

Boku

Rebasing expectations

Boku has issued a trading update for H126, which saw weaker volume growth than expected. Several factors hit demand, while offsetting sources of volume growth were delayed. Despite this, the company made strategic progress during the period, providing foundations for growth in the medium term. We have rebased our growth expectations pending better visibility when the company reports H126 results in September.

Year end	Revenue (\$m)	EBITDA (\$m)	EPS (\$)	DPS (\$)	P/E (x)	EV/EBITDA (x)
12/24	99.3	30.3	0.07	0.00	18.6	4.1
12/25	128.8	41.3	0.09	0.00	13.8	3.0
12/26e	135.4	38.1	0.08	0.00	15.6	3.2
12/27e	150.6	43.5	0.09	0.00	13.5	2.8

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

The growth path is not always smooth

Management stated that several risks had crystallised in H126 (dual sourcing by a key merchant, direct carrier billing (DCB) switch off in one country), while offsetting sources of volume growth experienced delays for various reasons. This has resulted in underlying revenue growth of 11% y-o-y (versus our 20% forecast) and an adjusted EBITDA margin of 29% for H126. The company does not control the pace at which its merchants launch services but is confident that delayed launches should start to contribute to growth from H226 and into FY27. Strategic progress has been made, with the first payment services processor (PSP) contract signed with Stripe, the first volumes processed for Pix and UPI, and commercial negotiations underway with direct sales merchants.

Revising forecasts to reflect slower volume growth

Management has reduced guidance for FY26, now expecting revenue of \$135–142m and adjusted EBITDA of \$38–42m. The recent investment in business improvements should partially mitigate the impact of lower revenue on EBITDA margins. We have factored in lower growth expectations in all forecast years and are at the lower end of the guidance range for FY26. After buying back 9.6m shares for \$23.5m in H126, the company has expanded its ongoing 4m share buyback programme by an additional 8m shares, to expire at year-end.

Valuation: Factors in lower growth outlook

Prior to the trading update, the share price was down 34% year-to-date, and has since declined a further 33%, seemingly factoring in permanently lower growth. On our revised forecasts, Boku trades at a large discount to its peer group on EV/EBITDA multiples. We have updated our discounted cash flow (DCF) analysis to conservatively reflect lower revenue growth rates and lower profitability. Using our forecasts to FY28, revenue growth moderating to 4% by FY35 and EBITDA margins of 30% from FY29 results in a value per share of 212.9p, well ahead of the current share price. In the short term, evidence that connection launches are back on track should help reduce the discount. Wider adoption of local payment methods (LPMs) by existing merchants, new major merchant sign-ups and adoption of treasury services will be key drivers of longer-term growth and profits.

H126 trading update

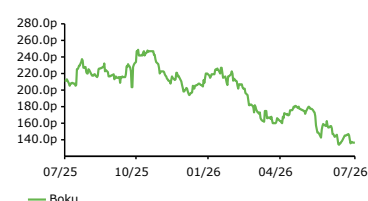
Software and comp services

8 July 2026

Price 94.60p
Market cap £276m

Net cash/(debt) at end FY25 \$246.0m
Shares in issue 292.1m
Free float 79.1%
Code BOKU
Primary exchange AIM
Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	(12.5)	(14.4)	(34.5)
52-week high/low		250.0p	136.0p

Business description

Boku operates a billing platform that connects merchants with mobile network operators and alternative payment methods in more than 60 countries. It has c 590 employees, with its main offices in the US, UK, Estonia, Germany and India.

Next events

H126 results September

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H126 trading update

Boku has issued a trading update for H126 confirming that revenue is expected to be c \$66.5m, total payment volume c \$8.3bn (+12% y-o-y) and adjusted EBITDA c \$19.3m (margin c 29%), with the take rate broadly stable at c 80bp. This equates to year-on-year revenue growth of 5%, or 11% excluding the non-recurring launch phase pricing of \$3.4m in H125. This growth rate is below expectations (we had forecast 14%/20% adjusted) due to several factors:

- One key merchant has moved to dual sourcing (this had previously been flagged by management) and this reduced Boku's share of volume in Thailand. The same merchant has added Boku as a second supplier in several other markets, which, while delayed, should more than offset these lost volumes once the connections ramp. Management does not see any other material connections with this merchant that are at risk from dual sourcing.
- Local authorities have suspended DCB connections in one market. The company noted that this connection had an annual revenue run-rate of c \$4m so we assume that it reduced H126 revenue by c \$1m.
- The launches of several new connections have been delayed, and merchant onboarding has been slower than anticipated.

