Interim Report 2024

Boku, Inc.

Interim Report for six months ended 30 June 2024

Aiming to be the world's best localised payments partner for global commerce

Most purchases online are not paid for with cards, they are paid through countless numbers of local payment methods, all different and incompatible.

Boku builds custom connections to these payment methods, incorporating bespoke features that help our merchants to reach more customers worldwide including those customers who are currently unbanked or under banked.

Our Network

Connecting to over **300** local payment methods (LPMs), creating a global network 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.

Google Microsoft NETFLIX Meta Spotify amazon SONY

Geography

Our payments network now reaches over **300** local 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.

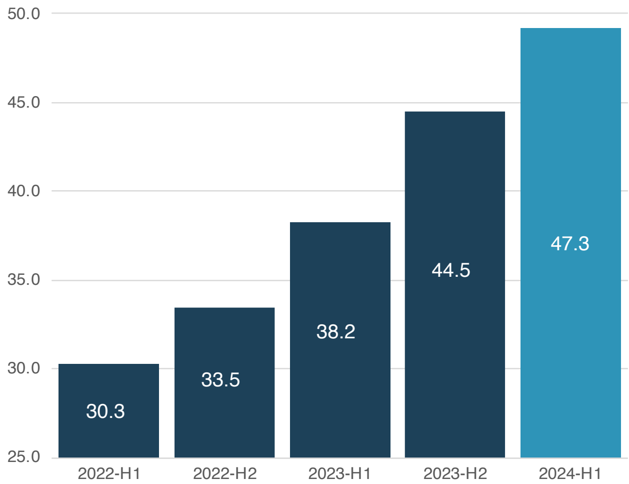
Contents

Interim Management Report

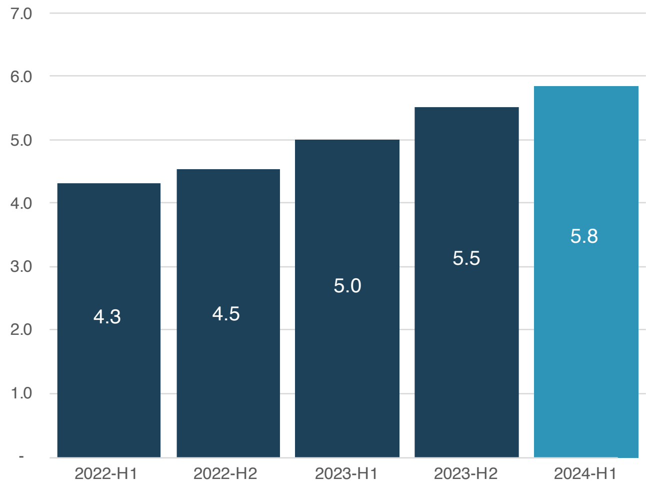
Financials

Highlights

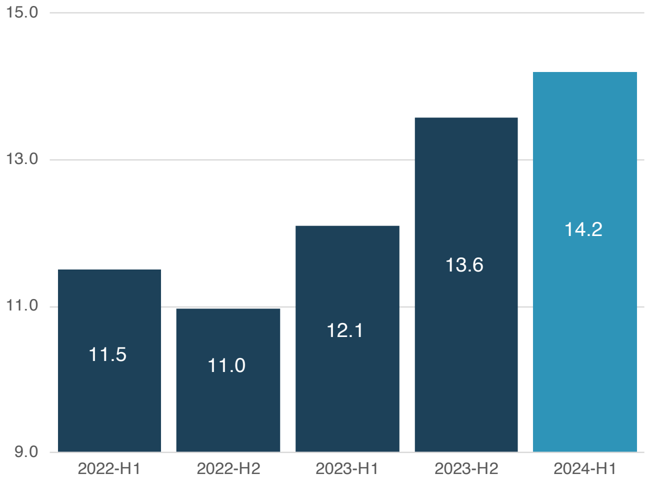
Revenue $USD millions (m)



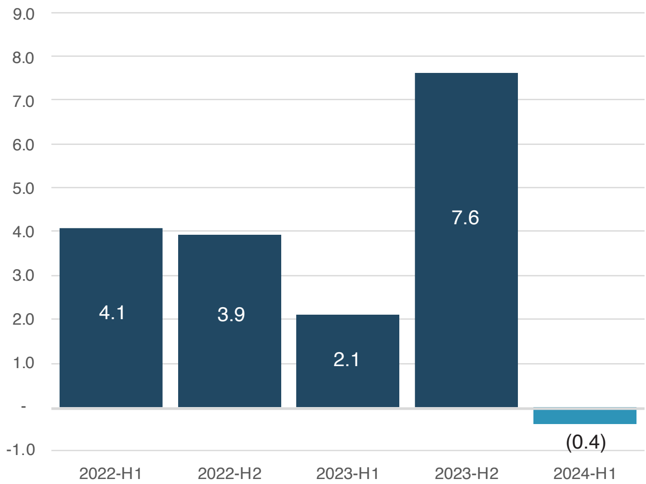
Total Payment Volumes $USD billions (bn)



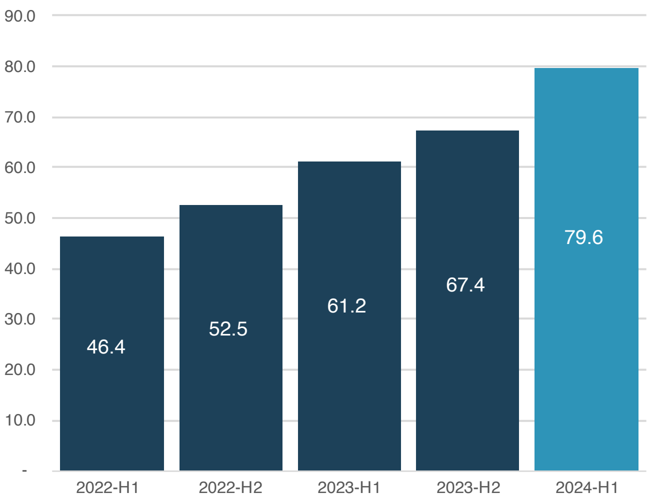
Adjusted EBITDA $USD millions (m)



