EDISON

Boku

Outlining the growth path

Capital markets event

Software and comp services

23 October 2025

At its recent capital markets event, Boku outlined how it intends to meet its medium-term growth targets. The combination of ongoing growth from existing merchants as they add new local payment connections, signing up new enterprise merchants, and layering on new money movement services is expected to drive a revenue CAGR of at least 20% in the medium term, in line with our forecasts to FY27. After a period of heavy investment in product and back office, moderating spend should lead to margin expansion from FY26.

Year end	Revenue ($m)	EBITDA ($m)	EPS ($)	DPS ($)	EV/EBITDA (x)	P/E (x)
12/23	82.7	25.8	0.06	0.00	30.4	59.1
12/24	99.3	31.4	0.07	0.00	24.9	46.5
12/25e	127.3	38.5	0.08	0.00	20.4	38.7
12/26e	152.6	48.0	0.11	0.00	16.3	30.9

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

Exploiting the cross-border e-commerce opportunity

Boku has evolved from providing direct carrier billing (DCB) services to being a broader provider of cross-border payment services. Local payment methods (LPMs) other than DCB have grown to more than a third of group revenue and continue to represent the main revenue driver for Boku in the medium term. Its strategy of providing a simple and secure way for merchants to acquire, monetise and retain customers around the world has helped it to sign up the major global merchants of digital content, and more recent product development supports merchants in the wider e-commerce market.

Expanding the addressable market

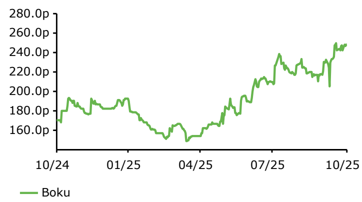
Recent investment in back-office functionality and regulatory compliance to support faster and more complex money flows has resulted in the creation of new money movement services that can be sold to existing payment service customers. These are designed to help merchants obtain their money more efficiently and with better visibility. Adoption of these services should help to offset the pressure on take rates from the growth in lower margin account-to-account (A2A) volumes.

Valuation: medium term growth supports upside

On FY25 and FY26 forecasts, Boku trades at a premium to its peer group on EV/EBITDA multiples. However, a discounted cash flow (DCF) analysis that takes into account longer-term growth highlights the potential for significant upside. Using our forecasts to FY27, revenue growth of 10% and EBITDA margins of 34.1% thereafter results in a value per share of 374p. Taking a very conservative view of 5% growth from FY28 (297p value per share) would still provide upside of 20% to the current share price. Wider adoption of LPMs by existing merchants, new major merchant sign-ups and adoption of treasury services will be the key drivers of longer-term growth and profits.

Price	**247.50p**
Market cap	**£734m**
	$1.335/£
Net cash/(debt) at end H125	$191.9m
Shares in issue	296.7m
Free float	79.1%
Code	BOKU
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	14.1	19.6	45.6
52-week high/low		249.0p	144.5p

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 550 employees, with its main offices in the US, UK, Estonia, Germany and India.

Next events

FY25 trading update	January 2026

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Investment summary

Helping merchants to grow their businesses

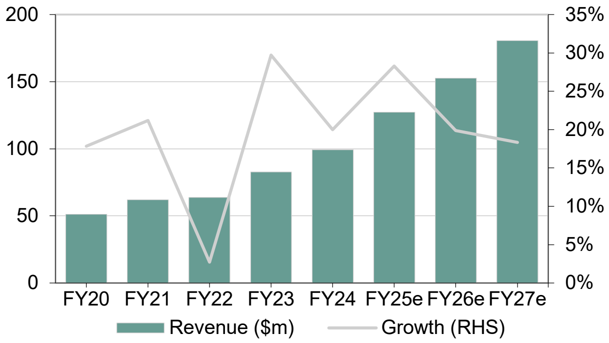
Boku has developed and operates a platform that connects merchants with LPMs, supporting mobile commerce through DCB, digital wallets, A2A payments, bundling and emerging payment marketing product. Key investment considerations include:

- Boku is focused on helping merchants to acquire, monetise and retain customers around the world by simplifying the process through which merchants can offer LPMs. It views its competitive advantages as reach, breadth of offering, quality and performance.
- The company is positioned to benefit from the growing adoption of payment methods not based on Visa or Mastercard debit and credit cards. Boku's platform supports a growing portfolio of LPMs, including DCB, digital wallets and A2A payments, and is actively looking at other LPMs where its merchant relationships and customer service give it a competitive edge.
- Boku's platform is built to scale; additional transactions can be processed at minimal marginal cost giving Boku the flexibility to offer attractive pricing and providing strong operating leverage.
- Boku has signed up major merchants in key digital content categories, for example Microsoft for its app store, Amazon for video streaming and bundling, Spotify for music, Netflix for video streaming and Sony for games. By focusing on the largest merchants in each category, it can more efficiently scale as transaction volumes grow.
- For the next stage of growth, the company is focused on adding new enterprise merchants (the next wave of tech giants) and broadening into new verticals.
- The company is starting to layer new services on top of its existing payment collection service, including fx conversion, money movement and liquidity services, which should help to counteract the downward pressure on take rates from growth in A2A and potentially even serve merchants that do not use Boku's payment collection service.

Financials highlight margin expansion post investment phase

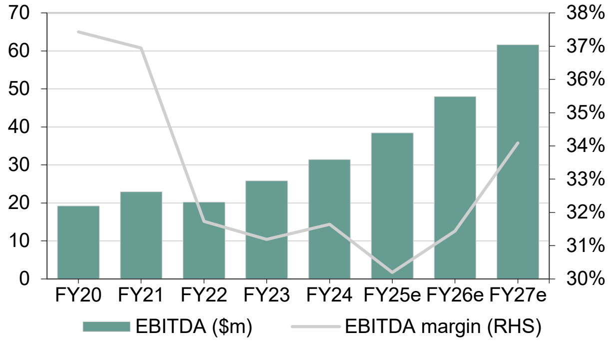
Boku has a strong track record of revenue growth as the growing base of monthly active users (MAUs) drives total payment volumes. In the last three years, the company has invested in building out a network of digital wallet and A2A connections while obtaining the necessary regulatory licences and building the back office to support faster and more complex money flows. This has dampened adjusted EBITDA margins (which despite this have remained above 30%) but from FY26e the company expects the pace of investment to moderate allowing margins to start to expand again. We forecast a normalised EPS CAGR of 25% for FY24–27e. We expect continued growth in net cash and own cash, with management prioritising organic growth investment, followed by share buybacks to offset dilution from share-based incentive schemes, and finally opportunistic M&A.

Exhibit 1: Revenue and revenue growth, FY20–27e



Source: Boku, Edison Investment Research. Note: For FY20–21, Payments revenue only.

Exhibit 2: EBITDA and EBITDA margin, FY20–27e



Source: Boku, Edison Investment Research Note: For FY20–21, Payments EBITDA only.