To offset these traffic delays/losses, the company has made good progress in other strategic areas.

- **Stripe contract:** Boku signed its first contract with a major global PSP, with Stripe now acting as an indirect route to market. Via this contract, two merchants are already live and transacting. Boku is working with an initial group of merchants to trial the service, and it will be made generally available later this year.
- **UPI/Pix ramps:** during H1, the company processed its first transactions on PIX in Brazil and UPI in India.
- **Direct sales commercial progress:** the company is in commercial negotiations with its first direct sales merchants.
- **DCB launches:** for one newer merchant that did not previously use DCB, Boku has launched connections in Japan and Turkey. Management noted that bundling volumes remain strong.
- **Cost control:** the company noted that adjusted EBITDA benefited from its recent investment in business improvements, which has improved cost efficiency.

Outlook and changes to forecasts

The company has revised its guidance for FY26 and now expects revenue in the range \$135–142m (+5–10% y-o-y or 8–13% on an underlying basis) and adjusted EBITDA of \$38–42m. This compares to our previous forecasts for revenue of \$153.7m and adjusted EBITDA of \$50.1m (32.6% margin), and consensus of \$155m/\$49.9m respectively (32.2% margin). Management noted that the bottom end of the range should be fully de-risked.

At the low end of the range, this implies H226 revenue of \$68.5m (+3% h-o-h, +5% y-o-y) and adjusted EBITDA of \$18.7m (27.3% margin). We have revised our forecasts, which are now at the low end of the range. Pending evidence of re-accelerating volume growth, we have reduced the revenue growth rates we were factoring in for FY27 (from 18.3% to 11.2%) and for FY28 (from 16.4% to 10.6%). The company should be in a better position to assess volume growth prospects when it reports H126 results in September.

We have also factored in the share buyback in H126: 9.6m shares acquired at a cost of \$23.5m. The company has announced an expansion to the ongoing share buyback programme. A programme to buy back up to four million shares was launched on 2 June and 2,161,040 shares have already been bought back under this authority. The company has now extended this to up to a further eight million shares, with an expiry date of 31 December.