Operating Profit / (Loss) $USD millions (m)

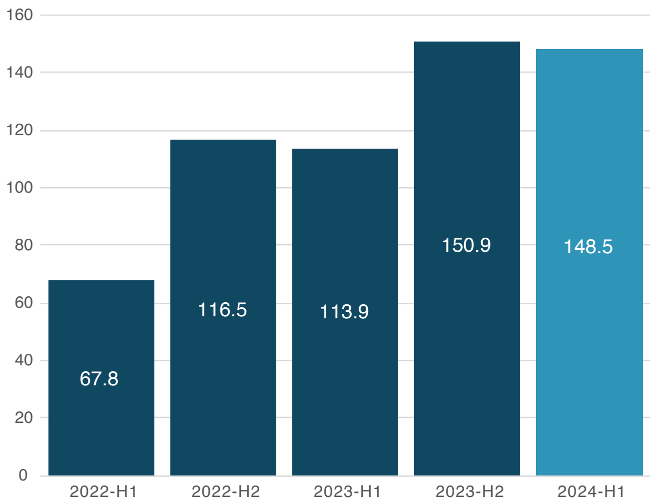


Monthly Active Users millions (m)



MAUs in month of period end, includes all LPMs

Closing Cash Balance $USD millions (m)



Chief Executive Officer's Report

The first half of 2024 has seen Boku continue to demonstrate solid revenue growth, following on from a very strong 2023. As presented at the FY 2023 results, 2024 will be a year of continued top line growth, largely from existing merchants, coupled with increased investment in the business as we lift our ambition to be the world's best localised payments partner for global commerce.

The planned investment comes in four focused areas:

- Investment in the functionality required to deliver the next wave of growth opportunities for our existing merchants (some of which are scheduled to technically land in Q4 2024)
- Investment to scale our business to attack the global commerce market, allowing for a wider range of LPMs and market-leading money movement capabilities
- Investment to fund R&D projects to design and build an off-the-shelf Boku product that can target a wider set of global merchants (either directly or via channel partners)
- Investment in our delivery capability to ensure that the whole company can scale efficiently and maintain good operational gearing

We believe that the above initiatives are fully costed within existing analyst projections and covered with existing cash reserves.

More of the same in H1

Revenues in the period were up 24% (30% if you remove the impact of exchange rate movements, largely the negative impact of a depreciating Japanese Yen over the period).

It is pleasing to see continued double-digit growth in our Direct Carrier Billing (DCB) product, proving once again its resilience and the value added for our merchants. DCB allows consumers to make digital purchases and charge those purchases to their phone bill, which is settled at the end of the billing period. In that regard, DCB is the original Buy Now Pay Later (BNPL) product. It is for this reason that it proves to be a highly effective way for merchants to attract more users in any given market. We have seen continued strong performance in heritage DCB markets such as Germany, UK, Japan, Taiwan, Switzerland and Saudi Arabia, as well as a general ramp in demand across the Middle East.

Digital wallets and Account to Account (A2A) payments have kicked on again and during H1 comprised 25% of total Group revenues. We now have expansion plans for these products with all of our key merchants in new and existing markets. Thus, it is our expectation that the product mix within our business will continue to see an increasing shift towards these payment types.

It is by design that our success is directly linked to the success of our merchants. Being useful for our merchants is key to the ongoing success of our business, which is why Monthly Active Users are tracked as a measure of how we have performed for our merchants. In June 2024, 79.6m users successfully completed a transaction using the Boku platform to access the services provided by our merchants, 30% more users than did so in June 2023.

An operating loss of $0.4m was reported for the six months to 30 June 2024 (H1 2023: operating profit $2.1m). This was primarily due to increases in foreign exchange revaluation losses on non-USD balances, accelerated amortisation charges relating to a legacy platform and higher share-based payment expenses driven by increases in both the number of awards granted and our share price.

Chief Executive Officer's Report

Innovate or die

Juniper research points to the global ecommerce market growing to $11 trillion (tn) by 2028 and 59% of this total payment volume is expected to be via Local Payment Methods (LPMs). (Boku & Juniper Research, 2024)[1]

Boku already possesses a formidable set of assets to be successful in this market – we serve some of the largest and most exacting merchants in the world, we have high quality connections to c.300 individual LPMs, licenses to move money in 60 countries and a flexible set of connections that offer card-like conversion rates. Put simply, we remove complexity for our merchants as they attempt to grow their businesses internationally.

To fully maximise the long-term potential for Boku, we are now adding scaling capabilities as described below.

With the addition of A2A payments to our network, consumer funds will be flowing through our regulated bank accounts in real time. A significant emphasis is being placed on compliance, segregation of funds, automated reconciliation and faster settlement of funds, both domestically and cross border.

To deliver a differentiated global money movement capability, over the next 6-9 months we are building a sophisticated treasury platform, supported by a number of tier one banking partners, offering best in market payments capability and foreign exchange rates for our merchants.

Scaling the back end of our platform will allow for strong margin growth as Boku rolls out to the broader ecommerce market and adds new payment products in new geographies such as UPI in India and PIX in Brazil.

In addition to scaling the platform, we also welcomed some new executives to the Boku leadership team during H1, who will add vast experience and knowhow when it comes to helping the business navigate the tricky step from start up to scale up. Victoria Rogers (formerly AO.com) joined as Chief People Officer, Paul Jarrett (formerly Zepz) joined as Global Head of Banking and Rob Whittick (formerly NatWest Bank) joined as our new Chief Financial Officer. I am excited to see what the combination of existing Boku leadership talent and our new executives will deliver as we grow.