Upside potential from widespread adoption of LPMs

On enterprise value (EV) multiples, Boku is trading at a premium to its payment processing peers. A DCF analysis based on our forecasts to FY27, followed by revenue growth of 10% per year and an adjusted EBITDA margin of 34.1%, results in a valuation of 374p per share. Considering the company's expanding LPM business, we would expect growth to exceed the wider payment processing market as it takes share from card-based payments, justifying a premium rating over peers focused on card-based processing. Key catalysts for the share price would be a growing contribution from LPMs, new enterprise merchants signing up and adoption of the new treasury services.

Factors influencing growth and profitability

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

Local payment solution provider

Boku's technology has been developed to support mobile commerce, which takes advantage of the more than 5.8 billion global mobile phone subscribers. Evolving from the platform that the company built to support DCB, Boku's mobile-first network connects more than 200 LPMs (ie not debit/credit card) with merchants, enabling them to offer their customers local payment options such as digital wallets, A2A or DCB through a single contract and a single integration. There are currently more than 1,000 connections across its network (merchant-issuer connection per country).

Boku manages the payment transactions on behalf of the local payment providers and merchants but, more importantly, provides a route to market to a section of consumers who may be more difficult to reach via traditional customer acquisition methods. Boku has seen rapid growth in transactions processed via its platform and we believe this growth should continue as alternative payment providers and new merchants join the network.

Boku: A short history

Boku was founded in 2008 by Mark Britto, Erich Ringewald and Ron Hirson. In 2009, Boku acquired DCB companies Mobilcash and Paymo, and shortly after launched its DCB service. The first product was Boku Checkout, which added the cost of items acquired to the consumer's mobile phone bill or reduced their pre-paid credit. This was popular with gamers, as it enabled them to pay for games on their PCs, social gaming on Facebook and multi-player online games. In 2012, Boku acquired Qubecell, an Indian DCB company, which gave the company access to Indian mobile network operators and, more importantly, development resource. With the signing of Sony as a merchant in 2013, Boku enabled purchases to be made from games consoles. In 2014, Boku acquired mopay, its main competitor, for $24m. In 2015, Boku launched its second product, Boku Account, which provides the phone equivalent to 'card on file', supporting upgrade and repeat purchases. In 2016, the company launched Boku Acquire, which supports the bundling of additional products and services within a subscriber's carrier plan. Boku listed on AIM in November 2017, raising £15m at 59p per share. In January 2019, Boku acquired Danal, a US-based provider of identity verification services, for $25.1m (sold on 1 March 2022 for $32.3m). To consolidate its position in the DCB market, Boku acquired Estonian-based Fortumo in 2020 for an enterprise value of $37.8m. The company has c 550 employees across more than 30 countries, with its main offices in the UK, the US, Brazil, Estonia, Germany, India, Ireland, Japan and Singapore.

Growth strategy: Help merchants reach more customers worldwide

Boku's mission is to simplify global expansion for its merchants by providing seamless access to the world's most popular payment methods. Its vision is to be the world's best localised payments partner for global commerce and its purpose is to give people the freedom to buy what they want, the way they want.

With a wide network of carriers and a growing number of digital wallet and A2A providers connected to the platform, this offers an attractive way for merchants to access new customers. In turn, as more merchants sign up, it makes the Boku platform more attractive to local payment providers.

Targeting growth from three key areas

At its recent capital markets event, management outlined the three pillars from which it expects to drive growth in the medium term.

1. **Existing merchants:** growth from existing LPM connections and from adding new LPM connections. In FY24, Boku supported c 80 new payment launches for merchants including Amazon, Google, Meta, Microsoft, Netflix, Sky and Spotify and in H125, added another 60 new connections, including nine for a new merchant.
2. **Adding new enterprise merchants.** Having generated the vast majority of revenue from servicing mega merchants such as Google, Meta and Spotify, the company is planning to address the next level of merchants. This also includes addressing new verticals.
3. **Layering on value-added services.** The company has invested heavily in the back office and grown its treasury function, and now sees the opportunity to sell additional services to customers, including fx conversion, money movement and liquidity services. These take advantage of the group's regulated entities around the world and its many years of experience in moving money out of developing countries (in some cases with complicated capital controls or volatile currencies) to merchants in developed countries.

Through the above the company expects to be able to generate a revenue CAGR of at least 20% in the medium term with an adjusted EBITDA margin of at least 30%, expanding from FY26. This guidance is unchanged from earlier this year. We address each of these areas in more depth below.

Management: Strong background in payments

The members of Boku's board and senior management team have many years of experience in the payments industry. CEO Stuart Neal was appointed to the role on 1 January 2024. He worked at Boku from 2012 to 2014 and 2017 to 2022 in various roles, including as CFO and head of the Identity business. CFO Rob Whittick joined Boku in mid-2024 from NatWest Group. Stuart and Rob are supported by COO Leila Kassner, Chief Business Officer Mark Stannard, Chief Product Officer Adam Lee, Chief Banking and Treasury Officer Paul Jarrett, CTO Keegan Flanigan and Chief People Officer Victoria Rodgers. The CEO and CFO are joined on the board by non-executive Chairman Richard Pennycook and non-executive Directors Charlotta Ginman, Mark Britto, Meriel Lenfestey, Loren I Shuster and Jon Prideaux (Boku CEO 2014–23), who together bring experience in venture capital investing, the payments industry, human resources, technology and telecom companies and AIM companies.

Market context: exploiting the growth in LPMs

Boku's aim is to support merchants to acquire, monetise and retain mobile-first customers. The company's original focus was on the DCB market. This is still the main revenue and profit generator for the group, but the company also supports digital wallets and A2A payments as payment options that merchants can offer to their customers.

Recognising that mobile commerce is the fastest growing segment of e-commerce, Boku has evolved its platform to incorporate multiple mobile payment methods with one integration, supporting more than 200 payment methods across more than 60 countries. Boku estimates it has access to more than 7 billion user accounts via these payment methods.

Boku sees its role as helping merchants in three areas:

