capital is 500,000,000 shares. The Company holds 4,007,868 shares in treasury (FY22: 1,500,000 shares held in treasury).

19. Reserves

The other reserves disclosed in the consolidated statement of financial position includes share premium representing 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.

Treasury reserve relates to the amounts paid to buy back shares in Boku, Inc. from the market.

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, restricted stock awards (RSA) and restricted stock units (RSU). No options were available to be issued under this plan as at 31 December 2023 or 2022. There are 2,218k options vested but not exercised under this plan as at 31 December 2023 (FY22: 3,771k).
- 2) 2017 Equity Incentive Plan (2017 Plan) 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, as explained below. There are 836k options (FY22: 837k) and 11,597k (FY22: 10,069k) RSUs outstanding as at 31 December 2023.

2009 Equity Incentive Plan

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

	2009 Plan (Options)	
	Number of options '000	WAEP ¹
At 1 January 2022	4,736	\$0.34
Exercised	(965)	\$0.34
At 31 December 2022	3,771	\$0.34
Exercised	(1,513)	\$0.31
Cancelled	(40)	\$0.28
At 31 December 2023	2,218	\$0.30

1. WAEP – weighted average exercise price

A summary of other information related to the options granted under this plan is presented in the table below:

2009 Plan	December 2023	December 2022
Outstanding options at reporting end date:		
- total number of options	2,218	3,771
- weighted average remaining contractual life excluding RSUs (years)	2.43	2.49
Vested and exercisable ('000):	2,218	3,771
- weighted average exercise price	\$0.30	\$0.44
Weighted average share price exercised during the period (excluding RSUs)	\$0.31	\$0.34
Share-based payment expense for the period ('000)	–	–

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).

2017 Equity Incentive Plan

Options were granted under the 2017 Equity Incentive Plan only in January 2018. Since then, only RSUs have been granted under the plan. The options granted under this plan vest over 3 years and contain a one-year cliff. Therefore, 25% of the options vest at the end of one year and from year two a graded quarterly vesting takes place, where each instalment of vesting is treated as a separate stock option grant.

RSUs under the 2017 Plan may be outstanding for periods of up to three 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. Options under the 2017 Plan may be outstanding for periods of up to ten years from the grant date.

Notes to the Consolidated Financial Statements

20. Share-based payment continued

Performance-based restricted stock units (RSUs)

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

Share based payments 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 payments 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 vesting 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.

The activity under the 2017 Plan for both options and RSU are as follows:

	Available ¹ '000	Options '000	WAEP	RSUs '000	WAEP ²	Total '000
At 1 January 2022	35,228	969	\$1.205	10,663	–	11,632
Authorised	12,565	–	–	–	–	–
Granted	(3,914)	–	–	3,914	–	3,914
Exercised	–	(132)	\$1.205	(2,292)	–	(2,424)
Cancelled	2,216	–	\$1.205	(2,216)	–	(2,216)
At 31 December 2022	46,095	837	\$1.205	10,069	–	10,906
Authorised	12,982	–	–	–	–	–
Granted	(5,832)	–	–	5,832	–	5,832
Exercised	–	(1)	\$1.205	(3,290)	–	(3,291)
Cancelled	1,014	–	–	(1,014)	–	(1,014)
At 31 December 2023	54,259	836	\$1.205	11,597	–	12,433

1. The number of available RSUs available for future use in the plan.

2. RSUs are issued with a zero-exercise price and therefore the WAEP is Nil.

A summary of other information related to the options and RSUs granted under this plan is presented in the table below:

2017 Plan	31 December 2023	31 December 2022
Outstanding options at reporting end date:		
- total number of options (excluding RSUs) ('000)	836	837
- weighted average remaining contractual life (years)	4.0	5.0
Vested and exercisable ('000):		
- weighted average exercise price	\$1.205	\$1.205
Weighted average fair value of options granted during the period (excluding RSU)	\$0.44	\$0.44
Total number of RSUs outstanding	11,597	10,069
Vested and exercisable – Options	836	837
Share-based payment expense for the period ('000)	\$7,595	\$5,165

Reconciliation of share-based payment expense (continuing operations)

	December 2023	December 2022
	\$'000	\$'000
2009 Plan		
Options	–	–
2017 Plan		
Options	–	–
RSUs	7,467	5,553
Total share-based expense (excluding national insurance)	7,467	5,553
National insurance reversal accrued	(435)	(639)
National insurance paid in the year (see Note 4)	563	251
Total share-based payment charge	7,595	5,165

21. Dividends

No dividends were declared or paid in the current year (FY22: Nil).