Outlook for the year

We reiterate our expectation that 2024 will be a year of solid top line growth that is in turn funding an increase in investment – with Adjusted EBITDA margins staying broadly flat on 2023. We remain confident that we will achieve expectations for the full year.

Once again, I would like to offer a huge note of thanks to the 452 Boku colleagues around the world, whose incredible talent and energy have helped to deliver these results and provide a springboard for what's to come.

Stuart Neal
Chief Executive Officer
24 September 2024

1. Boku & Juniper Research, 2024. 2024 Global Ecommerce Report. Available at: https://www.boku.com/boku-knows/2024-boku-global-ecommerce-report.

Chief Financial Officer's Report

Introduction and thank you

I am pleased to present my first interim report as CFO of Boku. Since my arrival in July, I have been warmly welcomed by colleagues across the company. My particular thanks to Keith for ensuring a smooth transition.

I have been thoroughly impressed by the dedication, talent, and innovative spirit that defines the Boku team. Our global payments platform is market leading in the DCB and other LPM arenas with an impressive list of merchants and an extensive, growing network of issuers across the world.

As we look forward, I am excited about the future of Boku. Together, we will continue to build on our successes, leveraging our strengths to drive sustainable growth for our customers and long-term value for our shareholders. We aim to become the world's best network for localised payment methods, and I am delighted to be part of that journey. With over 25 years of experience in the financial services sector, I look forward to contributing to our shared vision and helping steer the company towards new and ambitious goals.

A summary of our financial and operational highlights for the six months to 30 June 2024 are set out below:

Financial Highlights	H1 2024	H1 2023[2]	% change
	$'000	$'000	
Revenue	47,284	38,174	24%[3]
of which			
DCB	*35,392*	*30,921*	*14%*
Other LPMs	*11,892*	*7,253*	*64%*
Adjusted EBITDA[4]	14,213	12,081	18%
Adjusted Operating Expenses[5]	31,706	24,777	28%
Adjusted EBITDA Margin[6]	30.1%	31.6%	–
Operating (Loss)/ Profit	(396)	2,107	–
Cash Balances	148,500	113,866	30%
Average Daily Cash Balances in June	138,610	105,777	31%
Own cash[7]	75,206	54,434	38%

Operational Highlights	H1 2024	H1 2023	% change
Total Payment Volumes (TPV)	$5.8bn	$5.0bn	16%[8]
Take Rates	0.81%	0.76%	7%
Monthly Active Users (MAU) in June	79.6m	61.2m	30%
New users in the six months to June	39.9m	32.7m	22%

2. The prior period to 30 June 2023 has been restated to exclude the fair value gain on warrants from administrative expenses, further details can be found in note 2. Additionally, right-of use assets have been restated, resulting in a reduction in depreciation, further details can be found on pages 17 to 18.
3. 30% on a constant exchange rate basis
4. 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 pages 17 to 18 for further details).
5. Defined as gross profit less Adjusted EBITDA.
6. Calculated as Adjusted EBITDA over revenue for the period.
7. Own cash is a non-IFRS measure calculated as cash held plus amounts due from issuers less amounts owed to merchants.
8. 26% on a constant exchange rate basis

Chief Financial Officer's Report

Comments on overall performance

Our growth remains positive, with revenue increasing by 24% to $47.3m (30% on a constant exchange rate basis) over the first six months of the year (H1 2023: $38.2m). Building on the momentum from last year, we achieved meaningful revenue growth from other LPMs which now accounts for 25% of total revenues. This was underpinned by our strategic initiatives focused on enhancing and expanding our product offering in this area. Our DCB product also continues to perform well reporting double digit growth in the period. Despite investment we have increased our Adjusted EBITDA by 18% to $14.2m (H1 2023: $12.1m) and maintained an Adjusted EBITDA margin of greater than 30% underscoring our efficient operational management and cost-control measures.

The growth trajectory is maintained

Supporting our customers has always been the cornerstone to Boku's growth story. By continuously enhancing our offering we have not only retained our loyal customer base but also attracted new customers in new markets. This is reflected in our revenue growth of 24% (30% on a constant exchange rate basis) which has been primarily driven by a 16% increase in TPV (26% on a constant exchange rate basis) to $5.8bn (H1 2023: $5bn).

The increased TPV is underpinned by a 30% increase in MAU to 79.6m in June 2024 (H1 2023: 61.2m), together with adding 39.9m new users in the six-month period (H1 2023: 32.7m), reflecting our continued efforts in adding new connections for our global merchants across existing and new markets. We completed over 50 new launches in multiple jurisdictions across all LPMs - DCB, digital wallets and A2A in H1 2024 with both new and existing merchants including Netflix, Sony and Google.

A significant portion of our revenue growth came from other LPMs - digital wallets and A2A - where revenue increased by 64% to $11.9m. This was supported by increases in new users of 46% to 9.2m and increased MAU of 86% to 8.8m across these other LPMs.

Our take rate has also increased to 0.81% in the six months to 30 June 2024 (from 0.76% H1 2023) which was largely due to higher take rates in other LPM products – specifically digital wallets.

Looking ahead, our growth trajectory remains positive and promising. The expanding addressable market together with our relentless focus on meeting customer needs through innovation and operational excellence will continue to drive us forward.

Investment continues while maintaining Adjusted EBITDA margin

To support and sustain our growth, we are committed to continued investment while maintaining an Adjusted EBITDA margin of over 30%. Consequently, while our Adjusted operating expenditure has increased by 28% to $31.7m (H1 2023: $24.8m) our Adjusted EBITDA increased by 18% to $14.2m (H1 2023 $12.1m), resulting in an Adjusted EBITDA margin of 30.1% (H1 2023: 31.6%).