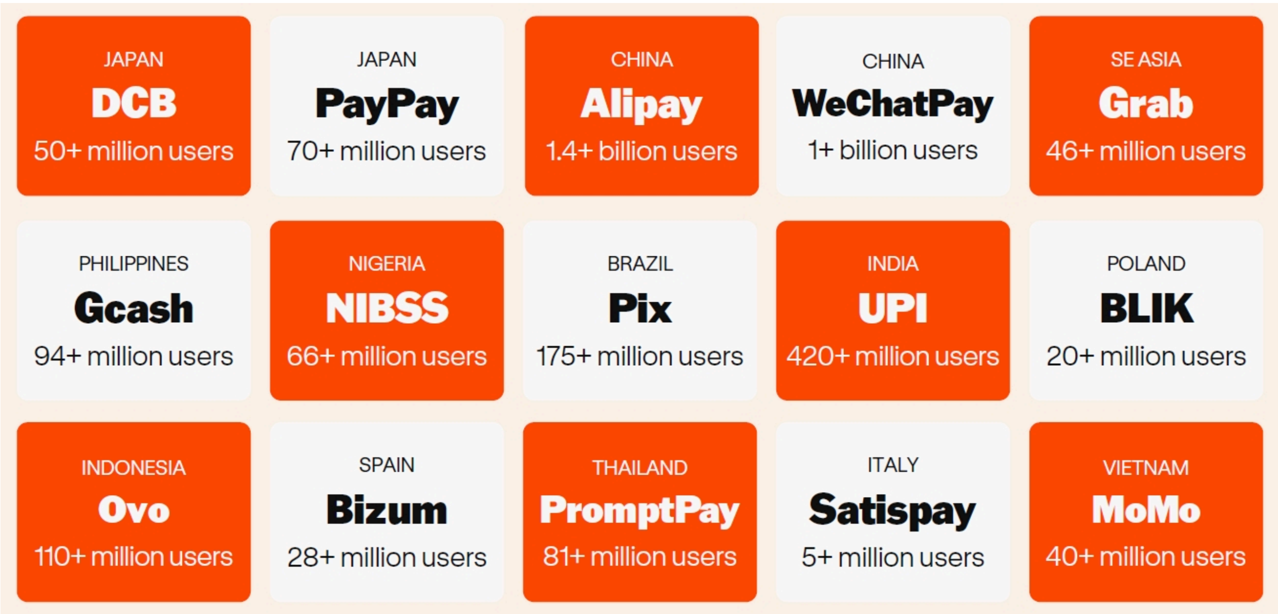
1. Before a transaction: helping merchants to commercialise in places where customer payment choice is key to commercial success. In FY24, Boku helped merchants to add more than 83 million new paying customers through targeted bundling and user acquisition programmes.
2. During a transaction: creating 'effective simplicity' by connecting to popular LPMs around the world and working with merchants to build application programming interfaces (APIs) that provide a frictionless user experience, resulting in the highest possible user conversion rates.
3. After a transaction: moving money, converting currencies and remitting funds in multiple countries. Allowing consumers to pay in local currencies while enabling merchants to receive funds in their currency of choice.

Debit and credit card dominance diminishing

Mastercard and Visa have dominated the payments market for many years and have grown payments by value (both debit and credit) at a combined CAGR of 10.6% since 2010. This growth, however, has been focused more on developed markets, and at the same time, other LPMs have emerged, particularly in Asia, that exploit the ubiquity of mobile phones and do not use these card networks. In the UK, debit and credit cards made up 46% of online payments by value in 2024 (source: Worldpay Global Payments Report 2025) with digital wallets (eg PayPal, Apple Pay, Google Pay) making up 40%. In the US, cards made up 49% of online payments with digital wallets at 39%. However, looking at these statistics globally, digital wallets made up 53% of online payments with card payments at 32% due to the popularity of digital wallets in Asia, where they made up 74% of online payments in 2024. Popular wallets in Asia include Alipay, WeChat Pay, Paytm, GoPay and GrabPay.

While A2A payments make up a smaller share of e-commerce payments volume (7% in 2024 according to Worldpay), they are growing rapidly. These schemes allow consumers to make payments directly from their bank accounts, with no involvement from the card schemes, and can also be used for business-to-business transactions. Schemes tend to be country specific and are usually central bank-sponsored as part of an agenda to improve digital inclusivity. Examples include Faster Payments in the UK, Pix in Brazil (41% of e-commerce spend by value in 2024) and UPI in India, and therefore there is no standardisation from country to country. Boku estimates that in the longer term, A2A payments are likely to overtake digital wallet payments. The exhibit below shows the number of users for a selection of LPMs, highlighting the strong adoption in Asia and Africa, but also the growing prevalence of A2A schemes across Europe.

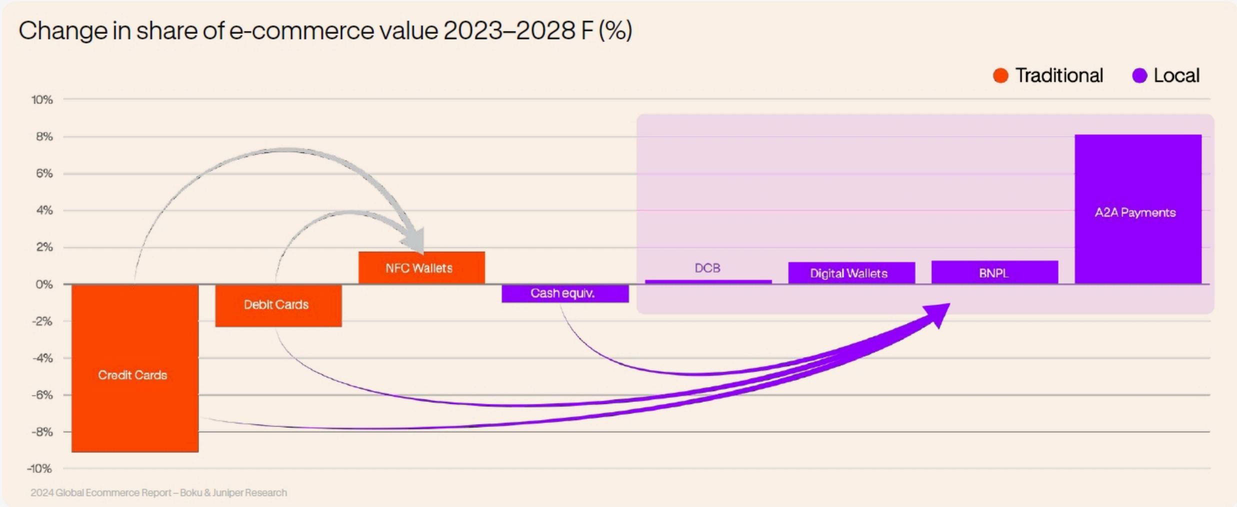
Exhibit 3: User counts for selected LPMs



Source: Boku

Based on research carried out by Juniper on behalf of Boku, in 2023 LPMs were used for 50.5% of all e-commerce transactions globally (this excludes card-linked wallets) and is expected to rise to 59% by 2028. For this research, LPMs include DCB, digital wallets, A2A, buy-now-pay-later and local cards from domestic card networks. The chart below shows how e-commerce payments are expected to shift over this period.

Exhibit 4: LPMs taking share from debit and credit cards



Source: Boku

Complexity brings opportunity for Boku

The process for accepting debit and credit cards is standardised, with Visa and Mastercard setting out rules for the use of their networks and banks well integrated into these networks. Other payment mechanisms, however, do not follow such a standardised approach. This is the area that Boku is focused on, helping merchants to offer the right mix of payment options in each country, even if some of those methods are complex to integrate with. Boku works with merchants and local payment providers to integrate them into its platform, undertaking the custom work to make this happen, rather than forcing them to follow Boku's own processes.

Many LPMs have limited cross-border functionality, providing an opportunity for Boku to introduce these issuers to international merchants wanting to access customers in their country. According to Juniper research carried out on behalf of Boku in 2024, cross-border e-commerce was worth c $2tn in 2023 and is forecast to grow at a CAGR of 14.7% to 2028.

Initially Boku was focused on DCB; this required integration with carriers in each country in which merchants wanted to offer DCB as an option, and this process is complicated by the fact that carrier back-office operations within a group can vary widely from country to country. Recognising that other payment methods, such as digital wallets and A2A payments, are also significantly more difficult to integrate with than standard card payments, Boku started investigating this area in 2019. Exhibit 5 shows the progress it has made integrating digital wallet and A2A schemes into its platform.