Notes to the Consolidated Financial Statements

22. Cash generated from operations

	Year-ended 31 December 2023 \$'000	Year-ended 31 December 2022 \$'000
Profit after tax	10,086	28,904
Add back:		
Tax charge/ (credit)	1,321	(237)
Amortisation of intangible assets	5,742	3,868
Depreciation of property, plant and equipment	1,815	2,032
Gain on discontinued operations after tax	–	(26,614)
Loss on disposal of property, plant and equipment	1	6
Loss on disposal of intangible assets	–	22
Finance income	(1,887)	(201)
Finance expense (includes interest on lease liabilities)	249	675
Foreign exchange loss (unrealised)	(1,352)	4,407
Employer taxes on stock option and restricted stock units (accrual) charge	(435)	(639)
Fair value adjustment on warrants valuation	(53)	3,470
Amortisation of warrant asset	108	25
Impairment of intangible asset	–	1,264
Share based payment expense	7,467	5,045
Cash from operations before working capital changes	23,062	22,027
Increase in trade and other receivables	(53,004)	(12,328)
Increase in trade and other payables	70,877	40,267
Cash generated from operations	40,935	49,966

The share-based payment expense has been split between the charge using the Black Scholes method for the period \$7,467k (FY22: \$5,553k) and the change in the accrual for employer taxes on stock option and restricted stock units \$-435k (FY22: -\$639k). The total share-based payment expense in the consolidated statement of comprehensive income includes \$563k (FY22: \$251k) employer taxes paid via payroll to tax authorities.

The impairment of intangible assets in 2022 relates to the full impairment of the Fortumo domain name which was discontinued in the comparative period.

23. Financial 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 (Interest rate risk & Foreign Exchange 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

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data. The Group has classified the warrant liabilities in this category.

The following tables present the Group's assets and liabilities that are measured at fair value by the level in the fair value hierarchy as at the reporting date:

Financial instruments by category

Measurement level 1

	31 December 2023 \$'000	31 December 2022 \$'000
Financial assets		
Cash and cash equivalents	117,360	99,551
Restricted cash	33,499	16,962
Total Cash	150,859	116,513
Other financial assets at amortised cost		
Net accounts receivable	143,597	86,210
Other receivables	729	526
Total other financial assets	144,326	86,736
Cash and other financial assets at amortised cost	295,185	203,249

Notes to the Consolidated Financial Statements

23. Financial Risk Management continued

Financial instruments by category continued

Measurement level 3

Financial assets at fair value through profit and loss

Holdback receivable asset	–	5,600
---------------------------	---	-------

Measurement level 1

	31 December 2023 \$'000	31-Dec-22 2022 \$'000
Financial liabilities		
Trade payables	182,397	118,829
Current tax payable	509	222
Total other financial liabilities	182,906	119,051
Lease liabilities	3,052	3,549
Financial liabilities at amortised cost	185,958	122,600

Measurement level 3

Financial liabilities at fair value through profit or loss

Derivative financial liability (Amazon warrant liability)	5,511	5,206
---	-------	-------

Amazon warrants

The fair value of the warrant obligations was \$5,511k as at 31 December 2023, \$5,206k as at 31 December 2022 and \$1,756k at the inception of the warrants on 16 September 2022. The increase in fair value from inception to 31 December 2022 was primarily due to an increase in the spot price from \$0.77 to \$1.395. The increase in fair value from 31 December 2022 to 31 December 2023 was primarily due to an increase in the number of warrants expected to vest from 4,992k to 5,334k.