As noted by Stuart above, our investment strategy is centred on both enhancing our product offering and strengthening our delivery capability to make it scalable for the future. This approach ensures that we can drive innovation and expansion, allowing us to capitalise on growth opportunities while maintaining strong financial performance.

Chief Financial Officer's Report

Review of operating expenses and other items

Boku reported a small operating loss of $0.4m for the first six months of 2024 compared to an operating profit of $2.1m in the previous half year. Key items contributing to this loss are as follows:

- Depreciation and Amortisation charges have increased to $3.8m from $3m in H1 2023 due to the accelerated decommissioning of a legacy platform related to a prior acquisition.
- Share-based payment charges have increased to $5.8m from $4m in H1 2023 primarily due to the increased number of share awards granted and an increase in our share price. Boku has a policy of making annual RSU awards to all staff which vest in full over 3 years. These share awards are satisfied from treasury stock as part of our share buyback programme which is discussed in more detail below.
- Foreign exchange losses of $4.8m were reported in the period compared to losses of $3.1m in H1 2023. This is largely driven by losses on the revaluation of non-USD balances during the period.

Other notable items below the operating loss line are as follows:

- A fair value loss on the Amazon warrants of $3.3m was reported in the period compared to a fair value gain of $0.02m in H1 2023 reflecting increases in our share price. See note 8 for further detail.
- Interest income has increased to $1.6m from $0.5m in H1 2023 as more funds were moved to longer term deposits.

The Group reported a Basic loss per share of $(0.0036) (H1 2023: EPS $0.0060).

Ongoing cash generation continues to strengthen our balance sheet

Cash Generation

Boku continues to operate debt-free and generate positive cash flows. As at 30 June 2024 the group held cash balances of $148.5m which was up 30% from $113.9m in H1 2023 (FY 2023: $150.9m) and average daily cash balances in June of $138.6m which were up 31% from $105.8m in June 2023 (December 2023: $131.7m). At 30 June 2024, $75.2m is Boku's 'own' cash which was up 38% from $54.4m in H1 2023 (FY 2023: $70.4m). It is encouraging to see the business enhancing its cash generating capabilities which will allow us to make the necessary investments to drive future growth as noted above.

The 30 June 2024 cash balance includes $3m of cash received from Danal relating to the exercise of warrants granted upon acquisition of Danal. See note 8 for further details.

Share Buyback

The cash balance above is stated after the purchase of 700,000 of Boku's own shares in the first six months of 2024 for a total consideration of $1.6m as part of its share buyback programme. As explained in Note 10, this programme has now expired.

Intangibles

As at 30 June 2024, the Group had goodwill of $41.8m (FY 2023: $42.2m) and other intangibles of $14.8m (FY 2023: $14.4m). As at 30 June 2024, no impairment was required.

Deferred Tax Asset

Our deferred tax asset increased to $17.7m from $15.3m as at 31 December 2023. This is primarily due to recognition of previously unrecognised tax losses.

Chief Financial Officer's Report

Principal Risks and Uncertainties

For the six months to 30 June 2024, the principal risks and uncertainties of the Group remain consistent with those previously reported in the Annual Report and Accounts for the year-ended 31 December 2023. For more details on the Group's risk management, please refer to the 'Principal Risks and Uncertainties' section on pages 16 to 20 of the Annual report.

Going Concern

The Group has undertaken a detailed going concern assessment, reviewing its current and projected financial performance and position, including forecast cash flows. The Directors are satisfied that the Group has sufficient cash resources over the period of at least 12 months from the date of approval of the condensed consolidated financial statements. As such, the condensed consolidated interim financial statements have been prepared on a going concern basis.

Looking forward

As I look ahead, our investment narrative remains clear. We anticipate continued volume increases as we tap into an expanding addressable market. Our commitment to supporting merchant growth will drive our ongoing investment in our products, while we also enhance our delivery capability to ensure scalability. Our goal is to be the leading network for localised payment methods globally and I am confident we can meet that ambition.

Robert Whittick
Chief Financial Officer
24 September 2024

Cautionary Statement

Boku has made forward-looking statements in this financial information, including statements about the market and benefits of its products and services; financial results; product development plans; the potential benefits of business relationships with third parties and business strategies. The Group considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risk and uncertainty that may cause actual results and the financial performance of the Group to differ materially from those contained in any forward-looking statement. These statements are made by the Directors in good faith based on the information available to them and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors underlying any such forward-looking information.

Condensed Consolidated Statement of Comprehensive Income

	Note	**Unaudited Six months ended 30 June 2024 $'000**	Unaudited* Six months ended 30 June 2023 $'000
Revenue	5	47,284	38,174
Cost of providing services		(1,365)	(1,316)
Gross profit		**45,919**	**36,858**
Administrative expenses		(46,315)	(34,854)
Other income		-	103
Operating (loss)/ profit		**(396)**	**2,107**
Fair value (loss)/ gain on warrants	8	(3,279)	18
Finance income	6	1,637	474
Finance expense	6	(115)	(150)
(Loss)/ profit before tax		**(2,153)**	**2,449**
Income tax benefit/ (expense)		1,084	(649)
(Loss)/ profit for the period		**(1,069)**	**1,800**
(all attributable to equity holders of the parent)			
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(1,063)	1,141
Other comprehensive (loss)/ income for the period, net of tax		**(1,063)**	**1,141**
Total comprehensive (loss)/ income for the period		**(2,132)**	**2,941**
(all attributable to equity holders of the parent)			
Earnings per share for loss/profit attributable to equity holders of the parent		USD	USD
Basic (loss)/ earnings per share		(0.0036)	0.0060
Diluted (loss) / earnings per share		(0.0036)	0.0055
Alternative performance measures			restated*
Adjusted EBITDA[1]		**14,213**	**12,081**

*The prior period to 30 June 2023 has been restated to exclude the fair value gain on warrants from administrative expenses. Further details can be found in note 2.