Exhibit 5: Boku's digital wallet and A2A connections by country

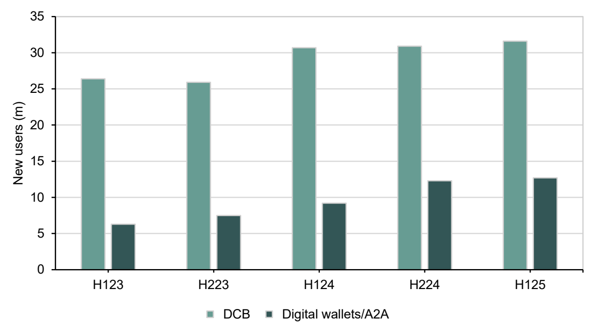
Country	Wallet	A2A	Country	Wallet	A2A
Brazil	Mercado Pago	Pix	Philippines	GCash	QR PH
China	Alipay			GrabPay	
	WeChatPay			Maya	
Colombia	Nequi			ShopeePay	
Egypt	Meeza		Poland		BLIK
Ghana	Airtel Tigo		Saudi Arabia	STC Pay	
	MTN		Singapore	GrabPay	
	VF-Cash			ShopeePay	
Hong Kong	Alipay		South Korea	KakaoPay	Korean Bank Transfer
	WeChatPay			Naver Pay	
India		UPI		Toss	
Indonesia	DANA	Virtual Account	Spain		Bizum
	GoPay		Switzerland	Twint	
	OVO		Taiwan	JKOPay	
	ShopeePay		Tanzania	Airtel Money	
Italy	Satispay			M-Pesa	
Japan	MerPay			Tigo Paisa	
	PayPay		Thailand	LINE Pay	K+
Kenya	M-Pesa			ShopeePay	KMA
Malaysia	GrabPay	FPX		TrueMoney	PromptPay
	ShopeePay		Uganda	Airtel Money	
	Touch'n'Go			MTN Money	
Netherlands		iDEAL	Vietnam	MoMo	VietQR
Nigeria	Paga	NIBSS		ZaloPay	VNPay
Pakistan	easypaisa				
	JazzCash				

Source: Boku website

Newer LPMs the main growth driver for Boku

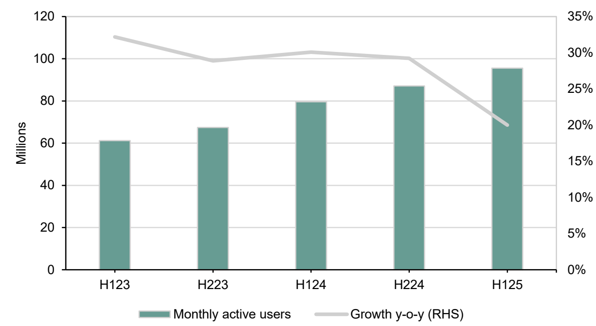
As can be seen from the table above, Boku has already made good progress with digital wallets/A2A, with connections to more than 60 different methods. In the charts below, we show the progression in MAUs and new users for the group. Digital wallet/A2A revenues increased 56% in FY24, growing to 26.1% of group revenue from 20.1% in FY23 and a further 90% y-o-y in H125 to 35.5% of revenue.

Exhibit 6: New users split by payment type



Source: Boku

Exhibit 7: Growth in MAUs



Source: Boku

The customer perspective: Google

At its capital markets event, a Google payments partnership development manager discussed Google's 10-year relationship with Boku which started with DCB. Boku is supporting Google in its quest to 'build a partnership where no user is left behind'. As a company operating on a global scale, Google still needs to retain local relevance, and it sees Boku as a route to unlocking new user bases in new markets. Areas of activity include South East Asia, Latin America and Africa which are digital first and have broadly bypassed cards. They also noted that A2A services are becoming increasingly important, pointing to UPI and Pix as well as European schemes such as BLIK (Boku launched this connection for Google last year). They highlighted that Google is exploring how agentic payments could work; Boku and dozens of other payment companies have been invited to collaborate on its Agent Payments Protocol.

They explained that Google has a standard API that all partners have to integrate with that has a 100-line requirement list for each payment method. This highlights the investment that Boku has already made to meet these requirements and represents a barrier to entry for competitors.

DCB still generating growth

While future growth is likely to predominantly be driven by digital wallets/A2A, DCB is still the main source of revenue and profit for Boku (64% of H125 revenue) and is expected to continue to grow in absolute terms. In our last outlook note, we explained how DCB works and why it has proven so attractive to major merchants of digital content. Boku has experience of managing recurring DCB payments through its work with subscription-based companies like Spotify and Netflix and this is directly applicable to digital wallets/A2A. The table below shows the growth in DCB revenue and the split between payments and bundling.

Exhibit 8: DCB revenue and revenue growth

$m	FY22	FY23	FY24	H124	H125
DCB revenue					
Payments		60.2	64.4	31.5	34.2
Bundling		5.9	8.9	3.9	6.6
Total DCB revenue	57.1	66.1	73.3	35.4	40.8
DCB revenue growth					
Payments			7.0%		8.7%
Bundling			50.0%		69.6%
Total DCB revenue growth		15.8%	10.9%		15.4%

Source: Boku

Bundling describes the service where a carrier offers an additional service alongside its own, such as NowTV alongside Vodafone's TV Play package. This is growing in popularity as a customer acquisition tool; bundling the two services together reduces customer acquisition costs and increases customer retention. So far this year, Boku has launched 63 subscription bundles resulting in 16 million new subscribers for its merchants. This year, Boku will start embedding merchant store fronts within mobile wallet apps, providing merchants with an additional tool for customer acquisition.

Competitive landscape

While the traditional payment processors such as Worldpay and Adyen could represent competition for digital wallets/A2A, they tend to focus on high-volume, standard payment methods, and expect merchants to fit with their way of working rather than the other way round. One merchant customer noted that when it moved from using a card processor to Boku, it saw more than a 35% revenue uplift on the LPM connection; another quoted a 20% uplift. Boku is more likely to see competition from local payment specialists, for example dLocal and Rapyd. Management believes its differentiators are that it has now built up a larger roster of wallet providers than the competition, with an optimised user experience and the ability to manage recurring transactions. Depending on the size of the merchant, it is willing to work with them so that the wallets integrate with their processes, rather than the other way around. Importantly, Boku is building out its network in a compliant manner, ensuring it meets all necessary regulations in the countries in which it operates, so that merchants can trust that they will receive their cash.

The DCB market has consolidated in recent years, with Boku acquiring Fortumo in 2020 and Bango acquiring Docomo Digital (NTT Docomo's DCB business) in 2022. Boku also competes with carriers connecting directly to merchants to provide DCB. We would expect more carriers to migrate to the third-party model to access merchant connections more easily.