The warrants are classified as Level 3 derivative liabilities as there is no current market for the warrants, such that the determination of fair value requires significant judgment or estimation. The Group values the warrants using a combination of Monte Carlo Simulation and Black-Scholes Model valuation methods.

Significant unobservable inputs as at the inception of the warrant agreement on 16 September 2022 included volatility of the Company's common stock of 40%, revenue volatility of 30%, a risk-free rate of 3.39%, and forecasted revenue from Amazon over the 7-year vesting period. Significant unobservable inputs as at 31 December 2022 and 31 December 2023 included volatility of the Company's common stock of 40%, revenue volatility of 30%, a risk free rate of 3.81%, and forecasted revenue from Amazon over the 7 year vesting period.

A significant increase in volatilities in isolation would result in a significant change in fair value as at 31 December 2023. If equity volatility and revenue volatility were both to decrease by 5% to 35% and 25% respectively, the total fair value of warrants would decrease to \$5,281k, representing a decrease in fair value of \$230k. If equity volatility and revenue volatility were both to increase by 5% to 45% and 35% respectively, the total fair value of warrants would increase to \$5,771k, representing an increase in fair value of \$259k.

Movement of the contract asset for Amazon and warrant liabilities as at 16 September 2022 (inception) to 31 December 2023

Warrant contract asset	\$'000
Initial recognition of warrant contract asset	1,756
Change in number of warrants expected to vest	(20)
Amortisation to revenue	(25)
Balance as at 31 December 2022	1,711
Change in number of warrants expected to vest	359
Amortisation to revenue	(108)
Balance as at 31 December 2023	1,962
Financial Liability	\$'000
Initial recognition of contract liability	(1,756)
Change in number of warrants expected to vest	20
Change in fair value of warrants	(3,470)
Balance as at 31 December 2022	(5,206)
Change in number of warrants expected to vest	(358)
Amortisation to revenue	53
Balance as at 31 December 2023	(5,511)

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).

Interest rate risk

The Group has a \$10m revolving facility, which can be used if needed (FY22: \$10m). Interest rates for the current Boku revolving facility loan were based on LIBOR, however LIBOR was phased out by the end of 2021. Current rates are based on the Secured Overnight Financing Rate. The Group manages the interest rate risk centrally. The term loan taken out to part fund the acquisition of Fortumo in 2020 was repaid in full on 28th February 2022 following the disposal of the Identity division to Twilio. As at 31 December 2023 the Group has no loans (FY22: Nil). The Group's borrowings are disclosed in note 18.

During the year to 31 December 2023 interest rates increased in many jurisdictions as governments tried to control inflation. The Group has cash balances in many jurisdictions and the increase in interest rates had a positive effect on the Group cash position. The bank interest earned during 2023 was \$1,887k (FY22: \$189k).

Notes to the Consolidated Financial Statements

23. Financial Risk Management *continued*

Foreign currency risk

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

The Group serves many of our U.S. based clients with global operations using the Group subsidiaries in Singapore, Ireland, UK, Japan and Hong Kong. Although contracts with these clients are typically priced in U.S. dollars a substantial portion of client funds receivable and related costs and revenues are denominated in the local currency of the country where services are provided, resulting in foreign currency exposure which have an impact on our results of operations.

Our primary foreign currency exposures are in Japanese Yen, EURO, GBP, Turkish lira, Thai Baht, Korean Won, Taiwanese dollar and Philippines Peso. There can be no assurance that we can take actions to mitigate such exposure in the future, and if taken, that such actions will be successful or that future changes in currency exchange rates will not have a material adverse impact on our future operating results. A significant change in the value of the U.S. Dollar against the currency of any one or more of these currencies mentioned above may have a material adverse effect on our financial condition and results of operations. A 10% impact on foreign currency balances is detailed further in this note.