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 pages 17 to 18 for further details).

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

Condensed Consolidated Statement of Financial Position

	Note	Unaudited 30 June 2024 $'000	Audited 31 December 2023 $'000
Assets			
Non-current assets			
Property, plant and equipment		771	758
Right-of-use assets		3,232	2,784
Intangible assets		56,645	56,620
Warrant contract assets	8	1,954	1,840
Deferred tax assets		17,660	15,306
Total non-current assets		**80,262**	**77,308**
Current assets			
Trade and other receivables		139,016	148,522
Warrant contract assets		226	122
Cash and cash equivalents	7	148,500	150,859
Total current assets		**287,742**	**299,503**
Total assets		**368,004**	**376,811**
Current liabilities			
Trade and other payables		214,509	233,049
Current tax payable		778	509
Current lease liabilities		1,362	1,370
Total current liabilities		**216,649**	**234,928**
Non-current liabilities			
Other payables		1,537	979
Deferred tax liabilities		126	182
Warrant liabilities	8	9,089	5,511
Non-current lease liabilities		2,173	1,682
Total non-current liabilities		**12,925**	**8,354**
Total liabilities		**229,574**	**243,282**
Net assets		138,430	133,529
Equity			
Share capital	10	29	29
Other reserves		256,895	255,249
Foreign currency translation reserve		(5,781)	(4,718)
Treasury reserve	10	(2,018)	(6,628)
Retained losses		(110,695)	(110,403)
Total equity **(all attributable to equity holders of the parent)**		**138,430**	**133,529**

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

Condensed Consolidated Statement of Changes in Equity

	Share capital	Other reserves	Foreign currency translation reserve	Treasury shares reserve	Accumulated losses	Total
	$'000	$'000	$'000	$'001	$'000	$'000
Balance at 1 January 2023	29	252,385	(6,290)	(1,835)	(120,713)	123,576
Profit for the period	-	-	-	-	1,800	1,800
Other comprehensive income	-	-	1,141	-	-	1,141
Total comprehensive income for the period	**-**	**-**	**1,141**	**-**	**1,800**	**2,941**
(all attributable to equity holders of the parent company)						
Transactions with owners in their capacity as owners						
Loss on treasury shares	-	-	-	269	(269)	-
Issue of share capital upon exercise of stock options and RSUs	-	40	-	-	-	40
Share-based payments expense	-	3,559	-	-	-	3,559
Taxation adjustment on share-based payments	-	-	-	-	(55)	(55)
Acquisition of treasury shares	-		-	(5,460)	-	(5,460)
Issue of treasury shares to employees	-	(5,008)	-	5,008	-	-
Balance at 30 June 2023	29	250,976	(5,149)	(2,018)	(119,237)	124,601
Balance at 1 January 2024	29	255,249	(4,718)	(6,628)	(110,403)	133,529
Loss for the period	-	-	-	-	(1,069)	(1,069)
Other comprehensive loss	-	-	(1,063)	-	-	(1,063)
Total comprehensive loss for the period	**-**	**-**	**(1,063)**	**-**	**(1,069)**	**(2,132)**
(all attributable to equity holders of the parent company)						
Transactions with owners in their capacity as owners						
Issue of share capital	-	3,000	-	-	-	3,000
Issue of share capital upon exercise of stock options	-	428	-	-	-	428
Share-based payments expense	-	4,412	-	-	-	4,412
Taxation adjustment on share-based payments	-	-	-	-	777	777
Acquisition of treasury shares	-	-	-	(1,584)	-	(1,584)
Issue of treasury shares to employees	-	(6,194)	-	6,194	-	-
Balance at 30 June 2024	29	256,895	(5,781)	(2,018)	(110,695)	138,430

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

Condensed Consolidated Statement of Cash Flows

	Note	Unaudited Six months ended 30 June 2024 $'000	Unaudited Six months ended 30 June 2023 $'000
Operating activities			
(Loss)/ profit after tax		**(1,069)**	**1,800**
Adjustments:			
Income tax (benefit)/expense		(1,084)	649
Amortisation of intangible assets		2,802	2,061
Depreciation of property, plant and equipment		987	1,041
Loss on disposal of property, plant and equipment		-	2
Fair value adjustment on warrant valuations		3,279	(18)
Amortisation of warrant assets		81	76
Finance income and expenses	6	(1,522)	(324)
Foreign exchange loss/ (gain) (unrealised)		1,535	(707)
Share-based payments expense		4,413	3,559
Operating gain before working capital changes		**9,422**	**8,139**
Decrease\(increase) in trade and other receivables		8,009	(3,012)
(Decrease) in trade and other payables		(15,680)	(2,892)
Cash generated from operations		**1,751**	**2,235**
Income taxes paid		(159)	(118)
Net cash from operating activities		**1,592**	**2,117**
Investing activities			
Purchase of property, plant and equipment		(267)	(133)
Payments for internally developed software		(3,461)	(2,617)
Interest received	6	1,637	474
Net cash used in investing activities		**(2,091)**	**(2,276)**
Financing activities			
Principal elements of lease payments		(750)	(625)
Interest paid	6	(115)	(150)
Proceeds on Issue of shares	8	3,000	-
Issue of share capital on exercise of options & RSUs		428	40
Acquisition of treasury shares		(1,584)	(5,460)
Proceeds on sale of treasury shares		-	2,333
Net cash from/ (used in) financing activities		**979**	**(3,862)**
Net increase/ (decrease) in cash and cash equivalents		480	(4,021)
Effect of foreign exchange rate changes on cash and cash equivalents		(2,839)	1,374
Cash and cash equivalents at beginning of period		150,859	116,513
Cash and cash equivalents at end of period	7	**148,500**	**113,866**

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

Notes to the Condensed Consolidated Financial Statements

1. General information

Boku, Inc., a public limited company, incorporated and domiciled in the United States of America, is the parent company (Parent Company or Parent) for all of its subsidiaries (together Boku or the Group). The shares of the Company are quoted on AIM, a market of the London Stock Exchange Group plc. The registered office of the Company is 660 Market Street, Suite 400, San Francisco, CA 94104, United States.