Pillar 1: Growth from existing merchants

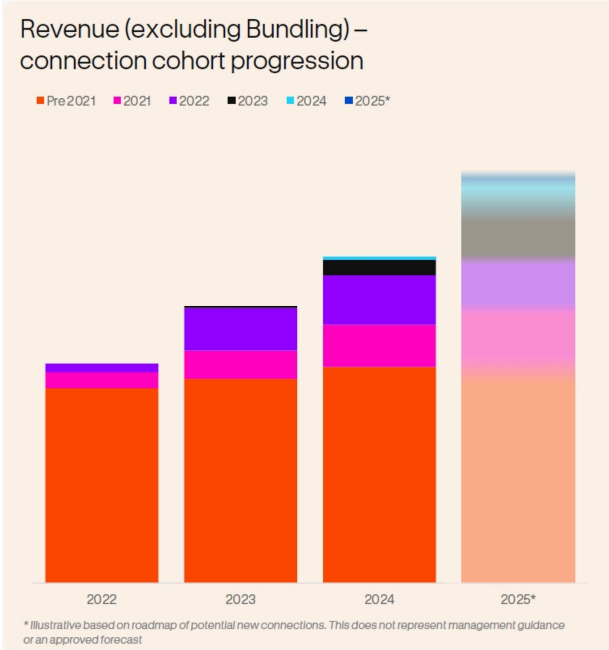
Boku believes it has a good medium-term growth opportunity from its existing merchant base, mainly through connecting them to more potential consumers. The decision on who to connect to tends to be merchant led, but Boku also suggests new connections to merchants, both in terms of new countries and adding new LPMs in existing countries.

At its capital markets event, the company provided a cohort analysis. This shows how the volume generated from a new connection grows over the course of four to five years before reaching maturity. This means that for every new connection made, revenue is layered on top of the existing revenue base. Growth therefore comes from a combination of live connections ramping up, merchants adding new connections, and Boku adding new LPMs to the network.

Exhibit 9: Major merchants using Boku's platform

Source: Boku

Exhibit 10: Cohort analysis



Source: Boku

Amazon relationship an example of opportunity within major merchants

In September 2022, Boku signed a contract to supply its digital wallet and other LPMs to Amazon. Boku is processing payments for Amazon Prime Video subscriptions for customers located in certain countries in South-East Asia and Africa. The contract was signed for seven years. The company launched 13 digital wallets across six countries during FY23. As part of this contract, Boku issued warrants to Amazon to subscribe for up to 11.2m Boku shares based on Amazon achieving certain revenue targets. Boku already provided DCB services for Amazon bundling, although this was one of Boku's less material DCB contracts, and this contract provides the potential for more material revenue flows from Amazon. Management noted that this contract arose from a referral from another major merchant and was won due to Boku's ability to manage subscriptions within wallets.

Pillar 2: Growth from new merchants

The company has grown to its current position from servicing very large global merchants (or mega merchants) with cross-border e-commerce. It defines this group as companies with e-commerce cross-border revenue of at least $5bn per year. It is now keen to extend into the next tier of merchants, enterprise merchants with e-commerce cross-border revenue of $100m–$5bn per year. It plans to address this segment of the market slightly differently, providing a standardised connection to the platform rather than custom integrations.

The sectors targeted are digital subscriptions (which includes SaaS software and AI tools), digital advertising and online travel. The table below shows the market size for each of these verticals and the amount of that market Boku estimates it can service. The company recently signed up Canva as a new merchant thanks to a referral from an existing customer. Canva is an online design and publishing tool that was founded in 2013 and has more than 220 million MAUs across 190 countries. Online travel marks a departure from the company's subscription-based services, with agoda (a sister brand to Booking.com focused on Asia Pacific) recently signing up. While online travel transactions are likely to be more one-off in nature, they will have a much higher value than a monthly streaming subscription.

Exhibit 11: Moving beyond digital entertainment

Vertical	Market size	CAGR	Serviceable opportunity	Case study
Digital subscriptions	$458B	>14%	$135B	Canva
Digital advertising	$800B	>9%	$215B	Meta
Online travel	$1.6T	>10%	$715B	agoda

Source: Juniper Research

Source: Boku

The company provided an update on its progress in delivering this new plan:

- **Product/market fit and go-live testing:** the company has developed a pipeline of c 500 merchants that meet its criteria.
- **Building the leadership team:** by the end of October, the company will have finalised its go-to-market leadership team.
- **Refining the sales and marketing funnel:** this will be delivered by the new leadership team.
- **Building the merchant onboarding machine:** this is ongoing and will aim to reduce the time to revenue by providing a standard API to the platform.

The company expects to see an acceleration in new enterprise merchant sign-ups in 2026.

Pillar 3: Growth from new services

As Boku has grown its business from a DCB-focused service, with monthly unregulated settlements, to one that supports digital wallets and A2A payments, it has had to evolve its back office to be able to support regulated settlements and straight through processing. This includes building relationships with global strategic banks (adding JP Morgan and Standard Chartered to its existing Citi partnership) as well as local banks. It is also making use of digital tools such as Kyriba for real-time cash and liquidity management and Bloomberg for real-time fx risk management. Over the last 18 months, the business has added 12 liquidity partners and 25 bank accounts, created a dual hub across London and Singapore and improved working capital by $30m. It has fx hedging capabilities, has reduced fx trading costs by $200k, and increased automation to support straight-through processing at scale. It has grown the treasury function significantly to manage this transition and, in the process, developed three new areas in which it can offer services to customers.

Currency conversion

Boku can provide currency conversion to merchants by using its network of banking partnerships to achieve the best possible rates. The company has commented that where merchants' treasury teams are looking to outsource this (often for countries in emerging markets), they like the transparency that Boku offers, with Boku's margin clearly visible to them. Boku takes no principal risk on currency. Over the last 18 months, Boku has brought in house fx transactions worth $1bn.

Money movement

Merchants often struggle to get money quickly and reliably out of new or complex markets. Boku has many years' experience in moving money out of these markets and can offer this service to merchants. There is also the potential for Boku to support payouts as well as collections. For example, some merchants are fragmented internally, with collections in one entity and payouts in another, but no in-house netting capability, which could be provided by Boku.

Accelerated payment services

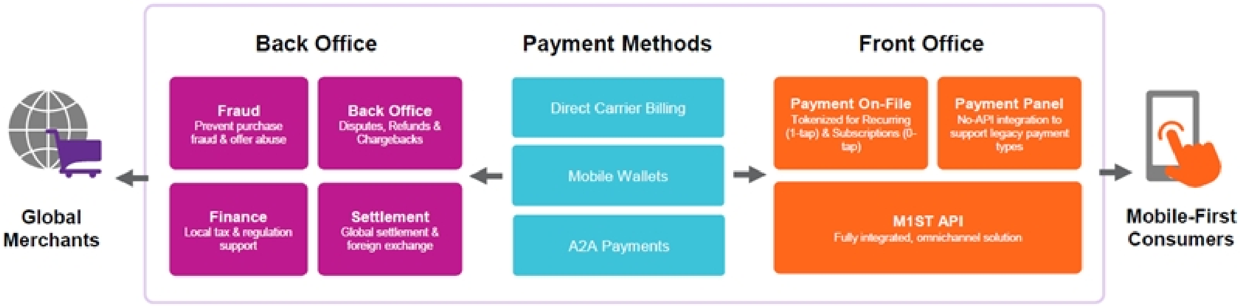
To speed up the settlement process, Boku can offer accelerated payment services. It is also investigating the use of digital assets (stable coins) as on and off ramps to speed up settlement.