Exhibit 1: Changes to forecasts

	FY26e				FY27e				FY28e			
\$m	Old	New	Change	y-o-y	Old	New	Change	y-o-y	Old	New	Change	y-o-y
Revenue	153.7	135.4	-11.9%	5.1%	181.8	150.6	-17.2%	11.2%	211.7	166.5	-21.3%	10.6%
Adjusted EBITDA	50.1	38.1	-23.8%	-7.7%	61.6	43.5	-29.5%	14.0%	74.9	49.9	-33.4%	14.8%
Adjusted EBITDA margin	32.6%	28.2%	-4.4%	-3.9%	33.9%	28.9%	-5.0%	0.7%	35.4%	30.0%	-5.4%	1.1%
Normalised operating profit	41.1	29.2	-29.0%	-12.7%	52.6	34.5	-34.5%	17.9%	66.2	41.2	-37.8%	19.6%
Normalised operating margin	26.8%	21.6%	-5.2%	-4.4%	28.9%	22.9%	-6.1%	1.3%	31.3%	24.7%	-6.5%	1.9%
Reported operating profit	29.4	17.5	-40.5%	-7.4%	41.1	23.0	-44.2%	31.0%	54.7	29.7	-45.7%	29.4%
Reported operating margin	19.2%	12.9%	-6.2%	-1.7%	22.6%	15.3%	-7.4%	2.3%	25.9%	17.8%	-8.0%	2.6%
Normalised PBT	44.4	32.5	-26.8%	-11.8%	55.9	37.8	-32.5%	16.1%	69.5	44.5	-36.0%	17.9%
Reported PBT	32.7	20.8	-36.4%	6.5%	44.4	26.3	-40.9%	26.1%	58.0	33.0	-43.1%	25.7%
Normalised net income	35.1	25.7	-26.8%	-11.8%	44.2	29.8	-32.5%	16.1%	54.9	35.2	-36.0%	17.9%
Reported net income	25.9	16.5	-36.4%	34.1%	35.1	20.7	-40.9%	26.1%	45.8	26.1	-43.1%	25.7%
Normalised basic EPS (\$)	0.12	0.09	-26.7%	-11.6%	0.15	0.10	-32.2%	15.9%	0.18	0.12	-35.7%	16.7%
Normalised diluted EPS (\$)	0.11	0.08	-26.7%	-11.6%	0.14	0.09	-32.2%	15.9%	0.17	0.11	-35.7%	16.8%
Reported basic EPS (\$)	0.09	0.06	-36.3%	34.5%	0.12	0.07	-40.7%	25.9%	0.15	0.09	-42.9%	24.4%
Net debt/(cash) excl. restricted cash	(208.2)	(161.7)	-22.4%	-16.5%	(267.1)	(196.1)	-26.6%	21.3%	(339.4)	(236.6)	-30.3%	20.7%
Net debt/(cash)	(260.3)	(213.7)	-17.9%	-13.0%	(319.2)	(248.1)	-22.3%	16.1%	(391.4)	(288.6)	-26.3%	16.3%
TPV (\$bn)	19.2	17.3	-10.2%	10.1%	23.3	20.2	-13.4%	17.1%	27.5	22.7	-17.5%	12.2%
Take rate	0.80%	0.78%	-0.01%	-0.04%	0.78%	0.75%	-0.03%	-0.04%	0.77%	0.73%	-0.04%	-0.01%