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

The condensed consolidated financial statements were approved for issue on 23 September 2024.

2. Basis of preparation

The annual financial statements of the Group will be prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The condensed consolidated financial statements included in this interim report are for the six months ended 30 June 2024 and have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). The condensed consolidated financial statements have been independently reviewed, not audited.

The disclosures in these condensed consolidated financial statements do not include the information reported for full annual financial statements and should therefore be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023. Comparative condensed consolidated statement of financial position is extracted from annual financial statements as at 31 December 2023 whereas comparative condensed consolidated statement of comprehensive income, consolidated condensed statement of changes in equity and condensed consolidated statement of cash flows are extracted from un-audited condensed consolidated financial statements of the Group for the six-month period ended 30 June 2023.

In the six months ended 30 June 2024 the Group did not adopt any new standards or amendments issued by the IASB or interpretations by the IFRS Interpretations Committee (“IFRIC”) that would have had a material impact on the condensed consolidated financial statements.

2.1 Going concern

The Group meets its day-to-day working capital requirements through its own cash balances. The Group has undertaken a detailed going concern assessment, reviewing its current and projected financial performance and position, including forecast cash flows. The downside scenario considered revenue falling between 31% and 55%. The downside scenario, outlining the impact of a severe but plausible adverse case, shows that there is sufficient headroom for liquidity for at least the next 12 months from the date of approval of these condensed interim financial statements. Thus, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future and meet its financial obligations as they fall due for a period of not less than 12 months from the date of approving this interim report. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

2.2 Alternative performance measures (APMs)/ Non-GAAP measures

Management regularly uses APMs internally to understand, manage and evaluate the business performance and make operating decisions. These measures are among the primary factors management uses in planning for and forecasting future periods. The primary APMs are EBITDA, Adjusted EBITDA, Adjusted Operating expenses and Constant exchange rate revenues which management considers are relevant in understanding the Group’s financial performance. Further information about these APMs together with a reconciliation to operating profit are disclosed at the end of this report.

Notes to the Condensed Consolidated Financial Statements

2.3 Restatement

The condensed consolidated statement of comprehensive income for the six months ended 30 June 2023 has been restated to move the fair value gain on warrants from exceptional items in administrative expenses to a separate line below operating profit, to more appropriately reflect the accounting judgement.

This adjustment had no impact on the condensed consolidated statement of cash flows or condensed consolidated statement of financial position.

Fair value gain on warrants

30 June 2023	As originally reported $'000	Effect of restatement $'000	Group restated amounts $'000
Condensed consolidated statement of comprehensive income (extract)			
Gross profit	36,858	-	36,858
Administrative expenses	(34,836)	(18)	(34,854)
Other Income	103	-	103
Operating profit	2,125	(18)	2,107
Fair value gain on warrants	-	18	18
Finance income	474	-	474
Finance expense	(150)	-	(150)
Profit before tax from continuing operations	2,449	-	2,449

2.4 Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results might differ from these estimates. In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023, with the exception of changes in estimates that are required in determining the recognition of deferred tax assets.

3. Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

4. Operating segments

These condensed consolidated financial statements have been prepared on the basis of a single reportable segment being the Payments Business.

Notes to the Condensed Consolidated Financial Statements

5. Revenue from contracts with customers

The Group's revenue is principally its service fees earned from its merchants. All revenue is earned at the time the transaction is processed and, as a result, all revenue is recognised at that point in time. The geographical analysis of the revenue by location of the users is presented below:

Group revenue by region	**Unaudited Six months ended 30 June 2024**		Unaudited Six months ended 30 June 2023	
	$'000	%	$'000	%
Americas	1,043	2.2%	1,338	3.5%
APAC	27,999	59.2%	22,429	58.8%
EMEA	18,242	38.6%	14,407	37.7%
Total	**47,284**	**100%**	**38,174**	100%

The amortisation of the warrant contract asset to revenue during the six months ended June 2024 amounted to $0.08m (H1 2023: $0.08m). See note 8 for more information on warrants.

6. Finance income and expense

	Unaudited Six months ended 30 June 2024 $'000	Unaudited Six months ended 30 June 2023 $'000
Finance income		
Interest income	1,637	474
Total finance income	**1,637**	**474**
Finance expense		
Interest on bank loans/ credit facility	(25)	(51)
Interest on operating leases	(90)	(99)
Total finance expense	(115)	(150)
Net finance income	**1,522**	**324**

Notes to the Condensed Consolidated Financial Statements

7. Cash and cash equivalents and restricted cash

	Unaudited 30 June 2024 $'000	Audited 31 December 2023 $'000
Cash and cash equivalents	123,721	117,360
Restricted cash	24,779	33,499
Total Cash	**148,500**	**150,859**

Restricted cash primarily includes money received but not yet paid to merchants (segregated funds, in transit), for Boku's licenced entities, cash held in the form of a letter of credit to secure a lease agreement for the Company's San Francisco office and a certificate of deposit held at a financial institution to collateralise Company credit cards.

8. Warrants

Amazon Warrants – Derivative Liabilities

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. The Group includes a detailed explanation of the Amazon warrants and its accounting policy for such warrants in the Group's most recent annual report and has therefore not replicated those disclosures within these condensed consolidated financial statements.