We would expect the company to initially start layering these services onto existing payment collection services, enhancing the take rate from those merchants adopting these services. In time, it is possible that certain of these services could be sold to merchants who are not using Boku's payment collection services.

How the platform works

Boku connects all merchants, carriers and LPM providers to its mobile-first payments network. Exhibit 12 shows the main functions of the platform.

Exhibit 12: Boku's platform functionality



Source: Boku

The platform is cloud-based, hosted by AWS in multiple regions running active/active with one second failover. It has a 99.99% uptime service level objective and has designed to be able to cope with up to five times the current volume. The platform was ISO 27001 certified in 2022. The company invests in continuous optimisation of the platform to improve conversion and authorisation rates, with a dedicated testing team and support for merchants in end-to-end testing.

Boku has more than 200 bank accounts across over 30 entities and covering more than 30 different currencies. Its settlement operations for digital wallets/A2A provide daily settlement and merchant reporting (DCB settles less frequently, typically on a monthly basis). It provides funds segregation, reporting to regulators and tax compliance, and its treasury services ensure funds are available to merchants in the right currency and entity, offering competitive fx rates.

The company is using off-the-shelf AI tools such as ChatGPT, Github, Copilot and Cursor and has developed an internal AI chatbot. Boku's on-call teams use AI-assisted debugging and machine learning-based monitoring is used to detect errors and outages across the network.

Regulatory considerations

Operating globally, Boku comes under the remit of a number of different regulatory regimes. It must also comply with anti-money laundering and counter-terrorism financing regulations in the countries in which it operates. DCB tends to be exempted from money transmission regulations as long as transaction limits are respected. As Boku has expanded its offering to digitial wallets/A2A, it is going through the process of obtaining the necessary licences in the territories in which it operates. It can currently process regulated payments in more than 40 markets, with licences in Hong Kong, India, Ireland (passported across the EEA), Malaysia, Singapore, the Philippines, the UK and the US, and with applications and partnerships in several other countries. Recent approvals include:

- **Japan:** approved as a registered payment service provider, which allows it to support e-commerce services such as the deal with Amazon.
- **India:** authorised by the Reserve Bank of India as a payment aggregator in 2024. Live with UPI for a ride-hailing firm.

- **UK:** approved by the Financial Conduct Authority as a payment initiation service provider and account information service provider. Work is underway to secure a similar authorisation in the EU through its authorised entity in Ireland.
- **Brazil:** authorised as an electronic money issuer and payment initiator, which will enable it to join the Pix A2A scheme this year, with the aim of launching in H126.

ESG approach

Boku's ESG strategy and measures can be found here. The company is not subject to the EU corporate sustainability reporting directive.

Environmental

The company's business model, which includes a high level of remote working, results in a very limited carbon footprint compared to traditional industries. Management is committed to continuously exploring and implementing practices to further reduce its environmental impact. The company currently voluntarily reports on Scope 2 emissions and is committed to reporting on Scope 1 and 3 emissions in due course.

- **FY24 achievements:** the company reduced carbon emissions by operating digitally to minimise waste and actively encouraged partners and suppliers to embrace similar carbon reduction initiatives. Certain European offices operate on 100% renewable energy tariffs. Scope 2 emissions reduced by 30% to 108.53tCO_2e in FY24 and the intensity ratio (tCO_2e/$m revenue) reduced from 1.87x to 1.09x over the same period.
- **FY25 targets:** the company is considering enhancing its reporting disclosures related to Scope 1, 2 and 3 emissions in line with the company's growth.

Social

- **FY24 achievements:** the company recruited its first chief people office who is focused on gender diversity as a key area. It has enhanced its recruitment processes to ensure fair, consistent and inclusive hiring processes globally. It has undertaken numerous initiatives to give back to local communities.
- **FY25 objectives:** the company plans to improve its approach to diversity, equity and inclusion including the development of its gender equality programme. It aims to increase participation rates in staff surveys and increase cultural awareness within its employee community.

Governance

- **FY24 achievements:** the company has established a code of ethics to underline the principles it wishes its staff to adhere to.
- **FY25 objectives:** the company continues to work towards full compliance with the updated Quoted Companies Alliance Code.

Financials

We recently updated our forecasts post H125 results. The table below summarises the key metrics. We forecast 20%+ growth in total payment volume (TPV) for FY25–27e, helped by the growing contribution from digital wallets/A2A, which can provide higher per transaction values than for DCB. The take rate in FY25 is helped by the higher phase-in pricing for one merchant. Over time, we expect the take rate to gradually reduce as A2A volumes start to increase in the mix and tiered pricing kicks in for certain large merchants. A2A transactions typically attract much lower take rates as direct bank-to-bank transfers with user authentication they are inherently lower risk. On the upside, the adoption of Boku's newer treasury services has the potential to offset the pressure on take rates. The company estimates that by FY27, the revenue mix between DCB and digital wallets/A2A will become more balanced with new products also starting to become a more meaningful contributor.

The company generates a very high gross margin, with the costs of SMS messages to consumers the main component of cost of sales. As discussed at the capital markets event, the company has been in an investment phase to support the scaling of the business and to develop new product offerings. At the same time, the company has changed how it treats currency conversion costs related to delivery of the service, including them in EBITDA from the start of FY25. We expect margin expansion from FY26 as the pace of investment slows.

Our forecasts are in line with the company's medium-term targets, with a revenue CAGR of 22% for FY24–27e and an adjusted EBITDA margin of 30.2% in FY25e increasing to 34.1% by FY27e.

We note that net cash includes cash owed to merchants. The company regularly discloses 'own cash', which adjusts net cash for cash owing to/from merchants and issuers. At the end of H125, own cash was $87.3m, up from $80.2m at the end of FY24 and $72.9m at the end of FY23. As A2A volumes increase and the company provides faster settlement for other methods, we would expect own cash to grow faster that reported net cash.

The company operates an incentive scheme for management and employees based on restricted stock units. To offset the dilution from the vesting of these units, the company buys back shares. In 2024, it bought back 4.75m shares at a cost of $10.7m and in H125 it acquired a further 5.82m for $12.3m.