Foreign currency exchange risk arises mainly where receivables and payables exist in different currencies due to transactions entered into in foreign currencies. As such, management believe that the Group is exposed to the following foreign currency exchange risks:

- a) Transaction foreign currency risk is the exchange risk associated with the time delay between entering into a contract and settling it. Greater time differences exacerbate transaction foreign currency risk, as there is more time for the two exchange rates to fluctuate. The Group manages this risk in various ways:
 - by implementing procedures to receive funds faster (daily where possible) and settle the funds to merchants daily by shortening the settlement times.
 - By implementing a mark-up fee to cover the FX fluctuations when the settlement currency is different from the transaction currency
 - by contractual agreement to convert the funds at the foreign exchange rate received from the aggregators or other suppliers.
- b) Translation foreign currency risk is the risk that the Group's non-U.S. Dollar assets and liabilities, revenues and costs will change in value as a result of exchange rate changes on converting them to US Dollars, which is the reporting currency of the Group. Monetary assets and liabilities are valued and translated into U.S. Dollars at the applicable exchange rate prevailing at the applicable date. Any adverse valuation moves due to exchange rate changes at such time are charged directly and could impact our financial position and results of operations.

For the purposes of preparing the consolidated financial statements, the Group convert subsidiaries' financial statements as follows:

Statements of financial position are translated into U.S. Dollars from local currencies at the period-end exchange rate, shareholders' equity is translated at historical exchange rates prevailing on the transaction date and income and cash flow statements are translated at average exchange rates for the period. 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 2023, the Group's gross exposure to foreign exchange risk was as follows:

	Euro	GBP	Other Currency	Total
	\$'000	\$'000	\$'000	\$'000
31 December 2023				
Trade and other receivables	41,076	15,933	75,150	132,159
Cash and cash equivalents and restricted cash	25,220	8,379	37,631	71,230
Trade and other payables	(54,702)	(19,074)	(109,554)	(183,330)
Net financial assets	11,594	5,238	3,227	20,059
10 % impact +/-	1,288	582	358	2,228
	Euro	GBP	Other Currency	Total
	\$'000	\$'000	\$'000	\$'000
As at 31 December 2022				
Trade and other receivables	23,113	12,242	46,900	82,255
Cash and cash equivalents	21,284	8,521	32,225	62,030
Trade and other payables	(49,100)	(16,877)	(68,917)	(134,894)
Net financial (liabilities)/ assets	(4,703)	3,886	10,208	9,391
10% impact +/-	(523)	432	1,135	1,044

Notes to the Consolidated Financial Statements

23. Financial Risk Management continued

The Group operates in 60 currencies (FY22: 48 currencies). We have identified Euro and GBP as the main affected currencies by fluctuations in exchange rates for 2023. In 2022 the main currencies were GBP and EUR. Other currencies are included 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 \$2,228k for December 2023 (FY22: \$1,044k).

c) 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 exposed to credit risk in respect of these balances such that, if one or more the aggregators, MNOs or wallet providers encounters financial difficulties, this could impact the Group's financial results. The Group mitigates its 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 primarily by limiting its liability contractually to its customers/merchants in the event of non-payment from wallet providers, MNOs or aggregators.

To minimise this credit risk, the Group endeavours only to deal with companies that 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 amounts payable to merchants, which equals the revenue amount recorded in the financial statements in respect of the uncollected funds. An APS fee is also charged to merchants for early settlement.

At the reporting date, the exposure was represented by the carrying value of trade and other receivables, against which \$2,047k was provided at 31 December 2023 (FY22: \$138k). The provision amounts represent an estimate of potential bad debt in respect of the year-end Group trade receivables. The Group's customers are concentrated to certain sectors, however the concentration of credit risk from trade receivables relating to carriers and aggregators is mitigated by a corresponding trade payable to merchants. Boku only settles merchant payable balances after corresponding funds are collected from carriers and wallets, mitigating credit risk.

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.