The fair value of the warrant liability was $9.1m as at 30 June 2024, and $5.5m as at 31 December 2023. The increase in fair value from 31 December 2023 to 30 June 2024 was primarily due to an increase in the spot price of shares on AIM from £1.34 to £1.82 (partially offset by an increase in risk free rate from 3.81% to 4.25%), combined with an increase in the number of warrants expected to vest from 5,333,781 to 5,622,828. The fair value of 1 warrant increased to $1.616 at 30 June 2024 from $1.033 at 31 December 2023. The increase in the number of warrants expected to vest resulted in an increase to the contract asset and financial liability of $0.3m. The remaining increase in the fair value of underlying warrants of $3.3m represented a charge to the statement of comprehensive income.

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 and estimation. The Group values the warrants using a combination of Monte Carlo Simulation and Black-Scholes Model valuation methods. Significant unobservable inputs as at 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. Significant unobservable inputs as at 30 June 2024 included volatility of the Company's common stock of 40%, revenue volatility of 30%, a risk-free rate of 4.25%, and forecasted revenue from Amazon over the 7-year vesting period.

A significant increase in volatilities in isolation as at 30 June 2024 would result in a significant change in fair value. 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 $8.8m, representing a decrease in fair value of $0.2m. 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 $9.4m, representing an increase in fair value of $0.3m.

Exercise of other warrants in the period

Danal Company Ltd exercised a total of 1,634,699 warrants, exercisable at 141p, for a total compensation of $3m. As a result, 1,634,699 new common shares of $0.0001 were issued. The warrants were issued as part of the initial consideration in respect of the Company's acquisition of Danal, Inc, announced on 6 December 2018 and completed on 1 January 2019.

Notes to the Condensed Consolidated Financial Statements

9. Dividends

No interim dividend has been paid or proposed in respect of the current financial period (H1 2023: nil).

10. Share Capital

At 30 June 2024, Boku, Inc. had 303,028,613 (FY23: 301,066,914) common shares issued and fully paid. Boku, Inc. has only one class of shares with par value of $0.0001 each. The authorised share capital is 500,000,000 shares. Boku, Inc. holds 747,451 shares in treasury (FY23: 4,007,868 shares). During the year the Boku, Inc. purchased back 700,000 shares under the Share buyback programme. The programme was extended on 8 June 2023 and expired on 30 June 2024.

11. Contingent liabilities

The Group does not believe it has any potential liabilities or obligations that would have a material adverse effect on its financial position or results of operations, including those related to legal disputes, patent claims, or indemnification agreements.

12. Events after the reporting date

Executive award plan
On 11 September, the shareholders approved the adoption of the new stretch restricted share unit plan. This plan will support and reward the performance of the executive management team of the company in a fair, transparent and proportionate manner. The awards granted under new share scheme will be RSUs. The aggregate number of shares that will be allocated under the new plan will not exceed 3% of issued share capital as at 31 July 2024.

All awards are subject to the same performance condition being a comparison of the 40-day Volume-Weighted Average Price ("VWAP") following the release of the results announcement for the 2027 financial year (expected to be released in March 2028) (the "Tested Share Price") against 180.4p (being the 40-day VWAP following the release of the results announcement for the 2023 financial year on 19 March 2024) ("Base Share Price") as follows:

- no Awards will vest if the Tested Share price is less than 3x the Base Share Price;
- 25% of the Awards vest if the Tested Share Price is 3x the Base Share Price;
- 100% of the Awards vest if the Tested Share Price is 5x the Base Share Price; and
- if the Tested Share Price is between 3x and 5x the Base Share Price, the Awards vest on a straight-line basis from 25% to 100%. For example, if the Tested Share Price is 4x the Base Share Price, 62.5% of the Awards will vest.

Credit facility
The $10m revolving credit facility, previously available to the Group, expired on 17 September 2024 and was not renewed. This facility remained undrawn throughout the period.

Non-IFRS Financial Information

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

Management present APMs 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. It is believed these APMs 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 APMs are EBITDA, Adjusted EBITDA and Adjusted Operating expenses, and Constant exchange rate which management considers are relevant in understanding the Group's financial performance. Management calculates APMs 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 be excluded, 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.

The Group uses the following APMs

APM	Definition and purpose
EBITDA	Calculated 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	Defined as earnings before interest, tax, depreciation and amortisation, non-recurring other income, share-based payments expense, foreign exchange losses and exceptional items. 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 items) 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	Defined as gross profit less Adjusted EBITDA.
Adjusted EBITDA margin	Calculated as Adjusted EBITDA over revenue for the period.
Constant exchange rate measures (revenue only)	Calculated by applying the monthly average foreign exchange rates for each month of 2023 to the actual 2024 monthly results.
Own cash	Calculated as cash held plus amounts due from issuers less amounts owed to merchants

Non-IFRS Financial Information

A reconciliation of Adjusted EBTIDA to operating (loss)/ profit is as follows:

	Unaudited Six months ended 30 June 2024 $'000	Unaudited* Six months ended 30 June 2023 $'000
Adjusted EBITDA	**14,213**	12,081
Other income adjustment (non-recurring)	-	103
Depreciation and amortisation	(3,789)	(2,967)
Share-based payment expense	(5,821)	(3,978)
Foreign exchange loss	(4,833)	(3,132)
Exceptional items (included in administrative expenses)	(166)	-
Operating (loss)/ profit	**(396)**	**2,107**

*The prior period to 30 June 2023 has been restated to exclude the fair value gain on warrants from administrative expenses. Additionally, right-of-use assets have been restated resulting in a reduction in depreciation, further details are set out below.