Exhibit 13: Financial performance and forecasts, FY22–27e

	FY22	FY23	FY24	FY25e	FY26e	FY27e
TPV ($bn)	8.9	10.5	12.4	15.4	18.8	22.9
Revenue ($m)	63.8	82.7	99.3	127.3	152.6	180.6
Gross profit ($m)	62.0	80.7	96.9	123.6	145.0	171.6
EBITDA ($m)	20.2	25.8	31.4	38.5	48.0	61.6
Normalised operating profit ($m)	15.8	20.4	25.0	30.5	39.1	52.6
Normalised net income ($m)	12.2	17.4	22.4	26.7	33.5	44.1
Reported net income ($m)	28.9	10.1	3.8	15.0	24.8	35.4
Normalised diluted EPS ($)	0.039	0.056	0.071	0.085	0.106	0.139
TPV growth	11.0%	18.6%	17.7%	24.8%	21.7%	21.8%
Take rate	0.72%	0.79%	0.80%	0.82%	0.81%	0.79%
Revenue growth	2.7%	29.7%	20.0%	28.3%	19.9%	18.3%
EBITDA margin	31.7%	31.2%	31.6%	30.2%	31.4%	34.1%
Normalised operating margin	24.7%	24.7%	25.1%	24.0%	25.6%	29.1%
EPS growth	-16.2%	40.9%	27.2%	19.9%	25.3%	30.6%
Net cash ($m)	99.6	117.4	142.3	165.4	259.4	380.2

Source: Boku, Edison Investment Research

Sensitivities

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

1. **Pace of growth from existing merchants:** this will depend on the rate at which merchants complete their roll-out plans, the pace of growth of paid-for digital content, the competitive positioning of major merchants and the adoption of wallets and A2A payments as payment mechanisms.
2. **Customer concentration:** customers contributing over 10% of revenues made up 69% of FY24 revenue (four customers). This had reduced to 54% of H125 revenue (two customers). The loss of any one major merchant could have a material impact on revenues and profitability. In addition, some of the contracts between Boku and merchants or carriers have short notice periods.
3. **Data protection and robustness of the platform:** any loss of customer data or significant downtime for the platform could negatively affect the company's reputation and lead to additional costs in terms of fines and litigation.
4. **Competitive environment:** Boku's platform needs to remain competitive with respect to other third-party DCB providers, carriers that connect directly with merchants and payment processors that serve similar cross-border markets with digital wallets/A2A. The company will also need to stay abreast of changes in the payment market as it expands its service offering to encompass a wider range of LPMs.
5. **Regulation:** changes to money transmission, privacy or anti-money laundering regulations in the countries in which Boku operates may affect revenue generation or increase the cost base.
6. **New product adoption:** the pace of adoption of new services, such as fx conversion and money movement, is difficult to predict. This also brings with it a new set of competitors.

Valuation

The share price has gained 46% over the last year and 83% over the last two years (versus AIM All Share up 13%), in our view reflecting the multiple upgrades to forecasts. On EV multiples, the company is trading at a premium to the average of its payment processor peer group for FY25 and FY26, with revenue growth well ahead of the group average and margins approaching the group average. Considering the company's expanding LPM business, we would expect growth to exceed the wider payment processing market as it takes share from card-based payments justifying a premium rating over peers focused on card-based processing.

Exhibit 14: Peer financial and valuation metrics

	Share price	Market cap	Rev growth		EBITDA margin		EV/Sales		EV/EBITDA		P/E	
		m	CY	NY	CY	NY	CY	NY	CY	NY	CY	NY
Boku	**247.5p**	**734**	**28.3%**	**19.9%**	**30.2%**	**31.4%**	**6.2**	**5.2**	**20.5**	**16.4**	**38.9**	**31.1**
Adyen	€ 1,480.4	46,837	19.0%	23.6%	52.1%	54.9%	14.5	11.7	27.8	21.4	44.0	35.5
Bango	97.5p	75	3.1%	9.8%	31.3%	34.9%	2.1	1.9	6.8	5.5	36.7	16.6
Block	$77.7	47,383	2.5%	9.9%	14.0%	15.5%	1.9	1.7	13.4	11.0	30.1	21.5
dLocal	$15.3	4,500	37.1%	26.7%	25.5%	25.6%	3.8	3.0	15.0	11.7	24.1	18.5
FIS	$67.7	35,365	4.0%	4.4%	41.0%	41.6%	4.5	4.3	10.9	10.3	11.8	10.8
Fiserv	$126.1	68,531	8.5%	7.9%	49.0%	49.4%	4.6	4.3	9.4	8.7	12.4	10.7
Global Payments	$87.7	21,267	1.6%	5.5%	49.5%	49.4%	3.9	3.7	7.8	7.4	7.2	6.4
PayPal	$70.1	66,924	4.1%	5.9%	21.3%	21.4%	2.1	2.0	9.7	9.1	13.4	12.1
Worldline	€ 2.5	703	-2.5%	-1.0%	18.4%	19.0%	0.8	0.8	4.5	4.4	3.0	2.6
Average Payment Processors			**8.6%**	**10.3%**	**33.6%**	**34.6%**	**4.2**	**3.7**	**11.7**	**10.0**	**20.3**	**15.0**

Source: Edison Investment Research, LSEG Data & Analytics. Note: As at 22 October.

However, a DCF analysis that takes into account longer-term growth highlights the potential for significant upside. Using a WACC of 8.5%, long-term growth of 3%, our forecasts to FY27, and revenue growth of 10% and EBITDA margins of 34.1% thereafter results in a value per share of 374p. Taking a very conservative view of 5% growth from FY28 (297p value per share) would still provide upside of 20% to the current share price. Wider adoption of LPMs by existing merchants, adoption of new treasury services and new major merchant sign-ups will be the key drivers of longer-term growth and profits.