Source: Edison Investment Research

Exhibit 2: Financial summary

Year end 31 December	\$'m	2021	2022	2023	2024	2025	2026e	2027e	2028e
INCOME STATEMENT		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue		62.1	63.8	82.7	99.3	128.8	135.4	150.6	166.5
EBITDA		22.9	20.2	25.8	30.3	41.3	38.1	43.5	49.9
Normalised operating profit		18.6	15.8	20.4	23.9	33.5	29.2	34.5	41.2
Amortisation of acquired intangibles		(1.9)	(1.0)	(2.2)	(1.4)	(1.3)	(0.9)	(0.7)	(0.7)
Exceptionals		0.4	(1.6)	(0.9)	(5.7)	(2.7)	0.0	0.0	0.0
Share-based payments		(6.4)	(5.2)	(7.6)	(10.5)	(10.5)	(10.8)	(10.8)	(10.8)
Reported operating profit		10.6	8.0	9.7	6.2	18.9	17.5	23.0	29.7
Net Interest		(0.7)	(0.5)	1.6	3.4	3.4	3.3	3.3	3.3
Exceptionals		0.0	(3.5)	0.1	(3.4)	(2.8)	0.0	0.0	0.0
Profit Before Tax (norm)		17.8	15.3	22.1	27.3	36.9	32.5	37.8	44.5
Profit Before Tax (reported)		9.9	4.1	11.4	6.2	19.6	20.8	26.3	33.0
Reported tax		1.9	0.2	(1.3)	(2.4)	(7.3)	(4.4)	(5.5)	(6.9)
Profit After Tax (norm)		14.3	12.2	17.4	21.6	29.1	25.7	29.8	35.2
Profit After Tax (reported)		11.8	4.3	10.1	3.8	12.3	16.5	20.7	26.1
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued operations		(5.5)	24.6	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)		14.3	12.2	17.4	21.6	29.1	25.7	29.8	35.2
Net income (reported)		6.3	28.9	10.1	3.8	12.3	16.5	20.7	26.1
Basic average number of shares outstanding (m)		294.0	298.3	297.9	300.4	296.7	295.9	296.3	299.3
EPS - basic normalised (\$)		0.05	0.04	0.06	0.07	0.10	0.09	0.10	0.12
EPS - diluted normalised (\$)		0.05	0.04	0.06	0.07	0.09	0.08	0.09	0.11
EPS - basic reported (\$)		0.02	0.10	0.03	0.01	0.04	0.06	0.07	0.09
Dividend (\$)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue growth (%)		10.1	2.7	29.7	20.0	29.8	5.1	11.2	10.6
EBITDA Margin (%)		36.9	31.7	31.2	30.5	32.1	28.2	28.9	30.0
Normalised Operating Margin (%)		30.0	24.7	24.7	24.0	26.0	21.6	22.9	24.7
BALANCE SHEET									
Fixed Assets		84.4	77.2	77.3	77.6	77.9	80.6	83.6	87.0
Intangible Assets		63.1	56.2	56.6	56.5	58.5	58.1	57.9	58.2
Tangible Assets		5.3	3.9	3.5	3.2	6.3	9.4	12.5	15.7
Investments & other		16.0	17.0	17.1	17.9	13.1	13.1	13.1	13.1
Current Assets		145.3	212.8	297.9	328.7	423.1	429.6	533.5	636.1
Stocks		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debtors		82.9	90.5	146.9	151.2	177.4	215.7	285.3	347.3
Cash & cash equivalents		56.7	99.6	117.4	142.3	193.5	161.7	196.1	236.6
Other		5.8	22.8	33.6	35.2	52.2	52.2	52.2	52.2
Current Liabilities		(122.1)	(157.8)	(233.3)	(255.9)	(331.8)	(337.5)	(412.8)	(481.8)
Creditors		(119.6)	(156.3)	(231.4)	(252.9)	(326.7)	(332.4)	(407.7)	(476.8)
Tax and social security		0.0	(0.2)	(0.5)	(2.0)	(1.3)	(1.3)	(1.3)	(1.3)
Short term borrowings		(1.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other		(1.3)	(1.3)	(1.4)	(1.0)	(3.8)	(3.8)	(3.8)	(3.8)
Long-Term Liabilities		(12.3)	(8.7)	(8.4)	(12.7)	(16.0)	(16.0)	(16.0)	(16.0)
Long-term borrowings		(6.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities		(5.7)	(8.7)	(8.4)	(12.7)	(16.0)	(16.0)	(16.0)	(16.0)
Net Assets		95.3	123.6	133.5	137.7	153.2	156.7	188.3	225.2
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity		95.3	123.6	133.5	137.7	153.2	156.7	188.3	225.2
CASH FLOW									
Op Cash Flow before WC and tax		22.9	20.2	25.8	30.3	41.3	38.1	43.5	49.9
Working capital		(7.1)	27.9	16.5	18.6	42.4	(32.6)	5.8	7.0
Exceptional & other		(3.5)	1.8	(1.4)	(6.3)	0.2	0.0	0.0	0.0
Tax		(0.4)	(0.3)	(0.3)	(0.6)	(1.8)	(4.4)	(5.5)	(6.9)
Net operating cash flow		11.9	49.7	40.6	42.0	82.2	1.1	43.7	49.9
Capex		(5.8)	(5.3)	(5.9)	(7.5)	(7.5)	(8.2)	(8.3)	(8.4)
Acquisitions/disposals		0.0	26.5	5.6	0.0	0.0	0.0	0.0	0.0
Net interest		(0.6)	(0.2)	1.6	3.6	3.7	3.3	3.3	3.3
Equity financing		1.1	(1.4)	(7.1)	(7.2)	(12.2)	(23.7)	0.0	0.0
Dividends		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other		(6.1)	(12.7)	(18.0)	(3.3)	(18.4)	(4.3)	(4.3)	(4.3)
Net Cash Flow		0.5	56.6	16.9	27.6	47.9	(31.9)	34.4	40.5
Opening net debt/(cash)		(49.0)	(48.8)	(99.6)	(117.4)	(142.3)	(193.5)	(161.7)	(196.1)
FX		(0.6)	(5.6)	0.9	(2.6)	6.7	0.0	0.0	0.0
Other non-cash movements		(0.1)	(0.3)	0.0	0.0	(3.4)	0.0	0.0	0.0
Closing net debt/(cash)		(48.8)	(99.6)	(117.4)	(142.3)	(193.5)	(161.7)	(196.1)	(236.6)

Source: Boku, Edison Investment Research

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