Restatement of APMs:

Amounts previously accounted for under IFRS 16 as right-of-use assets were restated to prepayments in the condensed consolidated statement of financial position. The impact on Adjusted EBITDA as a result of the related reduction in depreciation for the six months ended 30 June 2023 is shown below.

30 June 2023	**As originally reported $'000**	**Effect of restatement $'000**	**Group restated amounts $'000**
Alternative performance measures (extract)			
Depreciation and amortisation	(3,102)	135	(2,967)
Adjusted EBITDA	12,216	(135)	12,081
Adjusted EBTIDA margin	32%		31.6%
Adjusted operating expenses	24,642	135	24,777

Independent Review Report

Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed Boku, Inc.'s condensed consolidated interim financial statements (the "interim financial statements") in the Interim Report 2024 of Boku, Inc. for the 6 month period ended 30 June 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as issued by the IASB and the AIM Rules for Companies.

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 June 2024;
- the Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report 2024 of Boku, Inc. have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as issued by the IASB and the AIM Rules for Companies.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report 2024 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Independent Review Report

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report 2024, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Report 2024 in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements. In preparing the Interim Report 2024, including the interim 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.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report 2024 based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, 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 save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
24 September 2024

Glossary

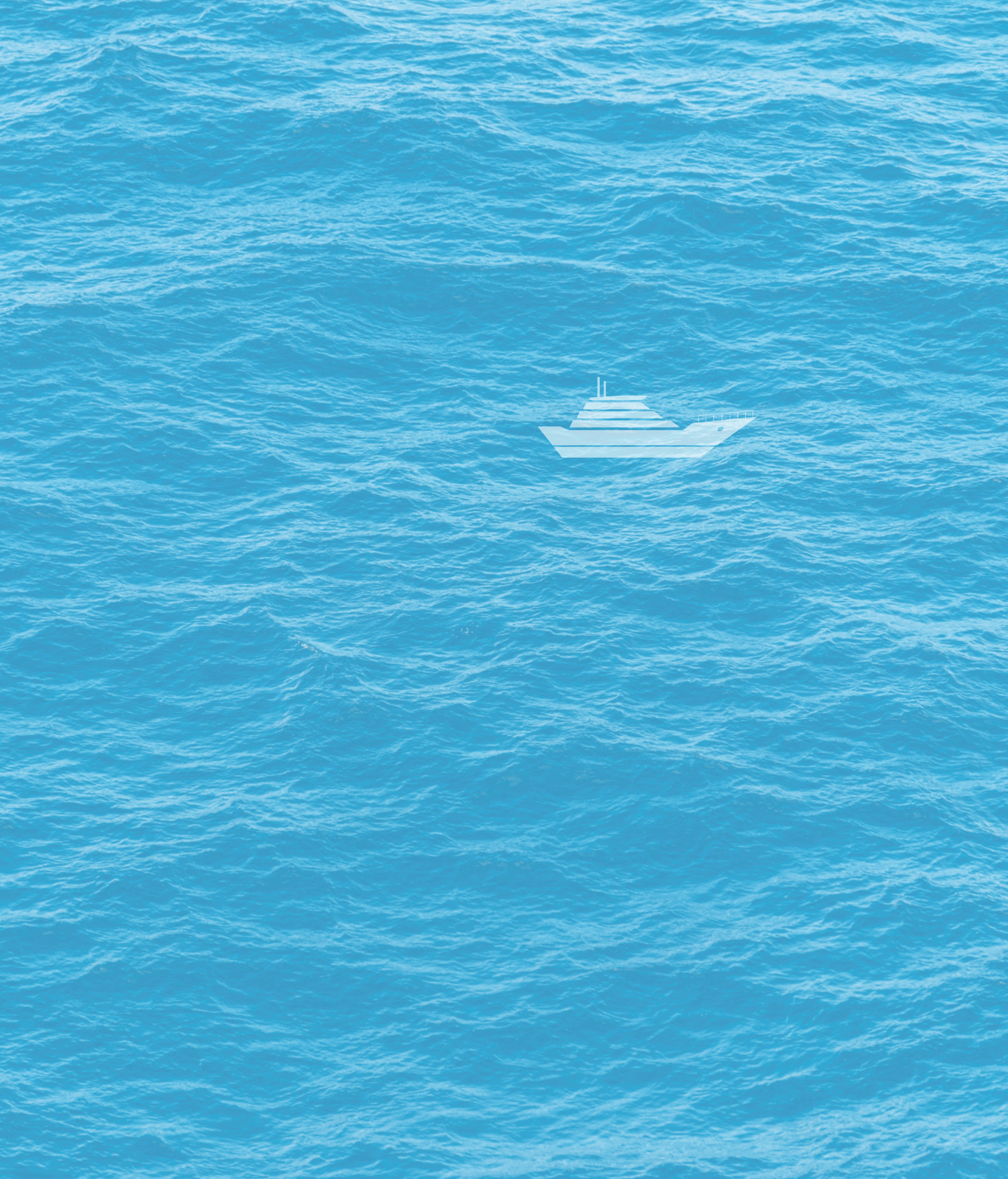
Abbreviation	Definition
A2A	Account to Account based payment systems allow payments to be made from one bank account to another, generally in real time. They are contrasted with card-based payment systems where the payment is mediated through a card scheme. In A2As the payment is direct. A2A payments 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.
APMs	Alternative performance measures are non-GAAP financial measures used by management to assess and monitor the performance of the business.
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 exchange rate	Constant exchange rate is calculated by applying the monthly average foreign exchange rates in 2023 to the actual 2024 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
EGM	Extraordinary General Meeting
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.
GLT	Global Leadership Team
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.
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.

Glossary

Abbreviation	Definition
PwC	PricewaterhouseCoopers LLP
RCF	Revolving credit facility
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 quantified 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 cases, 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.
Stock Code: BOKU