Exhibit 15: Financial summary

Year end 31 December	$'m	2020	2021	2022	2023	2024	2025e	2026e	2027e
INCOME STATEMENT		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue		56.4	62.1	63.8	82.7	99.3	127.3	152.6	180.6
Cost of Sales		(4.9)	(1.6)	(1.8)	(2.1)	(2.4)	(3.7)	(7.6)	(9.0)
Gross Profit		51.5	60.5	62.0	80.7	96.9	123.6	145.0	171.6
EBITDA		15.3	22.9	20.2	25.8	31.4	38.5	48.0	61.6
Normalised operating profit		11.6	18.6	15.8	20.4	25.0	30.5	39.1	52.6
Amortisation of acquired intangibles		(2.2)	(1.9)	(1.0)	(2.2)	(1.4)	(1.4)	(0.8)	(0.8)
Exceptionals		(21.1)	0.4	(1.6)	(0.9)	(6.8)	(0.5)	0.0	0.0
Share-based payments		(4.9)	(6.4)	(5.2)	(7.6)	(10.5)	(10.2)	(10.2)	(10.2)
Reported operating profit		(16.7)	10.6	8.0	9.7	6.2	18.4	28.0	41.5
Net Interest		(0.6)	(0.7)	(0.5)	1.6	3.4	3.2	3.3	3.3
Exceptionals		0.0	0.0	(3.5)	0.1	(3.4)	(2.8)	0.0	0.0
Profit Before Tax (norm)		11.0	17.8	15.3	22.1	28.4	33.8	42.4	55.9
Profit Before Tax (reported)		(17.3)	9.9	4.1	11.4	6.2	18.8	31.3	44.8
Reported tax		(1.5)	1.9	0.2	(1.3)	(2.4)	(3.9)	(6.6)	(9.4)
Profit After Tax (norm)		8.8	14.3	12.2	17.4	22.4	26.7	33.5	44.1
Profit After Tax (reported)		(18.8)	11.8	4.3	10.1	3.8	15.0	24.8	35.4
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued operations		0.0	(5.5)	24.6	0.0	0.0	0.0	0.0	0.0
Net income (normalised)		8.8	14.3	12.2	17.4	22.4	26.7	33.5	44.1
Net income (reported)		(18.8)	6.3	28.9	10.1	3.8	15.0	24.8	35.4
Basic ave. number of shares outstanding (m)		273.8	294.0	298.3	297.9	300.4	297.6	298.1	301.1
EPS - basic normalised ($)		0.03	0.05	0.04	0.06	0.07	0.09	0.11	0.15
EPS - diluted normalised ($)		0.03	0.05	0.04	0.06	0.07	0.08	0.11	0.14
EPS - basic reported ($)		(0.07)	0.02	0.10	0.03	0.01	0.05	0.08	0.12
Dividend ($)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue growth (%)		12.5	10.1	2.7	29.7	20.0	28.3	19.9	18.3
Gross Margin (%)		91.3	97.5	97.2	97.5	97.6	97.1	95.0	95.0
EBITDA Margin (%)		27.1	36.9	31.7	31.2	31.6	30.2	31.4	34.1
Normalised Operating Margin		20.5	30.0	24.7	24.7	25.1	24.0	25.6	29.1
BALANCE SHEET									
Fixed Assets		69.8	84.4	77.2	77.3	77.6	77.3	76.8	76.4
Intangible Assets		65.6	63.1	56.2	56.6	56.5	56.4	56.1	55.8
Tangible Assets		3.8	5.3	3.9	3.5	3.2	3.0	2.9	2.7
Investments & other		0.5	16.0	17.0	17.1	17.9	17.9	17.9	17.9
Current Assets		155.2	145.3	212.8	297.9	328.7	452.6	667.9	943.0
Stocks		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debtors		92.5	82.9	90.5	146.9	151.2	251.9	373.3	527.6
Cash & cash equivalents		61.3	56.7	99.6	117.4	142.3	165.4	259.4	380.2
Other		1.4	5.8	22.8	33.6	35.2	35.2	35.2	35.2
Current Liabilities		(139.7)	(122.1)	(157.8)	(233.3)	(255.9)	(363.8)	(543.7)	(772.7)
Creditors		(136.8)	(119.6)	(156.3)	(231.4)	(252.9)	(360.8)	(540.6)	(769.6)
Tax and social security		0.0	0.0	(0.2)	(0.5)	(2.0)	(2.0)	(2.0)	(2.0)
Short term borrowings		(1.4)	(1.1)	0.0	0.0	0.0	0.0	0.0	0.0
Other		(1.4)	(1.3)	(1.3)	(1.4)	(1.0)	(1.0)	(1.0)	(1.0)
Long-Term Liabilities		(13.6)	(12.3)	(8.7)	(8.4)	(12.7)	(12.7)	(12.7)	(12.7)
Long-term borrowings		(10.8)	(6.7)	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities		(2.8)	(5.7)	(8.7)	(8.4)	(12.7)	(12.7)	(12.7)	(12.7)
Net Assets		71.8	95.3	123.6	133.5	137.7	153.4	188.4	234.0
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity		71.8	95.3	123.6	133.5	137.7	153.4	188.4	234.0
CASH FLOW									
Op Cash Flow before WC and tax		15.3	22.9	20.2	25.8	31.4	38.5	48.0	61.6
Working capital		20.1	(7.1)	27.9	16.5	18.6	7.2	58.5	74.7
Exceptional & other		(3.8)	(3.5)	1.8	(1.4)	(7.4)	(0.5)	0.0	0.0
Tax		(0.3)	(0.4)	(0.3)	(0.3)	(0.6)	(3.9)	(6.6)	(9.4)
Net operating cash flow		31.3	11.9	49.7	40.6	42.0	41.2	99.9	126.9
Capex		(3.4)	(5.8)	(5.3)	(5.9)	(7.5)	(7.9)	(8.2)	(8.3)
Acquisitions/disposals		(36.6)	0.0	26.5	5.6	0.0	0.0	0.0	0.0
Net interest		(1.0)	(0.6)	(0.2)	1.6	3.6	3.2	3.3	3.3
Equity financing		26.2	1.1	(1.4)	(7.1)	(7.2)	(12.3)	0.0	0.0
Dividends		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other		(2.6)	(6.1)	(12.7)	(18.0)	(3.3)	(1.1)	(1.1)	(1.1)
Net Cash Flow		13.8	0.5	56.6	16.9	27.6	23.1	94.0	120.8
Opening net debt/(cash)		(32.6)	(49.0)	(48.8)	(99.6)	(117.4)	(142.3)	(165.4)	(259.4)
FX		1.3	(0.6)	(5.6)	0.9	(2.6)	0.0	0.0	0.0
Other non-cash movements		1.2	(0.1)	(0.3)	0.0	0.0	0.0	0.0	0.0
Closing net debt/(cash)		(49.0)	(48.8)	(99.6)	(117.4)	(142.3)	(165.4)	(259.4)	(380.2)

Source: Boku, Edison Investment Research

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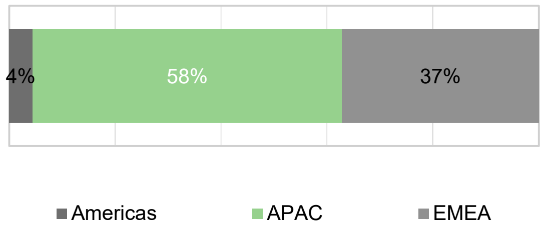
Revenue by geography



Management team

CEO: Stuart Neal

Stuart was appointed CEO on 1 January 2024. He was previously CFO from 2012–14 and 2017–19 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. Before that, he was chief commercial officer at Vocalink PaybyBank app (acquired by Mastercard), building distribution channels and creating merchant demand. He was also commercial director at Barclaycard, where he oversaw the roll-out of contactless payments to merchants across the UK market. He previously held senior commercial and finance positions at several blue-chip companies including GlaxoSmithKline, Worldcom and Virgin Media.

CFO: Robert Whittick

Rob, a chartered accountant, joined the executive team and board in July 2024, bringing over 25 years of experience in financial services. Rob's career spans a range of senior leadership roles within NatWest Group, where he held positions across the Treasury, Corporate and Institutional Banking, and Asia-Pacific business franchises. In 2014, he was appointed finance director for the Commercial and Private Banking Franchise. He was subsequently appointed as group chief of staff in 2019, where he served as a member of the group executive committee and reported directly to the CEO. In addition to his executive career, in 2024, Rob completed a three-year tenure as a non-executive director of Motability Operations Group where he was a member of both the board and audit committee

Non-executive chair: Richard Pennycook

Richard Pennycook joined Boku on 1 August 2025 as non-executive chair. He is currently non-executive chair of On The Beach Group PLC and previously served as chairman of Howdens Joinery Group PLC. Prior to his non-executive career, Richard had a 30-year executive career, most recently at The Co-Operative Group, where he served as CEO from 2013 to 2017. Prior to the Co-Op, he held executive board roles at a number of public companies, including Wm Morrison Supermarkets, RAC, HP Bulmer Holdings, Laura Ashley Holdings and J D Wetherspoon.

Principal shareholders	%
Octopus Investments	11.61
Vitruvian Partners	9.47
Blackrock Investment Management	8.89
Boku directors and related parties	5.81
aberdeen	5.36
Canaccord Genuity Wealth Management	3.57
Charles Stanley	3.33

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