The Group's receivable provision matrix is as follows:

31 December 2023	< 60 days	61–90 days	91–150 days	> 150 days	Total
Expected credit loss % range	0%	0.30%	0.72%	59.7%	
Gross carrier receipts (\$'000)	130,844	7,395	4,066	3,339	145,644
Expected credit loss rate (\$'000)	–	(22)	(30)	(1,995)	(2,047)
31 December 2022	< 60 days	61–90 days	91–150 days	> 150 days	Total
Expected credit loss % range	0%	0%	0%	95%–100%	
Gross carrier receipts (\$'000)	84,792	1,384	34	1,238	87,448
Expected credit loss rate (\$'000)	–	–	–	(1,238)	(1,238)

At 31 December 2023 the Group had a net provision for \$1,712k (FY22: \$138k) of which \$1,574k was provided for in the year (FY22: \$11k was reversed in the year). The Company revenue is recorded as the net between the amounts received from carriers and aggregators less the amounts payable to merchants. This represents management's best estimate of the potential revenue loss for the Group if the \$2,047k (FY22: \$1,238k) old receivables were not received from carriers.

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.

The maximum credit risk exposure is the amount of cash held with at the bank (cash and cash equivalents). To date, the Group has not experienced any losses on its cash and cash equivalent deposits. \$122.4m (FY22: \$89.6m) of cash and cash equivalents were held in A+ rated bank accounts.

d) 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 statement of financial positions related to merchant funds flows are considered to be neutral from a liquidity perspective as these cash balances and related payables are interrelated from a liquidity perspective. This is due to the fact that Boku only settles merchant payables after cash is collected from carriers and wallets.

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 2023	Within 1 year	2-5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Trade and other payables	233,049	–	–	233,049
Financial liability (Amazon warrant liability)	–	–	5,511	5,511
Leases liabilities	1,294	1,768	–	3,062
Total*	234,343	1,768	5,511	241,622

*No material difference between discounted and undiscounted fair value.

31 December 2022	Within 1 year	2-5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Trade and other payables	154,379	–	–	154,379
Financial liability (Amazon warrant liability)	–	–	5,206	5,206
Lease liabilities	1,427	2,407	–	3,834
Total*	155,806	2,407	5,206	163,419

*No material difference between discounted and undiscounted fair value.

The Board receives financial reports on a monthly basis as well as information regarding cash balances and investments. The liquidity risk of each group entity is managed by the Group treasury team at the entity level to meet any liquidity obligations. Where facilities of group entities need to be increased, approval must be sought by the entity's CFO. Where the amount of the facility is above a certain level, agreement of the Group CFO and the Board is needed.

Notes to the Consolidated Financial Statements

23. Financial Risk Management *continued*

Capital Management

The Group's capital is made up of share capital, other reserves, treasury shares, 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.

The Group manages its capital structure and makes the necessary adjustments in the light of changes of economic circumstances, the risk characteristics of underlying assets and the projected cash needs of the current and prospective operational / financing / investment activities. The adequacy of the Group's capital structure will depend on many factors, including capital expenditures, market developments and any future acquisition.

24. Related party transactions

In 2023, the Group was remitted \$119,711,637 in net payments from 2 suppliers who are shareholders of the Company (FY22: \$132,800,653 - from 3 suppliers). At 31 December 2023, the Company had receivables of \$23,853,885 (FY22: \$13,594,020) due from these companies.

25. Ultimate controlling party

There is no ultimate controlling party of the Company.

26. 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 2023 and 2022.

27. Events after the reporting date

Stuart Neal was appointed CEO on 1 January 2024 and appointed as a Director of the Company on 17 January 2024.

Non-IFRS Financial Information

Management regularly uses adjusted financial measures internally to understand, manage and evaluate the business and make operating decisions. These adjusted measures are among the primary factors management uses in planning for and forecasting future periods.

Management present non-GAAP financial measures because they believe that these and other similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. These measures are used internally to establish forecasts, budgets and operational goals to manage and monitor the business, as well as evaluate underlying historical performance. It is believed these non-GAAP financial measures depict the true performance of the business by encompassing only relevant and controllable events, allowing management to evaluate and plan more effectively for the future.

The primary adjusted financial measures are EBITDA, Adjusted EBITDA and Adjusted Operating expenses, which management considers are relevant in understanding the Group's financial performance. Management uses the adjusted financial measures by excluding certain non-cash and one-off items from the actual results. The determination of whether non-cash items or one-off items should form part of the adjusted results, is a matter of judgement and is based on whether the inclusion/exclusion from the results represent more closely the consistent trading performance of the business.

"EBITDA" is defined as net income / (loss) for the year, less discontinued operations gains, net of tax, before finance expenses (including finance costs related to lease liabilities), depreciation and amortisation (including depreciation of right-of-use assets), and income tax expense / (benefit).

"Adjusted EBITDA" is defined as earnings before interest, tax, depreciation and amortisation, non-recurring other income, share based-payments expense, foreign exchange losses and exceptional costs. Adjusted EBITDA is used internally to establish forecasts, budgets and operational goals to manage and monitor our business, as well as evaluate our underlying historical performance. We believe that Adjusted EBITDA is a meaningful indicator of the health of our business as it reflects our ability to generate cash that can be used to fund recurring capital expenditures and growth. Adjusted EBITDA from continuing operations also disregards non-cash or non-recurring charges (exceptional costs) that we believe are not reflective of our long-term performance. We also believe that Adjusted EBITDA is widely used by investors, securities analysts and other interested parties as a supplemental measure of performance and liquidity.

"Adjusted Operating expenses" is defined as Gross profit less Adjusted EBITDA.

Constant currency measures (Revenue only)

Constant currency revenues are calculated by applying the monthly average foreign exchange rates for each month of 2022 to the actual 2023 monthly results.

"Average daily cash" is the average cash balance for each day.

"Adjusted EBITDA margin" is gross profit less Adjusted EBITDA.

Non-IFRS Financial Information

A reconciliation of Adjusted EBITDA to operating profit is as follows:

		Year ended	restated*
		31 December 2023	31 December 2022
	Note	\$'000	\$'000
Alternative performance measures			
Adjusted EBITDA		25,799	20,238
Other Income		103	755
Depreciation and amortisation (restated*)	10, 11	(7,557)	(5,437)
Share-based payments	20	(7,595)	(5,165)
Foreign exchange loss		(1,034)	(796)
Exceptional items		–	(1,589)
Operating profit		9,716	8,006

*Right-of-use assets in the prior year were restated to prepayments and depreciation was restated, see note 2 for further details.

Exceptional items are included in administrative expenses and include the following items:

	Year ended	Year ended
	31 December 2023	31 December 2022
	\$'000	\$'000
Exceptional items		
Impairment of intangible assets	–	(1,264)
Exceptional items	–	(317)
Professional costs	–	(8)
Total exceptional items	–	(1,589)

Charitable contributions of \$Nil (FY22: \$317k) were classified as exceptional. These represent monies donated to charities in aid of the Ukraine war.

Impairment of intangible assets of \$Nil (FY22: \$1,264k) was recognised, (further details can be found in note 11).

Glossary

Abbreviation	Definition
A2A	Account to Account based payment systems allow payments to be made from one bank account to another, generally in real time. They are contrasted with card-based payment systems where the payment is mediated through a card scheme. In A2As the payment is direct. A2A payments can be organised as schemes, typically under the jurisdiction of the Central Bank (UPI in India or Pix in Brazil), as interbank initiatives (Twint in Switzerland, Blik in Poland) or as infrastructure (Open Banking access to Faster Payments in the UK)
AGM	Annual General Meeting
AIM	Alternative Investment Market
AISP	Under Open Banking, an Account Information Service Provider, with consumer consent can access information about the transactions and balances in the consumer's bank account. AISPs can then provide services that provide a consolidated view of a consumer's activity across multiple banks, or analysis that might not be available from their financial institution. In the UK, AISPs are authorised by the FCA
ATV	The Average Transaction value is the TPV divided by the total number of successful transactions
Bundling	The distribution of a digital entertainment company's services through a 3rd party such as a Telco, TV company, Bank or retailer, typically as part of a new tariff (e.g. "Get 6 month's streaming music as part of your mobile phone service"). Boku's services link the distributor and the entertainment company's systems.
Carriers	Carriers are the consumers phone company where purchases can be charged to a phone bill, see DCB
Constant currency	Constant currency is calculated by applying the monthly average foreign exchange rates in 2022 to the actual 2023 results
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CGU	Cash generating unit
COO	Chief Operating Officer
CT	Corporation tax
DCB	Direct Carrier Billing is a form of payment method whereby consumers can purchase digital goods using their post-paid mobile phone account or pre-paid mobile phone balance.
DEI	Diversity, equity and inclusion
DT	Deferred tax
EPS	Earnings per share

Glossary

Abbreviation	Definition
eWallet/digital wallet	An eWallet is a type of payment method that allows a user to undertake transactions online and, sometimes, offline. A user will link their eWallet to a funding source which might be a bank account, debit card or cash top up. The balance in the wallet is then used to fund the purchase. In some cases, eWallets will have an auto top up feature that allows funds to be withdrawn from the funding source if there is insufficient balance. Examples include Alipay, PayPal, Dana or Gopay.
GMC	Global management committee
Gross margin	The difference between revenue and cost of sales divided by revenue
Group	Boku, Inc. and its controlled entities
IFRS	International Financial Reporting Standards
Issuer	The Issuer is the entity within the Boku system who has the relationship with the consumer, issues them with payment credentials, collects the amounts owed by the consumer and settles them. The Issuers within the Boku network include Mobile Network Operators, eWallet providers and A2A schemes.
LPMs	Local Payment Methods are those which typically operate in a single country. They embrace domestic card schemes, domestic voucher schemes, mobile network operators, eWallets, Account to Account based payment systems and Buy Now Pay Later operators. Local Payment schemes typically operate to their own standard and are not interoperable with other schemes.
LTIP	Long term incentive plan
MAU	Boku defines a Monthly Active User as one who has undertaken one or more successful payment transactions or who has an active bundle within the month in question. Users who have registered and still have an active payment method on file are not defined as active unless they have successfully transacted
Merchant	The merchant is the party in the system who wishes to sell products or services to consumers and needs to support various payment methods in order to collect the money.
MNOs	Mobile network operator, see carrier.
Nomad	Nominated adviser
NPV	Net present value
Open Banking	In Open Banking markets, banks are required to provide interfaces to authorised 3rd parties to access account information (AISP) or initiate payments (PISP)
PISP	Under Open Banking, a Payment Initiation Service Provider, with consumer consent, can initiate payments from the consumer's bank account. In the UK, PISPs are authorised by the FCA

Abbreviation	Definition
Platform	The platform that Boku have built to connect Merchants and local payment methods
PPA	Price purchase allocation
PSP	A Payment Service Provider acts as a technical layer connecting a merchant to various issuers. The base level of service is the transaction model where only technical services are provided. It can be supplemented by the settlement model whereby funds are collected and settled to those merchants.
PwC	PricewaterhouseCoopers LLP
RCF	Revolving credit fund
RSU	Restricted Stock Units are share awards subject to a vesting schedule and certain vesting conditions
Settlement Model	In the Settlement model, Boku provides not only technical transaction processing services but also collects the funds due from the Issuers and settles them to the merchant in the currency of their choice.
SID	Senior Independent Director
SMS aggregator	Company used by Boku used to purchase SMS messages in bulk
Take Rate	Take rate is defined as revenue divided by TPV. It is a measure of the average price obtained
TPV	Total Payment Volume is total value transacted through the system in US dollars. For payments, this is the total amount successfully transacted by consumers translated into USD at average FX rates for the month. For bundling transactions, it represents the total retail value of the bundles. In some case this value is inferred from revenue.
Transaction model	The Transaction Model is when Boku provides solely technical connectivity services to a merchant who arranges for settlement directly with the issuer.
WACC	Weighted average cost of capital

Boku, Inc. Company Information

Registered Address

660 Market Street
4 Floor, Suite 400
San Francisco
CA, 94104-50004
USA

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
England
WC2N 6RH

Nominated Adviser and Joint Broker

Investec Bank plc
30 Gresham Street
London
England
EC2V 7QP

Principal Bankers

Citi
388 Greenwich Street
New York, NY 10013
USA

Joint Broker

Peel Hunt LLP
7th Floor
100 Liverpool Street
London
England
EC2M 2AT



 **boku**

Boku, Inc.
Stock Code: BOKU